

# TARIFF ACT OF 1929

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**HEARINGS**  
BEFORE THE  
**COMMITTEE ON FINANCE**  
**UNITED STATES SENATE**

**SEVENTY-FIRST CONGRESS**

**FIRST SESSION**

**ON**

**H. R. 2667**

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

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**VOLUME XVIII**

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**FOREIGN COMMUNICATIONS**

**[RECEIVED UP TO SEPTEMBER 5, 1929]**

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## COMMITTEE ON FINANCE

### UNITED STATES SENATE

#### SEVENTY-FIRST CONGRESS, FIRST SESSION

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## FOREWORD

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This volume contains the foreign communications transmitted to the committee through the State Department. The correspondence has been arranged alphabetically by countries, and reference to the subject matter may be had by use of the index.

The first edition of this volume contained communications received up to July 26, 1929. This revised edition includes also those received since that time to September 5, which appear in the supplement at the end of the volume.

ISAAC M. STEWART, *Clerk.*



# TARIFF ACT OF 1929

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

## FOREIGN COMMUNICATIONS

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### AUSTRIA

DEPARTMENT OF STATE,  
*Washington, June 18, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this Department with copies of all representations made by foreign governments touching tariff questions, I have the honor to inclose for your information a copy of a note dated June 8, 1929, with inclosures thereto, from the Austrian Minister concerning trade relations between Austria and the United States with special reference to the Tariff Bill H. R. 2667.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*

AUSTRIAN LEGATION,  
*Washington, June 8, 1929.*

His Excellency Mr. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

EXCELLENCY: The trade relations between the United States of America and Austria, which during the first few years following the termination of the World War still suffered under the effects of uprooted economic conditions, fortunately resumed after reorganization of the latter country's finances and lasting stabilization of its currency a gradual but ever growing tendency toward a normal and satisfactory development.

Although the exchange of wares between these two countries comprises a small portion of the immense bulk of American foreign trade, it represents for Austria an important and indispensable item in the Republic's process of economic recovery. On the other hand this trade has the advantage for the United States that it must needs balance exceedingly in their favor, as Austria is compelled to buy large quantities of foodstuff, raw material, and semifinished prod-

ucts, in which commodities America is, at a normal state of affairs, the natural source of supply for most of the European countries.

Austria bought goods of United States origin in the total value of \$21,240,000 in 1926; \$27,140,000 in 1927 and \$29,320,000 in 1928, while she exported to this country in the corresponding years commodities valued at \$8,590,000, respectively \$9,070,000 and \$12,900,000. These figures are taken from official Austrian Trade Statistics, because the American imports to said Republic are largely transacted in an intermediary way and the United States statistics, therefore, do not show the exact quantity and value of goods of American produce ultimately consumed in my country.

The balance in favor of the United States increased from 1926 to 1928 by more than 30 per cent (not to mention the year 1927 when the increase was nearly 50 per cent). To briefly describe the trade between Your Excellency's and my country it can be said, that it is showing a growing tendency on both sides, favoring, however, the United States with a sure lead by a steadily widening margin.

This state of affairs is now seriously menaced by the tariff bill, which was recently passed by the House and referred to the Senate for further consideration and action. In fact there are provisions in said bill, which, if maintained in the final wording of the act, would wipe out a large portion of Austrian trade with the United States.

It is not the policy of my Government to even attempt at interfering with a policy adopted by a foreign country in the sincere and general belief that it is essential for the promotion of its own national welfare. I would, therefore, be acting contrary to my Government's intentions in submitting to your excellency the following representations concerning the effect of the tariff bill on Austrian trade, if this legation had gained the impression that the Government and the people of the United States were resolved to shape the Nation's tariff policy beyond measures of mere protection of American industrial interests against undue competition and to a point where in the course of events foreign goods, shall, as a matter of principle, be barred from ingress into American markets.

All indications, however, point to the fallacy of such a construction. The United States have in the last few years taken very elaborate and effective steps to build up their trade with foreign countries. The great success of this commerce-stimulating policy, which has commanded world-wide admiration, is shown in the tremendous figures reached by the volume of American exports and the item of the surplus in the trade balance. It would be inconsistent, therefore, to assume that a nation, which embarks on a policy of expansion of its foreign trade on such an enormous scale that its exports almost reached the stupendous item of \$5,000,000,000 and the surplus in the trade balance of one billion, that this nation for a moment would seriously consider the exclusion of foreign goods from home markets. For also trade relations between nations must be based on the principle of give and take, if they are to develop along lasting and amicable lines.

The tariff bill in its present shape was undoubtedly born under the influence of exaggerated apprehension created by the chaotic and unsettled conditions prevailing all over Europe right after the war, when inflation, low standard of living, and consequently cheap wages, were threatening American markets with dumping and exposed

American products to a potential danger of being crowded out of their home markets by goods manufactured under lower costs. Too much stress was seemingly laid to the effects of these panicky but merely transient conditions, which soon and quickly disappeared.

In Austria *f. i.* conditions are fortunately shaping themselves to normalcy and with the progress of recovery goes a gradual uplift of living. Assimilation to world market prices, the necessity of raising life's standard after American pattern, so successfully tried and maintained in this country, and of strengthening thereby the capacity of home consume are bound to steadily increase cost of production. If Austria was not able to dump her ware even in times of inflation, what danger could be expected from her trade with the United States now, when it encounters ever-growing difficulties?

If Austria is in a position to export in a very modest extent to the United States under the present tariff, it is due to the fact that most of her products finding their way to the United States are high-quality goods, partly even specialities, which manufactured under high cost do not compete with articles produced in masses by the United States or other countries. These articles are bought in spite of their excessive price by a group of consumers who demand high quality goods and are ready to pay for them.

But just on account of their high cost of manufacture they are harder hit by the system of *ad valorem* duties, than the mass products of other competing countries. A further rise of these duties would compel the comparatively small group of customers to forego the luxury of buying these high quality ware and to content themselves with mass products. Nothing would be gained thereby for the pertaining American industries, while Austrian production would suffer heavily.

The fact, that Austrian exports to the United States have shown a modest gain in the last few years, can not be construed as a proof of the leniency of the present tariff. This increase of volume is due to a general improvement of manufacturing and business conditions, the natural consequence of recovery. It must not be overlooked, however, that Austria's share in the world trade in general, and in the foreign trade with the United States in particular, is still far behind the volume corresponding to her size and the capacity of her highly developed industry.

Austria has no means to offset in legitimate competition the handicaps of exaggerated duties by reducing some of the other items which in their total make up the cost of production. The nature of her industry and its prerequisites are not such to permit refuge to mass production. Never could there be the remotest danger that Austrian goods, lightened in their cost of production through manufacture in large quantities, would ultimately overflow high tariff banks and flood American markets. As a producer of quality goods, Austria, in the beginning, could not raise the number of specially qualified labor necessary to a considerably increase of her industrial output.

There is a tendency to ascribe some decline in certain American industries and unemployment resulting thereof to an inadequate protection through tariff. This opinion, however, does not stand close observation, as stagnations occurred also in branches of industry which are not exposed to foreign competition.

This industrial depression of a smaller or larger extent, from which no country in the world is entirely free, could probably find a more ready explanation in over production brought about by a cunningly devised and elaborated system of mechanization and rationalization. As long as this process was in its forming, the very task of setting up the necessary machinery created, for some time at least, an increased demand on human labor, which again resulted in greater earning facilities and consequently in raised consumption.

Then followed a period when the capacity for absorption was increased by artificial means, that is, when consumers were educated to higher demands and to an enlargement of the scope of their necessities. But the increase of the consumers' absorbing capacity is not unlimited and already lagging behind production—it is in fact fast nearing its saturation point.

If, therefore, industrial activity should be maintained in its present growing capacity, new absorbing fields must be opened and old ones kept open. The power of consumption of other countries with which the United States is trading must be strengthened, not stunted by prohibitive measures which can not fail but ultimately effect a further raise of already overgrown custom barriers all over the world.

This legation stands under the firm impression that nothing is more remote from the mind of the Government and the people of the United States, than measures apt to become disturbing elements in international trade relations and to lead to a general tariff war with no quarters to be given or accepted.

In this conviction I take the liberty to submit to your excellency for further consideration and discretionary use a survey of such items of Austrian trade as appear to be gravely hit by the pertaining stipulations of the proposed bill and which according to our sincere belief could be relieved of unnecessary hardships exceeding reasonable and justified protection of American interests involved.

Accept, excellency, the renewed assurances of my highest consideration.

(Signed) EDGAR PROCHNIK.

Austrian exports to the United States would be practically made impossible by the increased tariff rates on the following products:

Paragraph 318. Fourdrinier wires. Under a decision of the Customs Court in May, 1926, these wires have been considered a part of a paper machine and dutiable as such at 30 per centum; whereas paragraph 318 of the tariff bill of 1929 provides a duty of 55 per centum.

Fourdrinier wires are made of copper imported to Austria from the United States. The principal Austrian manufacturers, Hulter & Schrantz, in Vienna have made considerable investments in order to be in a position to specially produce the sizes of wire cloth needed by their American customers.

Paragraph 1454. Smokers' articles made of artificial resin. Austrian exports in these articles, consisting chiefly in higher class products with consequently higher cost of manufacture, amounted to \$122,000 in 1927. An increased duty would be prohibitive on Austrian products.

Paragraph 1427. Hats and bodies for hats, and paragraph 1115, bodies for hats, etc., made of wool felt.

Increased duties would exclude the Austrian manufacturers from the American market. The Austrian hats are high priced and it is mostly for this high quality they have been bought in this country. Prohibitive duties would lead to the supplanting of the Austrian hats by cheaper articles of inferior quality.

Paragraph 1530 (a): Hides and skins of cattle of the bovine species; paragraph (b), leather, are the chief items in the list of Austrian exports to the United



States. (1927 about \$750,000.) They are very essential for the Austrian agriculture which in a large part of the country, owing to climatic and geographic conditions is limited to cattle breeding. It has been stated during the hearings before the Ways and Means Committee that in order to produce the leather products of the United States at least 30 per cent of the required hides and skins must be imported. The proposed duty on hides and skins seems therefore to endanger in a high degree the Austrian farmer without any help to the American farmer who can not supply the required quantities to the leather and shoe manufacturers.

STATEMENT OF N. L. LEDERER, REPRESENTATIVE OF AUSTRIAN GLUE MANUFACTURERS IN NEW YORK

TARIFF ON GLUES AND GELATINES

The present duty of 20 per cent ad valorem plus 1½ cents per pound more than equalizes the difference in the cost of production between British bone glues and American bone glues as shown in the inclosed brief which was submitted at the hearing of the United States Tariff Commission, April 26 and 27, 1928. At that hearing no figures of the costs of German hide-glue production were available. Since that time, however, the United States Treasury Department has investigated the cost production of German hide glues by a careful inspection of the books of the A. G. Scheidemandel in Berlin. This investigation showed conclusively that the German costs are practically on a par with the American costs as given on Table XIII of the preliminary statement of the United States Tariff Commission of March 23, 1928.

By adding the present duty the costs of the German hide glues are actually considerably higher than the American costs. This is further shown by the fact that only special high-grade hide glues are being imported from Europe.

The imported glues are not suitable for consumption in the United States on account of their lower jelly strength and also on account of their excessive foam. The American buyers are therefore obliged to grind, mix, blend, and repack the same for American consumption so that they are clearly in the nature of a raw material rather than of a finished product.

Approximately 75 per cent of the imported glues are bought by the American glue manufacturers who are unable to fulfill their obligations without such foreign purchases, and in many cases, especially in those of the higher grade glues, are actually paying higher prices for these glues than the American market price, as these foreign glues are urgently needed for blending and thereby improving the viscosity of the American glues.

This shortage is borne out of the reduction of stocks which at the end of 1928, were only approximately half of the stocks at the end of 1925, 1926, and 1927.

This shortage is further proven by the fact that glue prices have advanced 25 per cent to 40 per cent within the last year.

The quantities imported are only 6 to 8 per cent of the American production or 3 to 4 per cent if we deduct the reexports from the United States. These quantities, therefore, are far too insignificant to constitute a serious menace to the American industry.

The proposed increase on duty in glues would involve an increase in the sales price of 1 to 1½ per cent per pound, or about 10 per cent of the sales value of the lower grade glues. This would mean a very serious hardship on a number of consumers comprising the paper, wallpaper, matchmaking, woodworking and textile industries, who would have to make up the loss entailed by a reduction of labor costs.

Whilst the total quantity imported is not an important item in the United States imports, nevertheless they constitute a very considerable item in the exports of some of the European countries and the increased duty would in many cases, be tantamount to an embargo on this article and would thereby seriously disturb foreign trade relations.

In conclusion it may be said that no legitimate reason for such increased duty exists and the American manufacturers in their meeting on January 16, 1929, openly stated that the industry was in a financially sound condition and that the factories are working at a handsome profit.

## STATEMENT OF AUSTRIAN GLUE MANUFACTURERS

## GLUES OF BONES AND HIDES (PAR. 42)

Austrian exports to the United States amounted to \$55,000 in 1927 and \$44,400 in 1925.

According to paragraph 42, glue valued at less than 40 cents per pound is subjected to a duty of 20 per cent ad valorem and 5 cents per pound. The proposed tariff act provides a duty of 20 per cent ad valorem and 5 cents per pound. This demand of the American industry dates back till 1924 when in reality there was a depression on the glue market. Since then the situation has become much better, the stocks have diminished, and the price of imported glue which in 1926 was 6½ cents per pound c. i. f. New York, is now 8½ cents.

Already in 1928 the American representative of the chief Austrian firm, the A. G. fuer Chemische Industrie (Society of Chemical Industry) Mr. Norbert L. Lederer, of New York, and Mr. Harold John Cotes, director of the British Glues and Chemical Comp. (Ltd.) London, developed before the United States Tariff Commission the various arguments against an augmentation of the present rate of duty.

To these arguments the following may be added:

1. Number 3 of the Oil, Paint, and Drug Reporter of January 21, 1929, reports that at a meeting of the National Association of Glue Industrials held January 16, 1929, it was stated that the industry of animal glue stock was in a sound position.

2. The actual duty of 20 per cent ad valorem and 3½ cents per pound is already very high. The former tariff (1913 to 1922) contained only a duty of 1 cent per pound, without any ad valorem duty.

3. The imports of foreign glue represent only a small percentage of the American production. They had no unfavorable effect whatsoever on the development of the American industry as the prices have risen since 1926 by 2 cents per pound and as the stocks have diminished. (See annexed table.)

4. The glue imported into the United States is to a great part of a quality which is not produced here. Statistics show that the total consumption of glue in the United States is bigger than the home production. An augmentation of duty would therefore result only in increasing the price for the consumers and in consequence partially depriving them of this complement of the national industry. It may be added that the Austrian product is higher priced than the American one, that it is of a higher quality, and therefore about 50 per cent of Austrian exports go to American glue factories, which use the Austrian product for the improvement of their own article.

Finally it must be pointed out that the preceding remarks apply only to glues of bones and hides and not to the whole of paragraph 42. This paragraph comprises also gelatin. Now the American gelatin production suffers in fact of a certain depression and their demands for protection seem somewhat justified. There is the danger that, if the arguments advanced in favor of an augmentation of the rate for gelatin should be considered as founded, the whole tariff position might be raised. If therefore, a higher rate should be granted for gelatin, care should be taken that this augmentation apply only to gelatin and that glue be excepted therefrom.

## HANDMADE LADIES' FANCY SHOES (PAR. 1807)

The Austrian export of shoes to the United States consists chiefly of handmade ladies' fancy shoes, that is of hand-cut, hand-sewn and hand-turned ladies' shoes. This kind of manufacture can be easily identified by any expert by lifting the sock-lining (inner sole).

These shoes, which have been manufactured in Vienna for many years, are a Viennese specialty. For their manufacture a very high-class material and specially qualified workmen are necessary. Viennese taste and Viennese standard-models play a great part in making these shoes an article by itself. The wholesale price f. o. b. Vienna is at least \$7 per pair.

The total imports of shoes to the United States are less than 1 per cent of the consumption. The American industry has declared that it is not the present foreign competition, but the rapid augmentation of imports (2,600,000 pairs in 1928 against 400,000 in 1923) which were considered as a menace for the future. Against this it may be said that this development is for the least part due to imports of Austrian ladies' fancy shoes. The production of such shoes is neces-

sarily limited in quantity and can not be augmented considerably even in five years, because the number of especially skilled and trained workmen is a limited one.

The Austrian industry advances that the wages are much higher in the United States than in Europe and that, the mechanical equipment being nowadays equal, this disadvantage could not counterbalance. This argument applies in no way to the Austrian shoe. For this kind of shoes the wages are paid per piece. The wages paid for a pair are \$2.52, or 36 per cent of the wholesale price (see annex). This will be scarcely inferior to the American level, the wages calculated per pair in American mass-production being 60 cents per pair. The wages alone which are paid on a pair of Austrian shoes are nearly as much as the wholesale price of a complete pair of shoes manufactured on a mass-production basis in other countries.

It may be added that the raw material for the Austrian shoes, especially shoe uppers, is in great part bought in the United States.

In case of application of the proposed duty of 20 per cent to all kinds of imported shoes, the expensive and high-class Austrian product would be much more affected than cheap ones. The wholesale price of the ordinary staple article is \$3 to \$4. A duty of 20 per cent would therefore represent only a charge of \$0.60 to \$0.80. On the other hand the Viennese handmade fancy shoes, the wholesale price of which is \$7 and more, would have to bear a charge of \$1.40 to \$1.80, or more than double.

It is evident that such a charge would make all export impossible.

It would appear only equitable, therefore, that, if a duty should be laid on leather shoes, their wholesale price should be duly taken into consideration and that handmade shoes be maintained on the free list inasmuch as their price is sufficiently high to exclude any danger for American producers.

*Calculation of the net wages for finest handmade fancy shoes for ladies*

|   | Austrian<br>schillings |
|---|------------------------|
| Cutting.....  | 1. 20                  |
| Upper maker.....                                      | 4. 00                  |
| Bottom maker.....                                     | 8. 75                  |
| Smoothing and finishing.....                          | 1. 50                  |
| Designing and model making.....                       | . 65                   |
| 4 per cent wage tax (to be paid by manufacturer)..... | . 65                   |
| Insurance against illness.....                        | . 62                   |
| Holiday wages.....                                    | . 25                   |
|   | 17. 62                 |

The three charges mentioned above are unknown in American industries.

In these wages are not included any social expenses, except the three mentioned above; nor is included any wage for ev. embroidery on the vamp or upper, running from \$1 on a \$7 shoe to higher figures on more costly shoes.

For the average handmade fancy shoe for ladies the net wages are therefore 36 per cent of the Austrian wholesale price per pair.

**TAPESTRIES (GOBELINS, ETC.), PARAGRAPHS 909 AND 1530**

In 1927 the Austrian exports to the United States amounted to \$312,500.

The present rate of 45 per cent (for machine-woven tapestries) is increased to 55 per cent (new par. 908) and the present rate for handmade tapestries (75 and 90 per cent) to 90 per cent (new par. 1530).

There exists no American production for the kind of tapestries imported from Austria; higher duties would therefore only considerably reduce imports and increase their price on the American market without benefit to any branch of the American industry.

<sup>1</sup> Equivalent \$2.52.

## STATEMENT ON BEHALF OF AUSTRIAN MANUFACTURERS BY AMERICAN REPRESENTATIVES

## SMOKERS' ARTICLES (PAR. 1552)

At the very last moment and quite unexpectedly the Ways and Means Committee presented the amendments almost completely altering the phraseology and purposes of the smokers'-articles paragraph.

By the inclusion of the words "or other wood" and the further radical deviation appearing on lines 14 to 19, inclusive, reading "pipes, pipe bowls, cigar and cigarette holders, not specially provided for and mouthpieces for pipes, or for cigar and cigarette holders, all the foregoing of whatever material composed; and in whatever condition of manufacture, whether wholly or partly finished or whether bored or unbored, 5 cents each and 60 per cent ad valorem."

There was made a rather radical change directly bearing upon and extremely detrimental to Austrian products.

The Ways and Means Committee in the bill as originally reported, placed the additional specific duty of 5 cents each onto the existing ad valorem duty of 60 per cent on all briar pipes. This was based upon an investigation by the United States Tariff Commission pertaining only and solely to briar pipes with vulcanite mouthpieces and seemed to be restricted to merchandise (briar pipes only) with a retail selling value in the United States of \$1 or less.

In the sudden and unexpected change in phraseology, or rather verbiage, not based upon any investigations of which importers are aware, a number of Austrian products become affected.

With the inclusion of the words "or other wood" referred to, as well as the insertion of lines 14 to 19, inclusive, the Weichselwood pipe is included; this is an Austrian specialty, a product of Vienna's suburb, Baden. This item, as well as other wood pipes manufactured in Austria, would come under the same classification and category as briar pipes, despite the fact that none of the first-mentioned products are manufactured in the United States. Could this possibly have been intended? The same paragraph refers to "tobacco pipes having such bowls" which would cover briar bowls mounted with amber bits, likewise an Austrian product, whereas the referred-to investigation, as we understand it, covered only briar pipes with vulcanite mouthpieces. Under the phrase "all smokers' articles whatsoever" would be automatically included another industry peculiarly Austrian ever since the days of Maria Theresia—the meerschau industry, including the meerschau pipe and meerschau cigar and cigarette holders, mounted with amber bits—a line internationally known and recognized as the specialty of the Viennese pipe turners and artisans. The inclusion of such wares surely could not have been intended.

The phraseology covers a number of other products typically Austrian, for example:

Paper holders for cigars and cigarettes with quill mouthpieces (commonly thrown away after used once). On this line, with a market value in Austria of \$2.30 per 1,000 pieces, the present 60 per cent duty augmented by the contemplated additional levy of 5 cents each would mean, in addition to the ad valorem duty of \$1.38, a specific duty of \$50, or a total duty of \$51.38, as against a cost value of \$2.30 per 1,000, an actual ad valorem value of 2,238 per cent.

Weichsel holders for cigarettes, etc. (equally intended for very short use), costing 65 cents per gross pieces abroad, the present duty of 39 cents (60 per cent) plus the surtax of \$7.20 (5 cents each), would reflect a duty of \$7.59 on a cost value of 65 cents per gross, an actual ad valorem duty of 1,168 per cent.

Weichsel pipe stems, costing 70 cents per gross, would, in addition to present duty of 42 cents, have an additional \$7.20 tacked on, making a total duty of \$7.62, or an actual ad valorem duty of 1,089 per cent on a cost of 70 cents abroad.

In like manner Weichsel pipes (already referred to), Schemnitz clay pipes (tonpfeifen), and a wider range of pipes and smokers' articles would be affected.

More especially such items as paper and quill holders, Weichsel holders, Weichsel pipes, Weichsel stems, horn bits for Weichsel stems, Schemnitz pipes, and many other products of like nature, absolutely not manufactured in the United States or its possessions, items for which no domestic material or substitute material is available; these specialties of the Austrian smokers' articles industry would be burdened with an absolutely uncalled-for duty.

It is hardly to be presumed that it was with intent that items of this character were included, same in no wise coming in competition with any American merchandise; the result would only be an immediate stoppage in the production

and sale of these commodities, without any substitutes being available in this market, a severe injustice and injury to Austrian industry without cause, without the least benefit to anyone.

**HARD-RUBBER GOODS**

The inclosed statement was prepared and submitted to Senator E. Thomas by Julius Schmid (Inc.), of New York, importers of products of the Austrian "Simperit Rubber Works," in Vienna; from the figures compiled by said importers with a representative of the Austrian factory it results that, should the present tariff be granted the American manufacturers on hard-rubber combs it practically would place the Austrian product on an embargo basis.

*Comb comparisons based on combs manufactured by the firm of Dr. Heinrich Traun & Soehne, of Germany*

| Foreign sample No. | Foreign cost per gross | Landed cost with 35 per cent duty per gross | Landed cost, proposed duty of 60 per cent per gross | Landed cost on basis of present bill | Domestic sample No. | American selling price per gross (net) |
|--------------------|------------------------|---|---|--------------------------------------|---------------------|--|
| 107-7-inch.....    | \$15.00                | \$20.25                                     | \$24.00   | \$23.88                              | 1207.....           | \$22.50                                |
| 73-8-inch.....     | 13.20                  | 17.82                                       | 21.12   | 21.36                                | 1024.....           | 21.88                                  |
| 541-7-inch.....    | 12.00                  | 16.20                                       | 19.20   | 19.68                                | 1027.....           | 20.25                                  |
| 12-7-inch.....     | 12.60                  | 17.01                                       | 20.16   | 20.62                                | 1028.....           | 20.25                                  |
| 23-7¼-inch.....    | 12.60                  | 16.20                                       | 19.20   | 19.68                                | 101-7½-inch.....    | 19.12                                  |

*Combs from factory of New York-Hamburg, of Germany*

| Foreign sample No. | Landed cost with 35 per cent duty per gross | With proposed duty of 60 per cent per gross | Landed cost on basis of present bill | Domestic sample No. | American selling price per gross |
|--------------------|---|---|--------------------------------------|---------------------|----------------------------------|
| 517-7-inch.....    | \$3.74                                      | \$10.30                                     | \$11.62                              | 284-7-inch.....     | \$10.80                          |
| 521-7-inch.....    | 9.41  | 11.09                                       | 12.29                                | "Banner".....       | 9.60                             |
| 541-7½-inch.....   | 15.96                                       | 18.81                                       | 18.84                                | 256-7½-inch.....    | 20.25                            |
| 673-7½-inch.....   | 14.28                                       | 16.83                                       | 17.16                                | 666-7½-inch.....    | 17.44                            |
| 782-4-inch.....    | 11.68                                       | 13.76                                       | 14.56                                | 70.....             | 15.75                            |
| Do.....            | 13.44                                       | 15.84                                       | 16.32                                | 70.....             | 15.75                            |
| 585-7-inch.....    | 15.18                                       | 17.82                                       | 18.06                                | 1028-7-inch.....    | 20.25                            |
| Do.....            | 15.18                                       | 17.82                                       | 18.06                                | 2611-7-inch.....    | 16.20                            |
| 155-8-inch.....    | 15.96                                       | 18.81                                       | 18.84                                | 1024-8-inch.....    | 21.37½                           |

<sup>1</sup> Less 2 per cent.

*Combs from factory in Austria*

| Foreign No. | Landed cost at 35 per cent duty | Landed cost at 60 per cent duty | New tariff | Vulco No. | Vulco selling price |
|-------------|---------------------------------|---------------------------------|------------|-----------|---------------------|
| 451.....    | \$7.28                          | \$8.58                          | \$11.28    | 13        | \$6.40              |
| 4451.....   | 3.01                            | 9.44                            | 12.00      | 18        | 8.70                |
| 590.....    | 8.05                            | 9.49                            | 10.93      | 14        | 9.60                |
| 591.....    | 8.05                            | 9.49                            | 10.93      | 15        | 9.60                |
| 593.....    | 9.06                            | 10.68                           | 11.94      | 22        | 9.60                |
| 594.....    | 9.06                            | 10.68                           | 11.94      | 24        | 9.60                |
| 4560.....   | 8.72                            | 10.28                           | 11.60      | 23        | 9.60                |
| 1431.....   | 8.72                            | 10.28                           | 11.60      | 25        | 9.60                |
| 144.....    | 9.18                            | 10.82                           | 12.06      | 82        | 9.60                |
| 144.....    | 1.06                            | 9.41                            | 10.86      | 30        | 9.60                |
| 360.....    | 7.98                            | 9.41                            | 10.86      | 31        | .....               |
| 362.....    | 9.18                            | 10.82                           | 12.06      | 34        | .....               |

## TARIFF ACT OF 1929

DEPARTMENT OF STATE,  
Washington, June 19, 1929

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a memorandum concerning statistics of trade between the United States and Austria.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*

## MEMORANDUM

The statistics of trade between the United States of America and Austria as published respectively by the Bureau of Foreign and Domestic Commerce of the Department of Commerce and by the Austrian Statistical Service show discrepancies. While the American statistics show a trade balance in favor of Austria, the Austrian statistics, on the other hand, show that the imports from the United States by far exceed the exports from Austria to the United States.

These discrepancies in the trade statistics are caused by the fact that the bulk of the United States' export to Austria is handled by indirect trade. The Austrian Statistical Service is in a position to ascertain the amount of goods imported indirectly from the United States and the following data are, therefore, taken from the Austrian statistics to enable a comparison of the actual trade between the United States and Austria.

The total imports to Austria from the United States amounted (in round figures) in 1926 to \$21,240,000, in 1927 to \$27,140,000, in 1928 to \$29,320,000; the total exports from Austria to the United States in 1926 to \$8,590,000, in 1927 to \$9,070,000, in 1928 to \$12,900,000.

The trade balance between the United States and Austria in 1928 was, therefore, in favor of the United States in the amount of \$16,420,000.

The Austrian statistics available divide the imports and exports in three main groups:

(1) Foodstuffs (chiefly grain, flour and fats); (2) raw materials and half-finished goods (chiefly cotton, tobacco, mineral oils and raw metals); (3) finished goods (Austrian imports chiefly rubber goods, metal wares, machinery, various instruments; Austrian exports chiefly flax, hemp and jute goods, woolen and silk wares, leather goods, metal wares, and various other goods).

Austria imported from the United States during 1928:

(1) Foodstuffs, \$6,477,000; (2) raw material and half-finished goods, \$19,010,000; (3) finished goods, \$3,826,000; and exported to the United States during 1928: (1) foodstuffs, \$615,000; (2) raw material and half-finished goods, \$4,164,000; (3) finished goods, \$8,117,000.

DEPARTMENT OF STATE,  
Washington, July 20, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of note No. 1551/84, dated July

10, 1929, from the Austrian Legation, regarding the rate of duty on an apparatus called Mekapion (measuring the dose of X rays).

I have the honor to be, sir,  
Your obedient servant,

WILBUR J. CARR,  
*Acting Secretary of State.*

AUSTRIAN LEGATION,  
*Washington, D. C., July 10, 1929.*

His Excellency Mr. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

EXCELLENCY: Reverting to my note ddo. June 8, 1929, No. 1295/84, in which I took the liberty to submit to your excellency representations regarding the effect of the new tariff bill, recently passed by the House of Representatives, on certain Austrian merchandise imported to the United States, I have the honor to cite a special case just brought to my attention, which, as I believe, is a typical example for unintended hardships worked out by said legislation.

Since a number of years an apparatus called Mekapion (measuring the dose of X rays) is imported into the United States from Austria. This machine used all over the world, is the invention of the Laboratorium Strauss and solely and exclusively manufactured by said Austrian firm. The question of competitions is therefore entirely excluded in the importation of this machine, which has become more and more indispensable to laboratories operating with X rays.

The new tariff bill generally raises the duty on medical instruments from 45 per cent to 70 per cent. The aforementioned apparatus, although a specialty not manufactured in the United States and solely obtainable from Austria will, barring amendments, come under this paragraph which covers also instruments made in the United States.

This legation could hardly assume that this was intended by the lawmakers.

It would be hard to convince that the tariff bill purposely wanted to exclude a useful medical instrument from a number of American laboratories, hospitals, and dispensaries only because it is of foreign origin, although it can not be manufactured in the United States. If this paragraph remains unaltered, Austrian exports to the United States will suffer a considerable loss without the slightest benefit to American interests.

It seems, therefore, justifiable to suggest the exclusion of such medical instruments from duty, or at least from a raise of the same, which are specialties not manufactured in the United States.

Your excellency would greatly oblige this legation by bringing the foregoing to the attention of the Finance Committee of the Senate.

Accept, excellency, the renewed assurances of my highest consideration.

EDGAR PROCHNIK.

**BELGIUM**

DEPARTMENT OF STATE,  
*Washington, June 19, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note dated May 24, 1929, from the Belgian Chargé d'Affaires ad interim concerning the effect on Belgian-American trade of the proposed rates of duty in House of Representatives bill No. 2667. I have the honor to be, sir,

Your obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*

AMBASSADE DE BELGIQUE,  
*May 24, 1929.*

The honorable the SECRETARY OF STATE,  
*Department of State, Washington.*

SIR: In accordance with instructions received from my Government, I have the honor to bring the following to your excellency's kind attention.

According to a proclamation issued by the President of the United States and dated May 14, the duty on window glass is to be increased by 50 per cent on June 13. This increase following the recent augmentation of the rate on plate glass has occasioned considerable emotion and has caused the gravest concern in Belgium.

Public opinion feels that Belgian interests are directly affected by these above-mentioned measures as well as by some of the rates proposed in the Ways and Means Committee tariff bill—notably on cement.

I avail myself of this opportunity, sir, to renew to your excellency the assurances of my highest consideration.

VICOMTE DE LANTSHEERE,  
*Charge d'Affaires a. i.*

DEPARTMENT OF STATE,  
*Washington, June 19, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to enclose for your information a copy of a note from the Belgian Ambassador, dated March 27, 1929, concerning the importation into the United States of Belgian plate glass. I have the honor to be, sir,

Your obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*



AMBASSADE DE BELGIQUE,  
March 27, 1929.

The honorable the SECRETARY OF STATE,  
Department of State, Washington, D. C.

SIR: In a letter dated November 16, 1928, I had the honor to draw the attention of Your Excellency's predecessor to the situation which would arise, should the then existing duty on plate glass be increased. Moreover, the above-mentioned letter tended to prove that under the present circumstances, a reduction in the duties on polished plate glass, to the full extent permitted by the law, was fully justified.

Notwithstanding this, however, on January 17, 1928, the President of the United States issued a proclamation increasing the duties on polished plate glass. This increase which amounts practically to an embargo on all imported plate glass has caused the gravest concern in Belgium. In view of the fact that all imports of plate glass amount only to 5 per cent of the American consumption, and on the other hand that Belgium's share in imports is 65 per cent, this measure has in fact most directly affected Belgium.

Inasmuch as the above mentioned decision was largely based on conditions which are no longer existing—the figures that were taken into consideration dating as far back as six years ago—I venture to express the hope that the duties which will be imposed in the revised tariff bill on plate glass may be considered by the Ways and Means Committee in the light of the latest information and disregarding the rates prevalent at present for the following reasons:

1. The six members of the United States Tariff Commission in their report to the President, were unanimous in stating that the cost of production for the year 1925—the last year investigated by the commission—justified a reduction in duties.

2. The increase decreed by the President was based on the recommendations of three members of the commission who—although agreeing that the figures for 1925 justified a reduction—nevertheless recommended an increase based on 1923–24–25 figures. In so doing, these commissioners departed from their past practice of taking the most recent costs of production into consideration instead of predicating their action on the last available figures. Their recommendations were thus made on the basis of conditions which prevailed as long as six years ago and which do not any longer exist to-day. The three other members of the commission were of the opinion that the 1925 figures alone should have been considered.

3. The American manufacturers before the Ways and Means Committee declared willingly that they were not asking any increase on sizes of plate glass not exceeding 384 square inches because the domestic prices are so low that foreign manufacturers are unable to compete in this market. Notwithstanding this admission, the duties were increased by the President from 12½ cents to 16 cents per square foot.

4. The findings of the commission were based on the costs of production covering cast, polished plate glass, in spite of the fact that both the domestic and foreign manufacturers insisted before the Ways and Means Committee that the new tariff act should include under the same paragraph all kinds of plate glass regardless of its method of manufacture; that is, whether made by the casting method or otherwise. During 1929 the production of polished plate glass by the

casting method, on which the Tariff Commission based their findings, will amount to less than one-half of the total production of polished plate glass in the United States. Costs of production by other methods than "casting" are known to be considerably cheaper.

5. American cost of production has shown a tremendous decrease since 1925 as shown from the average selling prices of the American factories, which follow:

| Year                                 | Average domestic selling price per square foot—cents |
|--------------------------------------|--|
| 1923 (Tariff Commission report)..... | 7468   |
| 1924 (Tariff Commission report)..... | 6887   |
| 1925 (Tariff Commission report)..... | 5241   |
| 1927 (Census of Manufacturers).....  | 3735   |
| 1928 (estimated).....                | 30   |

The average selling price for the year 1928 has been estimated on the basis of a 20 per cent reduction in price which the American manufacturers put into effect the latter part of 1927.

The saving in the cost of production of the American factories is also evident from the ability of the American manufacturers to compete with the Belgian plate glass factories in the Canadian market without any tariff protection. On the contrary, Belgium enjoys a preferential duty of 10 per cent in Canada.

6. The average specific duty of the tariff act of 1922 (15 cents), would represent an ad valorem duty of 79 per cent and 129 per cent for 1927 and 1928 respectively on the price at which the Belgian plate glass factories would be compelled to sell their merchandise f. o. b. factory Belgium to equalize their average selling price with the above average selling price of the American factories delivered at Detroit, all charges as indicated in the Tariff Commission report being taken into consideration both for the domestic and Belgian glass. On the same basis the average of the new duties as provided in the presidential proclamation (19 cents) would correspond to an ad valorem duty of 127 per cent for 1927 and 250 per cent for 1928. These ad valorem equivalents compare with an average ad valorem duty of 27.70 per cent paid on imported plate glass during 1923, the first full year of the application of the tariff act of 1922.

I venture to lay the above-mentioned facts before your excellency for his kind consideration because I am convinced that they will prove the justice of my contention, namely, that under existing conditions, the duty on plate glass constitutes a positive embargo against Belgium, and that therefore it should be reexamined in the light of up-to-date information.

I would be grateful if your excellency would kindly cause the present note to be transmitted, with whatever recommendation may be deemed appropriate, to the competent agencies of the Government, and to the Ways and Means Committee.

I sincerely hope that the existing ad valorem equivalents mentioned in paragraph No. 6 of the present letter will not be continued, as I can only repeat that they constitute an embargo "de fait" especially directed against an article which figures amongst the vital items in the foreign trade of a country with which the United States has always enjoyed profitable commercial relations.

I wish to point out in this connection that, deducting the item of precious stones, the trade balance in 1927 amounted to about

\$73,000,000 in favor of the United States, which has always found in Belgium a substantial market for agricultural as well as industrial products. American exports to Belgium during 1927 included such important items as:

|                            |                |
|----------------------------|----------------|
| Wheat.....                 | \$25, 720, 000 |
| Raw cotton.....            | 16, 885, 000   |
| Gasoline and kerosene..... | 5, 278, 000    |
| Copper, crude.....         | 4, 510, 000    |
| Barley.....                | 2, 142, 000    |
| Oil cake.....              | 3, 710, 000    |
| Automobiles and parts..... | 4, 173, 000    |
| Machinery.....             | 3, 764, 000    |

On the other hand for the same year, the imports of Belgian plate glass in the United States only amounted to \$2,095,000.

I avail myself, sir, of this opportunity to convey to your excellency the assurance of my highest consideration.

ALBERT DE LIGNE.

DEPARTMENT OF STATE,  
Washington, July 6, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign Governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Belgian Ambassador, dated June 28, 1929, and memorandum inclosed therewith, regarding the pending readjustment of the tariff and its effect on Belgian exports of bone glue.

I have the honor to be, sir,  
Your obedient servant,

J. R. CLARK, Jr.,  
*Acting Secretary of State.*

AMBASSADE DE BELGIQUE,  
Washington, June 28, 1929.

The Honorable the SECRETARY OF STATE,  
*Department of State, Washington.*

SIR: With further reference to my letter addressed to Your Excellency under date of June 25 in regard to certain statements of the Belgian producers and manufacturers outlining the difficulties which the industries of my country would encounter should the new proposed tariff bill become effective, I beg to enclose herewith a memorandum of the "Société pour l'Achat et le Traitement des Os," which exports bone glue into the United States States.

I avail myself of this opportunity, sir, to renew to your excellency, the assurances of my highest consideration.

PRINCE DE LIGNE,  
*Belgian Ambassador.*

## ASSOCIATION FOR THE PURCHASE AND TREATMENT OF BONES

## BONE GLUE

Our industry is dangerously menaced by the proposed raising of duties on glues exported to the United States.

Whereas formerly imports of bone glue into the United States of America were only subjected to specific duty of 1 cent per pound, the duty has been raised, since 1922 to 20 per cent ad valorem, plus 1½ cents per pound, which is approximately equivalent to 40 per cent of the value of an article sold at present at about 8 cents a pound, c. i. f. American ports.

The quantities of foreign glues imported into the United States of America only represent a small proportion of the American production. The latter may, in fact, be estimated at about 100,000,000 or 105,000,000 pounds per annum, whereas the imports from 1926 to 1928 worked out at between 6,000,000 and 9,000,000 pounds; that is, only about 10 per cent.

From a census that was taken of the stocks in the United States, it is possible to show that, at the beginning of 1926, there were 23,000 tons or 51,520,000 pounds, whereas at the end of 1928, these figures had been brought down to 14,000 tons or 31,360,000 pounds and during the same period the prices had gone from 6½ cents to 8½, which is an ample proof of the fact that, notwithstanding the increase of imports, the demand for bone glues remains as firm as ever.

In conclusion, we must take into consideration the fact that if the American outlet were to be closed to the European industry, owing to prohibitive customs duties, it would inevitably bring about overproduction of bone glue in Europe, and this would certainly not fail to have a serious repercussion on our national industry, insufficiently protected as it already is by customs duties that are too low and also unfavorably influenced by the various export markets that are closed to it, owing to the development of the glue industry in those countries.

DEPARTMENT OF STATE,  
*Washington, July 6, 1929.*

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign Governments to this Government touching tariff questions, I have the honor to inclose copy of a note from the Belgian ambassador, dated June 25, 1929, together with copies of 10 annexes transmitted therewith. I understand that a copy of Annex 11, "Brief of Importers of Cement," is in your hands.

I have the honor to be, sir,  
Your obedient servant,

W. R. CASTLE,  
*Acting Secretary of State.*

AMBASSADE DE BELGIQUE,  
*Washington, June 25, 1929.*

The honorable the SECRETARY OF STATE,  
*Department of State, Washington.*

SIRS: I have previously had recourse to your excellency's good offices in regard to the projected American tariff duties on certain products which interest Belgium principally.

Recently I received through the channel of the Minister of Foreign Affairs of Belgium the text of certain statements addressed by the Belgian producers and manufacturers to the Belgian Government,

outlining the difficulties which the industries of my country would encounter should the new tariff bill become effective.

May I ask you excellency to be so kind as to consider and submit to the Finance Committee of the United States Senate the statements contained in the following annexes:

|               |                               |
|---------------|-------------------------------|
| Annex 1.....  | Leather.                      |
| Annex 2.....  | Chemical products.            |
| Annex 3.....  | Asbestos containing cement.   |
| Annex 4.....  | Rabbit skins.                 |
| Annex 5.....  | Preserved vegetables.         |
| Annex 6.....  | Rayon.                        |
| Annex 7.....  | Floor coverings and rugs.     |
| Annex 8.....  | Photo products.               |
| Annex 9.....  | Window glass.                 |
| Annex 10..... | Wire netting.                 |
| Annex 11..... | Brief of importers of cement. |

I take this opportunity to call your excellency's attention to the fact that the proposed new tariff bill which has been passed by the House has occasioned the greatest concern to Belgium. I have been recently officially informed different groups of business men have protested to the Belgian Government and urged that steps be taken to counteract the effect which increased duties would have upon the economic relations between Belgium and the United States.

Your excellency will readily understand that this fact cause great anxiety to my Government. I should, therefore, be most grateful for such steps as you excellency may be kind enough to take in the matter.

I avail myself of this opportunity, sir, to renew to you excellency the assurances of my highest consideration.

PRINCE DE LIGNE,  
*Belgian Ambassador.*

ANNEX 1

LEATHER

The Belgian leather industries claim that their present prices of sale in America for both tanned and upper leather include but a very small profit and that there is no doubt that any duty exceeding 5 per cent ad valorem would be of a prohibitive nature; a tax of 25 per cent would of course mean a complete exclusion of their product.

ANNEX 2

CHEMICAL PRODUCTS

The principal Belgian manufacturer of chemical products (S. A. de Pont Brulé, Haren, Belgium) is very much concerned in regard to phosphate of soda, crista. The importation of phosphate of soda into the United States is only about 4 per cent of the American output, i. e., for phosphate of soda, bibasic, 3 per cent; and phosphate of soda tribasic, 1 per cent. The total consumption of these products has increased to 550 per cent from 1924 to 1928, while the importations into the United States remain without increase. This fact would indicate that a duty of one-half cent per pound is sufficient to protect and develop the American industry of phosphate of soda. Furthermore, since the Belgium currency has been stabilized, the cost of Belgian production has been augmented and wages have been increased 100 per cent. Comparing the prices of raw materials in 1925-26 and in 1928, one finds the following figures:

*Raw materials*

| 1923-26   | 1923  |
|---|---|
| Carbonate of soda; Belgian francs, 540 per ton. | Belgian francs, 750 per t. i. e., an increase of 40 per cent.   |
| Sulphuric acid; Belgian francs, 175 per ton.    | Belgium francs, 240 per t. i. e., an increase of 40 per cent.   |
| Soda caustic; Belgian francs, 1,520 per ton.    | Belgium francs, 2,135 per t. i. e., an increase of 40 per cent. |
| Phosphoric acid; Belgian francs, 2,660 per ton. | Belgium francs, 3,442 per t. i. e., an increase of 30 per cent. |
| Coal; Belgian francs, 100 per ton.              | Belgium francs, 130 per t. i. e., an increase of 30 per cent.   |

It is to be noted that Belgium imports a great deal of raw material for the manufacture of phosphate of soda from the United States.

There is no doubt that if an increase of duty is made, the Société Anonyme de Pont Brulé may have to close its doors.

## ANNEX 3

## ASBESTOS CONTAINING CEMENT

The manufacturers of asbestos products containing cement are very anxious regarding the proposed increase of duties on that product. Such a measure would particularly affect Belgium, who is one of the foremost exporters to the United States. However, statistics show that the importations of Belgian asbestos cement into the United States have decreased in 1928 as compared to 1927. On the other hand, during the same period, the cost of those products per 1,000 pounds has increased from \$14.14 to \$15.91. The higher prices have of course had an immediate influence and diminished the exportations to the United States. The producers also claim that the present rates of duties—i. e., 25 per cent ad valorem—are sufficiently protective to prevent foreign countries from underselling the American market. They furthermore declare that the foreign exportations have not affected American industries, as is shown by the fact that they have increased their output, built new plants, and that the foreign importations amount only to about 9 per cent of the American production. If the cost of freight and shipping is taken into consideration, one can easily realize that the foreign prices are about equal to those of the American manufacturers.

## ANNEX 4

## RABBIT SKINS

The Union of the Belgian Dyers is disturbed by the proposed duty of 30 per cent ad valorem on the dyed rabbit skins and has explained that their importation into the United States which has not been very large under the tariff law of 1922, would be entirely stopped by the new proposed duties.

## ANNEX 5

## PRESERVED VEGETABLES

An association called "Groupement des Fabricants de Conserves de Légumes de Belgique" has also appealed to the Belgian Government relative to the increasing of duties on preserved vegetables. An increase of tariff would stop all Belgian exportation to the United States. Besides, in 1928 the total amount of such vegetables imported from Belgium in this country was only 12,752 cases of 100 pounds net each. The Belgian producers therefore claim that it is not necessary to increase the duty as the importations are really insignificant in comparison to the American consumption.

## ANNEX 6

## RAYON SILK

In regard to the Belgian viscose rayon, the "Société Générale de Soie Artificielle par le Procédé Viscose" calls attention to the fact that an increase in duty on

rayon yarns imported in the United States is absolutely unnecessary. The Belgian manufacturers state that with the duties proposed by the Ways and Means Committee, the sale in America which constitutes an important outlet for a country like Belgium, will cease entirely. Only a duty not higher than 35 per cent ad valorem, whatever the standard of yarns might be, and the elimination of the 45 cents per pound minimum, will permit Belgian rayon to enter the United States.

## ANNEX 7

## FLOOR COVERINGS AND RUGS

The Belgian firms which manufacture Mourzouk rugs have filed the following petition:

Under the proposed bill H. R. 2667 it is not entirely clear as to whether Mourzouk rugs will continue under the same rate and classification as provided for in paragraph No. 1021: "All other floor-coverings not specially provided for, 40 per cent ad valorem;" or whether they will be included in paragraph 1022 as matting at 10 cents per square yard or pile mats and floor coverings at 8 cents per square foot.

At the present time the first cost price in the home market on Mourzouk rugs ranges from about 75 cents to \$1.10 per square yard. Accordingly the duty based on 40 per cent ad valorem would range from 30 to 44 cents per square yard. We believe that the great majority of Mourzouk rugs are imported on a basis of about 90 cents per square yard, therefore, the average duty paid is about 36 cents a square yard at the present time.

If Mourzouk rugs were classified under paragraph No. 1022 of the new proposed tariff as "matting and articles made therefrom, wholly or in chief value of cocoa fiber or rattan," the duty would be only 10 cents per square yard. If they were classified as "Pile mats and floor coverings, wholly or in chief value of cocoa fiber or rattan," the duty would be 8 cents per square foot or 72 cents per square yard. Under the latter heading the duty would be twice as high as under the present rating. We believe that a duty of approximately 72 cents a square yard or in fact anything in excess of the present 40 per cent ad valorem would practically prohibit the importation of Mourzouk rugs.

One of the objects of the present bill being to specifically mention articles that are regularly imported in fair volume, rather than leave them under general clauses, we respectfully petition your committee to add to new paragraph No. 1022:

"Rugs or mats wholly or of chief value cocoa fiber, without pile 40 per cent ad valorem."

You will note that we are not requesting any change in the rate.

The importations of these rugs amount to about \$150,000 per annum as nearly as we can estimate.

ANNEX 8.—STATEMENT FILED BY THE GEVAERT PHOTO PRODUCTS (INC.),  
MANUFACTURERS AND EXPORTERS OF SENSITIZED PHOTOGRAPHIC PRODUCTS,  
ANTWERP, BELGIUM

In connection with the new tariff bill drafted by the Ways and Means Committee and proposed to the House of Congress of the United States, we respectfully request consideration of the following arguments and consecutively adoption of the following suggestions:

A. PAPERS ALBUMINIZED OR SENSITIZED PAPERS OR PAPERS OTHERWISE COATED  
FOR PHOTOGRAPHIC PURPOSES

*Present duties.*—The present duties on these papers are 20 per cent ad valorem plus 3 cents per pound, or together 26, 17 per cent ad valorem.

*Proposed new duties.*—It is proposed to increase the present duties and to have them fixed at a straight ad valorem rate of 30 per cent.

Our arguments:

- a. The present duties are already very high, they may be called prohibitive.
- b. As a consequence of this, the importation into the United States of photographic papers can be estimated to 1 per cent only of the total production of such papers in the United States.
- c. The Official manufacturers price lists show that in the United States the average price of all varieties of photographic papers are from 15 to 30 per cent lower than such average price in most European countries.

d. In their brief, regarding photographic dry plates, Messrs. G. Cramer, Dry Plate Co., St. Louis, Mo., now state:

"In the revenue bill of 1913, the duty on dry plates was reduced from 25 per cent to 15 per cent ad valorem, but the duty on photo-glass, our chief raw material which we import, was also reduced, thereby at least partly offsetting the reduction of the rate on dry plates."

This is quite right, but as well for papers as for plates.

Now, whilst, it is proposed to increase the duty on sensitized photographic paper, it is at the same time proposed to reduce the duty on unsensitized baryta-coated paper, which is the chief raw material used for making sensitized photographic paper.

Such increase of duty on foreign sensitized papers on the one side, and the simultaneous reduction of the American cost price of imported raw material on the other side, means a prohibition.

For these different reasons, it is evident that not only the proposed new duties of 30 per cent ad valorem, but even the present duties are prohibitive for us.

Our suggestions.

We therefore respectfully request, laying the utmost stress upon it, that the present duties not only be not increased but be reduced and transformed into specific duties.

We beg to suggest a duty of \$0.0075 per pound net, which equals to about 15 per cent ad valorem of entry value.

This suggested rate is undoubtedly sufficient as a safeguarding duty for the American manufacturers and is the very maximum our imports into the United States can afford.

#### B. PHOTOGRAPHIC DRY PLATES

*Present duties.*—The present duties on these plates are 15 per cent ad valorem.

*Proposed new duties.*—It is proposed to increase the present duties; to 25 per cent ad valorem.

Our arguments:

a. The present duties are already very high.

b. As a consequence, the importation of plates into the United States represents only a small quantity in comparison with the production of such plates in the United States.

c. If the leading American manufacturer has, as it is stated, retrograded in his dry plates production, this is not to be imputed to the foreign competition but solely to the policy of that country, who decided, some years ago, to suspend the sale of plates in various foreign countries in order to replace same by professional films, and who pushed especially the sale of such film against plates in the United States.

e. The official manufacturers price lists show that in the United States the average price of all varieties of photographic dry plates is from 10 to 30 per cent lower than such average price in various European countries.

Our suggestions:

We therefore respectfully request that the present duties not only be in no case increased to the slightest extent, but be reduced and transformed into specific duties.

We beg to suggest a duty of \$0.0022 per pound net which equals about 10 per cent ad valorem of entry value.

#### C. PHOTOGRAPHIC FILMS SENSITIZED BUT NOT EXPOSED OR DEVELOPED, VIZ., CARTRIDGE OR ROLL FILM, FILM PACK, PROFESSIONAL OUTFILM, X-RAY FILM, AMATEUR MOTION-PICTURE FILM AND PROFESSIONAL MOTION-PICTURE FILM

*Present duties.*—The present income duties on these films are \$0.0004 per linear foot of standard width of 1½ inches, all other widths paying duty in equal proportion thereto.

These specific duties are equivalent to about 14 per cent ad valorem for roll film, 12 per cent ad valorem for film pack, 17 per cent ad valorem for professional cut film, 16 per cent ad valorem for amateur motion-picture film, 17 per cent ad valorem for X-ray film, and 66 per cent ad valorem for professional motion-picture film.

*Proposed new duties.*—It is proposed to maintain these specific duties on motion-picture film of all widths of 1 inch or more. For motion-picture film of smaller width and for all other above-named films it is proposed to have the present specific duties transformed into ad valorem duties and to have same fixed at 25 per cent.



This means:

a. An increase of the present duties of respectively about 11 per cent for roll film, 13 per cent for film pack, 8 per cent for professional cut film, 8 per cent for X-ray film, and 9 per cent for motion-picture film of less than 1 inch width, viz., in general the amateur motion-picture film.

b. The maintaining at 66 per cent of the duty on motion-picture film of 1 inch width and more, viz. in general the professional motion-picture film.

*Our arguments:*

a. The present income duties are already very high for all films and in fact absolutely prohibitive for professional motion-picture film.

b. The importation of photographic film into the United States is of no importance in comparison with the American home consumption and in comparison with the exportation of American-made films.

c. Official manufacturers' price list shows that for all other photographic films mentioned above, prices in the United States are inferior or equal to those applied in the various European countries.

d. At the time the present duty of four-tenths of 1 per cent per linear foot of standard width of  $1\frac{1}{8}$  inches was adopted in the tariff act of 1922, the prices of positive professional motion-picture film of standard width (representing 80 to 85 per cent of the total consumption of motion-picture film) was \$0.00225 per linear foot. At that time the assessed duty was equivalent to 18 per cent of the net selling price in the United States. To-day the selling price of such film is 1 cent per linear foot. The present duty therefore does not represent any more 18 per cent, but 40 per cent of the net selling price or 66 per cent of the entry value.

For these different reasons it is requested that for motion-picture film the duty be not maintained at the present prohibitive rate. For all other photographic films not only the proposed new duties of 25 per cent ad valorem, but even the present duties are too high for us. The American manufacturers can and do produce in such favorable conditions that they are leading the market all over the world and even in European manufacturing countries.

*Our suggestions:*

We therefore respectfully request, laying the utmost stress upon it that the duties on all photographic films (roll film, film packs, professional cut-film, X-ray film, amateur and professional motion-picture film) be maintained specific, be in no case transformed in ad valorem duties, and be very considerably reduced and this more especially for motion-picture film.

We beg to suggest a duty of \$0.0002 per linear foot by  $1\frac{1}{8}$  inches, all other widths proportionately, without any distinction between the different above-mentioned photographic films and the motion-picture films of any width. This means a reduction of 50 per cent on the above-mentioned present duties.

#### GENERAL CONSIDERATIONS

*Imports are and will remain insignificant.*—An important point whereupon stress must be laid is the relative insignificance of importations into United States of sensitized photographic products, during the past years. To any one who is familiar with the photographic industry and the American photographic market it is obvious that foreign products for American consumption may not be created overnight, that such products do not now exist, to an appreciable extent, among the items produced by the photographic industry of Germany, France, England, or Italy, and that the imports of the existing products of these countries have been and will of necessity have to continue to be negligible because of their very nature.

*American industry very prosperous.*—Under the tariff act of 1922 still in force the American photographic industry has known a very and more and more prosperous era, as is proved by the annual balance sheets of the most important American manufacturers. Our balance sheet which for the year 1927 showed a profit of Belgian francs 31,000,000 only shows a profit of Belgian francs 17,000,000 for the year 1928.

It is quite right that American labor should be protected as much as possible. Furthermore, we feel pleased to mention that the most of our products are imported into the United States in unfinished condition and are as much as possible finished there. All our papers are shipped to the United States in rolls and are finished in New York, i. e., slitting, cutting, sorting, wrapping, packing, labeling, etc., is made in the United States territory by American labor. It is this finishing and not the coating of photographic paper which represents the greater part of

labor. Furthermore, the material required for such finishing is to a very great extent bought in the United States. The statement that in "sensitized paper imported into America there is no American labor applied to it and no American material required for it" is therefore in contradiction with the fact.

*Principle of equalizing cost of products unjustified.*—The principle which to a certain extent has been governing the fixation of duty rates has been to equalize the cost of foreign products with that of American products.

It is very doubtful whether the cost of production in the American photographic industry is higher than that of European manufacturers in spite of the higher standard of living in the United States as compared with the standard of living of many European countries. The incomparably very big output and the very modern technical organization of the American industry is responsible for it.

The fact must also be emphasized that the cost of living in Belgium has gone up since the stabilization of the Belgian currency, and that the same may be said for the last years of other European countries, and that, therefore, whatever difference there may be between the cost of production in Belgium and the cost of production in the United States it is obviously less than it was in 1922, when the present tariff act was adopted.

*Procedure of valuation.*—Although we expect that, as insisted upon above, the new tariff act will fix specific duties for all sensitized photographic products, and as in such a case the procedure of valuation becomes much less important we wish to draw the attention upon the following provision of the proposed new bill.

According to this provision:

a. "The power of valuation would be conferred to the appraiser, who is made the judge of the matter, with final appeal to the Secretary of the Treasury instead of to the Court of Customs Appeals, as heretofore."

Such a procedure is not desirable.

b. "The burden of the proof of foreign value or cost of production would eventually rest upon the importer."

This procedure will entail great difficulties because the American importer is not or can not be posted on the cost of production nor on the foreign value.

PHOTO-PRODUITS-GEVAERT, S. A.

Antwerp—Oude-God, 4th of June, 1929.

## ANNEX 9

### WINDOW GLASS

The manufacturer of window glass, the "Comptoir General Belge pour la Vente des Verres Mécaniques Fourcalu has submitted the following statement:

Recently by a Presidential decree, the duties on window glass imported into the United States were increased by 50 per cent. This measure is based on the costs of production of window glass in Belgium as estimated by the American experts in 1926. However, it seems to us that many of the following important points have not been taken into consideration.

1. The figures presented by the Tariff Commission to the President of the United States were collected in 1926, although the commission admits that modifications have since taken place in the United States window glass industry and that those modifications may be considered as having created a revolution in the industry.

In 1926 out of the total production of window glass in the United States, 39 per cent consisted of glass produced by the method of drawing in sheets, 59 per cent by the mechanical cylinder process and 2 per cent by the process of blowing.

In 1929 70 to 75 per cent of the American output consisted of mechanically drawn glass and the remainder of mechanical cylinder process.

2. It is well known that since 1926 wages have increased by 30 per cent and this fact was not taken into consideration. The comparison of the cost prices prevailing in Belgium and the United States has been based only on the 1926 figures and the average cost prices have been based on the 1926 methods of production. These two above-mentioned factors have been essentially changed since 1926.

3. The Belgian exportation of window glass into the United States has been almost entirely limited to the Atlantic and Pacific coasts since the enactment of the tariff law of 1922. Freight rates by railways are so expensive that they make it impossible to sell in the interior market. A rate of 22 cents per 100 pounds (which amounts approximately to 16.5 cents a case) imported window

glass would completely exclude it from the United States market, but we note that the average increase of duties by the presidential proclamation amounts to between 46 and 47 cents a case.

4. By the 1922 tariff, window glass paid an average duty of 74 per cent ad valorem. After the presidential proclamation the average duties were 111 per cent ad valorem. This seems to be out of proportion compared with duties imposed on other manufacturers' products.

ANNEX 10—STATEMENT BY THE BRUSSELS BRANCH OF THE EUROPEAN TRADING Co.

WIRE NETTING

The tariff bill as passed by the House of Representatives provides that on all articles now included in the so-called "Basket Clause," paragraph 298, the duty shall be raised from 40 to 50 per cent. This includes "Wire netting," which falls into two classifications: (1) Poultry wire netting. (2) Wire netting used for stucco buildings.

1. The present rate of duty of 40 per cent affords ample protection to American manufacturers in view of the fact that wire netting is made entirely by machinery, with the element of individual labor playing a very small part.

2. The actual physical percentage of imported wire netting is very small and means an almost negligible loss of tonnage to the few American mills.

3. However, this small percentage of imports acts as a price check. And it is obvious that the American mills are more interested in the removal of this price check than they are in obtaining this small additional amount of business.

4. Before wire netting was imported the consumer paid high prices, which have since been reduced by 25 to 50 per cent.

5. The American mills are at present operating at a good profit and there is no record of any mill being forced out of business by foreign importations of this line.

6. As against the immediate benefit to a few mills, this proposed increase would place an additional burden on several millions of people.

7. Every elimination of import lines contributes to raising freights on export items with the resulting hindrance to our own competitive efforts abroad.

8. Now, in particular, in regard to the two classifications of wire netting, we find the following points:

(1) POULTRY WIRE NETTING

1. Imported poultry wire netting is being used everywhere in the United States, but in comparatively small quantities due to the fact that the price of imported wire netting is very close to that of American material.

2. The farmer is the chief consumer and it is the expressed public opinion of America that the farmer should be helped at this time and not burdened further.

3. Wire netting, fencing, and various other types of farm apparatus constitute a fixed and unescapable overhead expense.

(2) WIRE NETTING USED FOR STUCCO BUILDINGS

1. Wire netting used for this purpose is practically not known anywhere else except in California and a very few other points on the Pacific coast. In California, however, it is being used to the extent of about 225,000 rolls per year, at an average cost to the builder of \$7.50 per roll.

2. Prices were approximately \$2.50 to \$3 per roll higher than the present market before imports started in 1925.

3. The proposed tariff will make future imports prohibitive.

4. The old high prices are likely to be effective again as soon as imports cease.

DEPARTMENT OF STATE,  
Washington, July 8, 1929.

Hon. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: With reference to a letter addressed to you on June 19, 1929, inclosing a copy of a note from the Belgian Ambassador concerning

the proposed increase in customs duties on plate glass, I have the honor to transmit for your information a further communication from the Belgian Ambassador inclosing a memorandum on this subject.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

AMBASSADE DE BELGIQUE,  
*Washington, June 22, 1929.*

The SECRETARY OF STATE,  
*Washington.*

SIR: I had the honor, under date of November 16, 1928, to call on your honorable predecessor and to place in his hands a memorandum which explained the reasons which compelled the Belgian producers of plate glass to ask for a reduction of American duties put on their products.

Later on, under date of March 27, 1929, I again called the attention of the honorable Secretary of State to the fact that the President of the United States issued a proclamation on January 17, 1929, increasing the duties on polished plate glass, and that this measure had most directly affected Belgium.

I now take the liberty of bringing before your excellency's benevolent attention the inclosed memorandum elaborated by the Belgian manufacturers of plate glass, and addressed to the Belgian Government, with the purpose of having it forwarded to the competent American authorities.

As your excellency will note, it is evident that after the above-mentioned presidential decree, the duties on plate glass, calculated on the prices which the Belgian manufacturers would be compelled to sell in the American market, average more than 200 per cent on an "ad valorem" basis, and that when the House of Representatives passed its tariff bill in May last, it retained two of the three rates increased by presidential proclamation and broadened them by applying the rates to plate glass made by all methods of manufacture.

On the other hand the importations from Belgium during the year 1928 amount to about 5 per cent of the total American output.

Under these circumstances, may I express the hope that your excellency will be kind enough as to transmit the inclosed memorandum to the competent Committee of Finance of the United States Senate, urging it to consider a reduction of the proposed duties on plate glass.

Glass manufactures constitute one of the vital industries of Belgium and if my country were compelled to entirely abandon the United States market in which she has had a share for years, Belgium would be deeply affected economically.

I avail myself of this opportunity, sir, to renew to your excellency, the assurance of my highest consideration.

ALBERT DE LIGNE  
(Prince de Ligne),  
*Belgian Ambassador.*

Earlier this year we had the privilege of calling your attention to the serious problem confronting the plate-glass industry of Belgium due to the tariff situation in the United States. We told you that our export business with that country was being completely destroyed by the high duties on polished plate glass effected

by the presidential proclamation of January 17, 1929, which became applicable to all shipments arriving in the United States on and after February 16, 1929. Since communicating with you last on this subject, the condition has become so acute that, unless speedily corrected by a reduction of those duties to below the level of the tariff act of 1922, we shall be compelled to abandon the United States market and lose the benefits of our years of effort in establishing our American clientele.

As you already know, following application made in 1923 by American manufacturers of furniture in behalf of a reduction in duties on polished plate glass, the United States Tariff Commission investigated the cost of production of plate glass in Belgium and in the United States. In the course of that investigation the Belgian plate-glass manufacturers opened their books and cost records to the commission, sent their delegates to Washington to attend the commission's public hearings as witnesses, and accorded every facility to the commission to ascertain the true state of affairs with respect to plate glass.

On August 22, 1928, more than six years after its investigation had been started, the United States Tariff Commission made its report to the President. In that report three members of the commission recommended a reduction of the duties on polished plate glass from  $12\frac{1}{2}$  cents, 15 cents, and  $17\frac{1}{2}$  cents per square foot for the three brackets, as provided in paragraph 222 of the tariff act of 1922, to 10.91 cents, 13.10 cents, and 15.28 cents per square foot for the three brackets, respectively. The reduction in duties thus recommended was based on a comparison of the costs of production in Belgium and in the United States for the year 1925, which was the latest year investigated by the commission. The other three members of the commission however, recommended an increase of the duties to 16 cents, 19 cents, and 22 cents per square foot for the three brackets, respectively. This recommendation was based on a comparison of the costs of production in Belgium and in the United States for the years 1923, 1924, and 1925. In other words, there was no majority finding of the commission. On one point, however, the commission was unanimous, namely, if the costs of production for the year 1925 only (the last year investigated) were considered, a reduction of the rates of duty would have been necessary. This appears affirmatively in the commission's report.

Despite the fact that there was no majority finding of the United States Tariff Commission, the President increased the duties on polished glass to 16 cents, 19 cents, and 22 cents per square foot in accordance with the recommendation of only one-half of the members of the commission which, as previously stated, was based on costs of production for the years 1923, 1924, and 1925—from four to six years previous to the date of the proclamation. In this respect the Presidential Proclamation departed from the previous established practice of basing changes of duties on the latest cost data ascertained by the United States Tariff Commission.

Needless to say, the increases of duty effected by the Presidential Proclamation came as a complete surprise to our industry, which had confidently expected a substantial reduction of duties below the level of the tariff act of 1922. This was particularly so, because it developed on examination of the commission's report to the President that the increases of duty were not only based on obsolete costs of production but also failed to take into account the large savings in cost effected in the United States by the three improved methods of manufacture which have been introduced and applied on a vast scale in that country since 1923. We refer to the "continuous" process of making plate glass invented by the Ford Motor Co., the "Bicheroux" process and the "Libbey-Owens" process. By eliminating much of that hand labor employed in making plate glass by the old "casting" method and at the same time reducing the loss of material in grinding and polishing, all three of the newer methods referred to effect many economies in the cost of producing polished plate glass. None of these savings were considered in connection with the increases of duty referred to, although fully one-half of the productive capacity of the plate glass industry in the United States is now represented by the three improved methods of manufacture referred to.

It is to be noted furthermore that the three members of the tariff commission who recommended an increase in duties on the basis of costs figures for the years 1923, 1924, and 1925 stated in their report to the President that the year 1925 was not quite representative for the reason that production in the United States during that year was larger than during the preceding years while on the contrary, production in Belgium for the same year was lower than that of the previous years. Yet, it should be pointed out that while production remained about stationary in Belgium, the production in the United States increased since 1925 from 117,000,-

000 to an estimated production of 180,000,000 square feet for the year 1929. It is also to be noted that the plants which were built in 1925 and which accounted for an increase of over 25 per cent in the American production for the year 1925 could not possibly have reflected the first few months nor even the first year of their operation, their true cost of production. Consequently it is fair to assume that cost figures for the years 1926, 1927, 1928, and 1929 would show successive reductions in cost of production. Under such circumstances it appears that there could have been no fairer decision than taking into consideration the cost figures for the last year investigated, namely the year 1925; these figures in the unanimous opinion of the six members of the tariff commission indicate the necessity for a reduction in duties in spite of the fact that they excluded from their findings the cost figures of the improved methods referred to here above.

As you know, before the increased duties on polished plate glass became effective, the Committee on Ways and Means of the House of Representatives of the American Congress began to conduct tariff hearings with a view to revising the tariff act of 1922. We regarded those hearings as another opportunity of obtaining a reduction of the rates of duty in keeping with current costs and conditions. Supported by that hope we continued to ship some plate glass to the United States under the increased scale of duties in order to fulfill the contractual obligations which we had assumed prior to the presidential proclamation. So far as new business was concerned, however, we accepted only a minimum amount and solely as an accommodation to our oldest customers, because of the increased duties payable on such shipments calculated on the prices at which we would be compelled to sell in order to meet the average selling price of American plate glass in the principal market of the United States average more than 200 per cent on an ad valorem basis.

The most recent development in this tariff situation and one which has caused us the greatest concern occurred May 28, 1929. On that date the House of Representatives passed its tariff bill. Though paragraph 222 of that bill restores the tariff act of 1922 in so far as the rate of duty (12½ cents per square foot) in the lowest bracket is concerned, it retains increased rates of the presidential proclamation (19 cents and 22 cents per square foot) for the other two brackets. At the same time the tariff bill referred to (H. R. 2667) broadens the provision for polished plate glasses to include not only "cast" polished plate glass to which the Tariff Commission's findings and the presidential proclamation were limited, but "polished plate glass, by whatever process made." In other words, the House of Representatives retained two of the three rates appearing in the presidential proclamation which was limited to "cast polished plate glass" and at the same time applied those rates to plate glass made by all other methods of manufacture, as well, which were not considered by the United States Tariff Commission and which were not within the purview of the presidential proclamation.

What better demonstration can be furnished of the sufficiency of the duties on polished plate glass as they appeared in the Tariff Act of 1922 than the record of production of the American plate glass factories for the past eight years, during the last six of which years those rates were in operation. That record is as follows:

| Year:                                    | Square feet   |
|--|---------------|
| 1921.....                                | 53, 578, 682  |
| 1922.....                                | 76, 678, 207  |
| 1923.....                                | 89, 069, 441  |
| 1924.....                                | 91, 554, 474  |
| 1925.....                                | 117, 224, 295 |
| 1926.....                                | 128, 857, 875 |
| 1927.....                                | 111, 390, 000 |
| 1928 about (including Libbey Owens)..... | 140, 000, 000 |

For the year 1929, we estimate that the plate glass production in the United States will be fully 180,000,000 square feet. This estimate also appears in the annual report of the largest American plate glass company for the year 1928.

On the other hand, the importations from Belgium during 1928 valued at \$2,000,000 amounted to about 5 per cent of the total American output. We may add to this that we never undersold the American factories and that the purchases of Belgian glass by our American friends have been mainly because of the question of quality. These facts and the tremendous development of the American production show plainly that the small importations of Belgian plate glass have not in any way undermined the prosperity of the American plate glass factories as is further exemplified by the annual balance sheet of these factories.

We would also like to draw attention to the fact that excluding the item of precious stones of \$20,000,000, the trade balance between the United States and Belgium for the year 1927 (the last year for which we have complete information) amounted to about \$65,000,000 in favor of the United States. Exports from the United States to Belgium included such important items as the following ones:

|                            |                |
|----------------------------|----------------|
| Wheat.....                 | \$25, 720, 000 |
| Raw cotton.....            | 16, 885, 000   |
| Gasoline and kerosene..... | 5, 278, 000    |
| Copper, crude.....         | 4, 510, 000    |
| Barley.....                | 2, 142, 000    |
| Oil cake.....              | 3, 710, 000    |
| Automobiles and parts..... | 4, 173, 000    |
| Machinery.....             | 3, 764, 000    |

It seems that in addition to the arguments already presented here above some consideration should be given to this important trade balance in favor of the United States. In fact it could hardly be expected that Belgium will be able to maintain importations from the United States to such high levels if her purchasing power is affected by the proposed duties which, on polished plate glass, constitute a practical embargo.

We are making this final appeal to you to use your good offices to have this intolerable tariff situation corrected. We earnestly hope that you will find it possible to obtain through the Finance Committee of the United States Senate a reduction of the duties on polished plate glass below the rates (12½ cents, 15 cents and 17½ cents per square foot) in the tariff act of 1922, so that we may again be able to sell a part of our production to the United States at a fair price level.

DEPARTMENT OF STATE,  
Washington, July 11, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Belgian ambassador, dated July 1, 1929, transmitting three memoranda concerning the effect on Belgian industries of the proposed changes in the tariff. I have the honor to be, sir, your obedient servant,

H. L. STIMSON.

JULY 1, 1929.

THE SECRETARY OF STATE,  
*Washington, D. C.*

SIR: I beg to inclose herewith in pursuance to my letters of June 25 and 28, three additional memoranda received from Belgian manufacturers, through the foreign office, outlining the situation of Belgian industries as affected by the proposed tariff bill.

I avail myself of this opportunity, sir, to renew to Your Excellency, the assurances of my highest consideration.

PRINCE DE LIGNE,  
*Belgian Ambassador.*

NOTE CONCERNING AMERICAN IMPORT DUTY ON LACES AND TULLE

On previous occasions the Belgian manufacturers of laces and tulle have asked a reduction of duties on their importations into the United States, and have expressed the hope that a special paragraph would be inserted in the tariff schedule covering handmade laces. This would seem desirable as handmade laces are not manufactured in the United States. They represent ten times

the value of laces made by mechanical process. It is to be noticed also, that the revenue collected from duties on handmade laces would be larger if a reduction of tariff should be made, because the importations into the United States would increase.

Nevertheless, in the new tariff bill no change has been made in regard to laces, and no distinction has been contemplated between handmade and machine-made laces.

The Belgian manufacturers of laces, through the "Chambre Syndicale des dentelles et tulles" have expressed the desire that duties should be reduced on handmade laces, and that from 90 per cent ad valorem, the present duty on laces, it should be decreased to 60 per cent ad valorem. It should be remembered that duties on handmade and other laces were formerly 45 per cent ad valorem and were increased first, to 60 per cent and finally to 90 per cent. This increase was not justified for handmade laces, which should always be differentiated from machinemade laces.

#### NOTES CONCERNING THE NEW TARIFF RATES PROPOSED BY THE UNITED STATES ON THE MANUFACTURERS OF FLAX

In Schedule No. 10 there are three principal changes proposed:

1. By paragraph 1013 the tariff on table damask is raised from 40 to 45 per cent ad valorem.

We are unable to see any justification for this increase in view of the fact that this article is not manufactured in the United States. It seems evident that this rate is excessively high.

2. Paragraph 1009 (a). We note that by this paragraph fabrics between 24 and 36 inches in width and weighing from 4 to 4½ ounces per square yard are raised from 40 to 55 per cent ad valorem.

This change is extremely important, especially to the Belgian industry. The articles affected are chiefly light fabrics used in the manufacture of sport garments for the summer season.

A large quantity of this material is manufactured in Belgium.

In order to remain with the classification paying 40 per cent ad valorem, the Belgian manufacturers would be compelled either to manufacture fabrics weighing less than 4 ounces per square yard or to manufacture their former qualities in widths more than 36 inches. It does not seem possible to produce a merchantable article of this kind weighing less than 4 ounces per square yard; this shown by the fact that the manufacturers have never been able to produce an article of such lightness in spite of the sharp competition in these lines. On the other hand to increase the width of the fabric to more than 36 inches would be extremely difficult, if not impossible, for many of the manufacturers whose weaving machines can not produce fabrics over 36 inches in width.

Belgian manufacture would be seriously handicapped by paragraphs 1009 (a). It is hoped that, at least, the increased rate will not be applied to fabrics wider than 36 inches thus leaving fabrics of 36-inch width under the old rate.

3. Paragraph 1009 (b), we note that woven fabrics, such as are commonly used for paddings or interlinings in clothing, exceeding 30 and not exceeding 120 threads, to the square inch counting the warp and filling, are to be charged an import duty of 55 per cent ad valorem, whereas, under the present existing tariff, this rate of 55 per cent was applied to such fabrics not exceeding 110 threads to the square inch.

The result is that fabrics counting from 110 to 120 threads to the square inch, which formerly paid a duty of 40 per cent will have to pay 55 per cent ad valorem; this will create great difficulty for the Belgian industry. It is evident that a fabric counting 120 threads is more expensive to produce than a fabric counting 110 threads, only. Moreover, the 120-thread count requires finer and more expensive threads which are also more difficult to work. Furthermore it requires fine flax, too, such as No. 50 or No. 60, which are not available in the Belgian market.

Paragraph 1010. This paragraph remains unchanged in outward appearance but the fact remains that it is essentially changed since it has to be read in conjunction with paragraphs 100k (a) and 1009 (b).

It would appear from the foregoing that the effect of the proposed tariff would be felt specially by the Belgian industry.

It is also extremely important to note that the price of flax per pound is to-day much higher than before the war and that, the American tariff being calculated ad valorem, manufactures of flax already pay considerably higher rates than formerly.



NOTE CONCERNING THE PROPOSED INCREASE OF TARIFF ON CHALK

We understand that the American Government is contemplating an increase of the import duty on chalk, which is now at the rate of 25 per cent of the value of the merchandise in the country of exportation, or approximately \$1.10 per ton, to two-fifths of a cent per pound, or approximately \$9 per ton.

If this rate should be adopted, it would result in the complete suppression of Belgian exportations of chalk to the United States.

Under the present tariff the American importer can obtain Belgian chalk, at New York, at a little above \$10 per ton; American chalk sells at about \$13.50 per ton. Taking into consideration the importer's legitimate profit and the handicap which is always attached to imported merchandise (i. e., irregularities in time of delivery, payments, etc.), this difference in price is not sufficient to cause concern to the American producers.

With the proposed tariff the situation would be entirely reversed. The cost price of a ton of chalk imported from Belgium would be about \$18, or about \$4.50 more than the price of American chalk.

From the American point of view, the adoption of the proposed rate would have the immediate effect of a large increase in the price of the American product. This increase, which may be estimated at about \$6 or \$7 a ton, would, in the last analysis, be paid by the American consumer.

Furthermore, a large number of American manufacturers use imported crude chalk as raw material in their business. If the American market should be closed to foreign chalk the consequence would be to increase the price of crude chalk, a material which is now of small value and which up to the present time has been considered by Belgian manufacturers only as accessory material.

Moreover, it seems to us that there is an exaggerated impression concerning the amount of importation of this article. The importations of worked chalk of Belgian origin into the United States do not amount to more than 20,000 or 25,000 tons per annum. Taking the present price of chalk delivered f. o. b. New York, i. e., about \$10 per ton, the total exports of Belgian chalk to the United States amount to a maximum of \$250,000. Of this amount a large part goes directly to American interests in the form of freight on American vessels, American import duties, profit to the American importers, etc.

The above figures represent a matter of small importance in American commerce, but they are of vast importance in the eyes of the Belgian producers.

DEPARTMENT OF STATE,  
*Washington, July 23, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note, dated July 13, 1929, from the Belgian ambassador, inclosing a memorandum received by him from the producers of willow and rattan furniture.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

AMBASSADE DE BELGIQUE,  
*Washington, July 13, 1929.*

THE SECRETARY OF STATE,  
*Washington, D. C.*

SIR: I beg to inclose herewith in pursuance with my previous correspondence in regard to the Hawley tariff bill a memorandum received from the producers of willow and rattan furniture.

I shall greatly appreciate any step which your excellency may take in order to place this document in the hands of the Finance Committee of the Senate.

I avail myself of this opportunity, sir, to renew to your excellency the assurance of my highest consideration.

P. ALBERT DE LIGNE,  
*Belgian Ambassador.*

#### WILLOW AND RATTAN FURNITURE

The new Hawley tariff bill does not differentiate between willow and rattan furniture, although a difference between the two above-mentioned items would be justified.

The tariff act of 1922 differentiated between furniture made with frames (No. 407, 60 per cent ad valorem) and those which were without frames (No. 410, 33½ per cent ad valorem). A decision of the custom court, No. 2987, admitted this difference and further stipulated that willow furniture without frames were subject to taxation according to No. 410 of tariff act of 1922.

The new Hawley bill, however, in its No. 410 has suppressed the words "made with frames" and assimilates willow furniture with rattan, applying the duty of 60 per cent ad valorem to both. This corresponds to an increase of 20½ per cent duty on the willow furniture, which does not appear at all necessary as the process of manufacturing willow furniture is entirely different from that of rattan furniture.

### CZECHOSLOVAK REPUBLIC

DEPARTMENT OF STATE,  
*Washington, July 18, 1929.*

The Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note from the minister of Czechoslovakia, dated July 5, 1929, transmitting a memorandum of Czechoslovak industrial and commercial organizations concerning the proposed tariff of the United States.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

JULY 5, 1929.

His Excellency Mr. HENRY L. STIMSON,  
*Secretary of State.*

EXCELLENCY: I have the honor to submit to you the inclosed memorandum of Czechoslovak industrial and commercial organizations, concerning the proposed tariff of the United States.

To the United States the trade with Czechoslovakia in relation to its total foreign trade is negligible. To Czechoslovakia, the trade with the United States is very vital. Czechoslovak industrial and commercial circles, as well as the whole public opinion of the country, have been following with the keenest interest, all the discussions and considerations of the proposed changes in the tariff, even before the bill was published.

This memorandum is the result of their interest, and I submit to you for your kind consideration. May I graciously beg you, after

you have considered it, to pass it on to the members of the committees working on the bill for whom it might be not only interesting, but enlightening.

Accept, Excellency, the renewed assurance of my highest consideration.

DR. FERDINAND VEVERKA,  
*Envoy Extraordinary and Minister Plenipotentiary,*  
*Czechoslovak Republic.*

MEMORANDUM

There have been a great many discussions since the beginning of the year, concerning the trade relations of the United States and Czechoslovakia. Most of these discussions have overemphasized the significance of Czechoslovak trade for the United States. To comprehend its real significance, it is only necessary to study the statistics of foreign trade. These statistics do show the great importance of the trade to Czechoslovakia, particularly where Czechoslovak exports to the United States are concerned, and at the same time show the very slight significance to the United States.

The exports of Czechoslovakia to the United States for the year 1928 amounted to \$34,643,988. Whether the United States imports \$34,643,988 more or less annually makes scarcely any difference at all to the United States. To Czechoslovakia, however, the \$34,643,988 is of such great importance that the proposed increase in tariff threatens not only the exports of Czechoslovakia but its whole economic development.

Because of the inland position of the Republic of Czechoslovakia the overseas Czechoslovak imports must come through foreign seaports (Hamburg particularly) and are considered in the statistics of the United States as exports of the United States to the countries whose seaports receive the goods, although a great quantity of them goes to Czechoslovakia. It is essential, therefore, to refer to the statistics of Czechoslovakia instead of those of the United States, in order to avoid a misleading judgment as to the true foreign trade relations between the two countries.

Those who study the United States statistics more closely can see immediately that the figures showing exports to Czechoslovakia are so impossibly insignificant and unfavorable that they can not be true. The casual observer, however, is led by them to consider the balance in trade with Czechoslovakia as unfavorable for the United States when in reality it is favorable.

The exports of the United States for the past three years are as follows: 1926, \$4,808,660,000; 1927, \$4,865,375,000; 1928, \$5,128,809,279.

The imports for the same period were: 1926, \$4,430,888,000; 1927, \$4,184,742,000; 1928, \$4,091,120,000.

The exports of Czechoslovakia were: 1926, \$528,489,167; 1927, \$595,722,888; 1928, \$628,337,256.

The imports of Czechoslovakia were: 1926, \$451,743,656; 1927, \$530,938,012; 1928, \$568,130,264.

To compare the trade between the two countries, let us quote the following statistics:

The exports of the United States to Czechoslovakia according to the United States statistics are: 1926, \$2,968,000; 1927, \$7,442,000; 1928, \$5,340,709.

According to Czechoslovak statistics: 1926, \$22,482,315; 1927, \$36,243,028; 1928, \$33,967,983.

The imports of the United States from Czechoslovakia according to the United States statistics are: 1926, \$28,502,000; 1927, \$31,726,000; 1928, \$36,800,185.

According to Czechoslovak statistics: 1926, \$26,012,351; 1927, \$29,957,834; 1928, \$34,643,988.

The exports from the United States to Czechoslovakia are less than 1 per cent of the total export of the United States, whereas the exports from Czechoslovakia to the United States amount to more than 5 per cent of the total Czechoslovakian exports. Czechoslovakia must find a foreign market for about one-third of its entire industrial products while the United States industries are practically independent of exportation.

The chief articles exported from Czechoslovakia to the United States, according to their importance, are glass and glassware, leather and leatherwares, flax, hemp, jute and wares thereof, made-up articles, cotton yarns and wares, base metals and wares thereof, earthenware, woolen yarn and wares, woodenwares, paper and paper wares, iron and iron wares, silk and silk wares, instruments, varnishes, colors, pharmaceutical wares and perfumery, minerals, animal products, literary and artistic articles.

The most important articles exported from the United States to Czechoslovakia are cotton, automobiles and other vehicles, fats and grease, instruments, mineral oils, machinery, apparatus and their parts, India rubber, gutta-percha and articles thereof, base metals and ware, grain, guns and resins, leather and leather wares, chemical auxiliary substances and chemical products, minerals, electrical machines and apparatus, iron and iron wares, fruit and vegetables, varnishes, colors, pharmaceutical wares and perfumery.

Only 7½ per cent of the entire exports of Czechoslovakia to the United States entered free of duty in 1928; 10½ per cent in 1927. This shows that practically all articles were dutiable. The proposed tariff revision embraces almost every article exported from Czechoslovakia, increasing the present rate of duty or making dutiable goods that are on the free list up to this time. It is clear that it threatens the mutual trade relations.

The decrease in the exports of Czechoslovakia to the United States will result in a decided decrease in production, bringing unemployment and necessarily an economic crisis. The consequences of such a crisis will be a decrease in imports, particularly in agricultural products, automobiles, etc.

Many objections have been voiced throughout the tariff hearings to the low production costs and low wages in Czechoslovakia.

The Czechoslovak shoe manufacturing firm of T. & A. Bata was perhaps most perhaps most attacked on these grounds. The refutatory answer of the above-mentioned firm includes the following statements, elucidating and correcting opinions expressed about Czechoslovak shoes generally and about Bata shoes especially.

The imports of shoes of the United States for the year 1928 were:

|                      | Pairs       |               |
|----------------------|-------------|---------------|
| Women's shoes.....   | 2, 018, 269 | \$5, 829, 406 |
| Men's and boys'..... | 395, 825    | 2, 005, 558   |
| Children's.....      | 202, 790    | 419, 280      |
| Total.....           | 2, 616, 884 | 8, 254, 224   |

Of these the following numbers came from Czechoslovakia:

|                    | Pairs       |               |
|--------------------|-------------|---------------|
| Women's shoes..... | 1, 415, 143 | \$3, 334, 951 |
| Men's.....         | 52, 245     | 119, 395      |
| Children's.....    | 40, 098     | 33, 735       |
| Total.....         | 1, 507, 486 | 3, 508, 081   |

This number includes about 150,000 pairs of textile shoes, which are liable to a duty of 35 per cent, and about 600,000 pairs of braided shoes, which are not manufactured in the United States and are considered only a passing fashion article and therefore do not need any tariff protection.

The increase of import figures for the first three months of 1929 means practically nothing, because they are the chief part of the summer-season order, every merchant asking for the whole order before the season starts. The figures will decrease considerably in the second three months.

The shoe production of the United States was, 1927, 343,605,905 pairs, \$925,383,000, and about the same in 1928.

The import has not influenced the home production, for home production is not decreasing.

The chief arguments against Czechoslovakia are (1) that the standard of living is much lower because the wages are lower; (2) that there are no child-labor restrictions in factory employment; and (3) that costs of supplies and materials are lower and consequently the costs of production are lower.

The Czechoslovak manufacturer must pay in addition to the wages special social charges which must be paid for every worker; such as social insurance of age, insurance for illness and the salary of a week's vacation. This law for the insurance of laborers is one of the most advanced legislative measures of its kind in the world.

It is a fact, that the buying power of the smaller wages in Czechoslovakia is the same as of the wages paid in the United States. There are nice two-family houses with gardens for the workers for a low rent of about 45 cents a week, cooperative stores which sell all living necessities at low prices, kitchens furnishing meals for 10 cents. The workers have free surgeon and hospital service, schools, libraries, theaters, sports places, and all institutions which are necessary for a high standard of life.

There is a law restricting child labor in factories rigorously controlled by the government. The costs of materials and supplies are not lower in Czechoslovakia but higher, because they are bought at the world market prices; Czechoslovakia being a continental country the cost of transportation is higher than in other countries.

These data are submitted to show the comparative cost of production after an investigation made by the representatives of the firm Endicott-Johnson, who visited the firm Bata in Zlín for studying purposes.

In the Johnson factory 15,000 men produce daily 130,000 pairs; the output per man is therefore 8½ pairs per day. In the Bata factory 12,000 men produce daily 70,000 pairs; therefore, the output per man is only 6¼ pairs daily. Johnson's workers receive \$30 per week. Therefore the wages for one pair amount to 57¼ cents.

Bata's men receive including weekly profit sharing \$12 to \$15 per week, producing only 37½ pairs weekly. Therefore the wages for one pair amount to 32 cents.

This was personally established by the visitors from Johnson's factory. The costs of manufacturing amount, therefore, for our shoes:

|  | Cents         |
|--|---------------|
| Wages for 1 pair McKay women's shoes.....                          | 32            |
| Social taxes as insurance of age and insurance of illness.....     | 2             |
| Taxes.....   | 9. 75         |
| Freight from continental Zlín to New York, insurance included..... | 5             |
| Interests at 10 per cent p. a. for the time of 5 weeks.....        | 2. 5          |
| <b>Total.....</b>  | <b>51. 25</b> |
| Endicott-Johnson's cost.....                                       | 57. 75        |
| <b>Difference.....</b>   | <b>6. 50</b>  |

The American shoe exports show: 1927, 5,514,074 pairs, \$12,853,265; 1928, 4,320,270 pairs, \$10,856,593; and are twice as high as the imports of shoes to the United States. These figures clearly show that United States shoe production is not threatened by imports. If there is a crisis in American shoe industries, some other method than tariff protection must be found for its elimination.

To enumerate all the other articles besides shoes imported from Czechoslovakia that are affected by the proposed tariff revision would not be difficult, but almost an endless task.

The articles imported from Czechoslovakia that are listed below are those for which the proposed tariff, if adopted, would practically mean an embargo.

TARIFF BILL OF 1929

Paragraph 42. Glues: Present duty, 20 per cent plus 1½ cents per pound; proposed duty, 25 per cent plus 2 cents per pound; increase about 25 per cent.

This increase affects the cheaper grades of glue to such an extent as to eliminate all importation of this grade of glue. The Tariff Commission has carried on an investigation as to the difference in the cost of production of this article in the United States and several European countries for past two years and did not find sufficient grounds to recommend an increase of the duty on this article.

Paragraph 211. Earthenware and crockery: Present duty, 45 per cent; proposed duty, 45 per cent plus 10 cents per dozen pieces.

Paragraph 212. China porcelain: Present duty, 60 per cent or 70 per cent; proposed duty, 60 per cent or 70 per cent plus 10 cents per dozen pieces.

Paragraph 211 and paragraph 212 include not only articles for table use but small decorative articles such as vases, statues, statuettes, charms, plaques, cups, and mugs, articles of very small value for which the added duty of 10 cents per dozen pieces would mean in some cases an increase of 300 per cent and over and would mean an absolute prohibition of importation from Czechoslovakia.

Paragraph 219. Window glass: The proposed 50 per cent increase on all sizes of window glass has been already put into effect by an Executive order upon the recommendation of the Tariff Commission, based upon its investigations of the differences of costs of production in the United States and other countries. These investigations, however, are based on data of the year 1926 and previous years. Since 1926, the glass industry in the United States has been so radically reorganized and modernized, reducing production costs to such an extent that it has been very difficult to compete with it even under the former tariff rates. This increased rate will practically eliminate imports.

Paragraph 413. Bentwood furniture: Present duty, 33½ per cent; proposed duty, 55 per cent; increase, 66 per cent.

Bentwood chairs: Since 1923 the United States Tariff Commission has carried on an investigation of the differences of the costs of production of bentwood furniture in the United States and Czechoslovakia. It published a preliminary statement and held a public hearing on this subject in 1927. These investigations showed that the cost of the imported bentwood chairs were higher than those made in the United States, principally because in Czechoslovakia they are made by hand, while in the United States they are machinemade, and the cost of transportation from Czechoslovakia to the United States is very high.

The result of these investigations was that the Tariff Commission did not make a final report on the subject and did not recommend an increase of duty.

It can not be said that the importing of bentwood furniture is threatening the United States furniture industry. During the above-mentioned investigation the fact was brought out that the imported bentwood chairs amount to less than one-half of 1 per cent of all the chairs produced in the United States and only about 5 per cent of the total bentwood chairs produced in the United States.

Paragraph 413 does not discriminate between the wholly and partly finished bentwood chairs. Since the greater part of these bentwood chairs are imported partly finished and about 60 per cent of their cost is incurred in the United States to complete them before they can be sold, it is difficult to understand that this 60 per cent representing American labor and materials, should be included in the duty.

The adoption of the proposed increase in duty on bentwood chairs would mean an embargo and would eliminate even that one-half of 1 per cent of imported bentwood chairs from the United States market.

Paragraph 776. Chocolate and cocoa: Present duty, 17½ per cent; proposed duty, 40 per cent. Increase, 128 per cent.

At the hearings before the Ways and Means Committee, it was proven that even 17½ per cent tariff is too high for competition, for only 1 per cent of the United States production is imported. The increase would mean the elimination of imported chocolate.

The new proposed tariff bill affects practically all branches of the textile industries and its adoption would mean the elimination of Czechoslovak textiles from the United States market. To cite the case of one article:

Paragraph 1116. Chenille Axminster rugs: Present duty, 55 per cent; proposed duty, 50 cents per square foot; increase of 160 per cent.

Paragraph 1117. Carpets, rugs, cost over 40 cents per square foot: Present duty, 40 per cent ad valorem; proposed duty, 60 per cent; increase, 50 per cent.

The production of rugs in the United States amounted to \$164,000,000 for the year 1927 and the importation for the same year amounted to about \$19,000,000. The year 1928 shows a decrease in importation to about \$18,000,000.

Statistics show that the mere importation of the expensive oriental rugs and those not made on power-driven looms and of which none are manufactured in the United States, increased steadily since 1923 when the imports amounted to \$10,458,000 to the year 1928 when they amounted to \$17,419,000. The increasingly high standard of living of which Americans are so proud is reflected in this increasing demand of higher grade rugs. This importation increases in spite of the fact that the present duty is very high.

The same statistics show a very marked decrease in the imports of rugs produced on power driven looms since the year 1923 when the imports amounted to \$1,423,000, while in 1928 they had dropped to \$647,000.

These figures show that foreign-made rugs can not compete with United States manufactures in the United States; even with the present rate of duty. The proposed increase would put an immediate stop to even this small amount of importation.

Paragraph 1510. Agate buttons imitation pearl buttons. Present duty 15 per cent; proposed duty 1½ cents per gross plus 25 per cent ad valorem.

Agate buttons make up a very small part of the total button consumption in the United States. None are manufactured in the United States and therefore it is difficult to understand why this increase, amounting to from 300 per cent to 700 per cent, is proposed. It is superfluous to say that such an increase would mean the prohibition of importation of this article.

Paragraph 1527. Imitation jewelry. Present duty 80 per cent; proposed duty articles values at more than 20 cents a dozen, 1 cent for each piece plus three-fifths cent for each cent above the value of 20 cents per dozen plus 50 per cent ad valorem. Increase of 30 per cent and in some articles 110 per cent.

The manufacture of imitation jewelry is not practicable in large factories. In Czechoslovakia such articles are made by the mountain folks in one region where they usually have other employment in addition. The present high duty has seriously affected the exportation to the United States, but the new increase will mean a real stop for this manufacture and to this whole region in Czechoslovakia a serious crisis.

Paragraph 1549. Lead pencils: Present duty 45 cents per gross plus 25 per cent ad valorem; proposed duty 60 cents per gross plus 35 per cent ad valorem.

The imports of lead pencils in 1927 were \$440,000 and about the same in 1928, which is less than 2 per cent of the production of the United States lead-pencil manufacturers. The imports from the United States for the year 1927 and 1928 averaged \$1,950,000.

This very small amount of imported lead pencils certainly can not be considered as a competitive factor with the United States industry, nor can it possibly be a price-regulating factor. If the proposed increased duty would be adopted, it would prohibit all importation of the middle and cheaper grades of lead pencils from Czechoslovakia.

Paragraph 1552. Cigar and cigarette holders: Present duty 60 per cent ad valorem; proposed duty 5 cents each plus 60 per cent ad valorem.

Many different smokers' articles are included under this paragraph. To what limits this general classification would reach might be demonstrated with this one example.

Cigarette holders, made of paper, which are not manufactured in the United States at all, and of which a relatively small number are imported from Czechoslovakia, are sold in the United States \$5 per 1,000 holders the 60 per cent duty included.

These 1,000 cigarettes holders valued at less than \$5 would be subject, under the proposed rate, to an added duty of \$50. The results of such a duty on an article which is not manufactured in the United States do not have to be emphasized.

Czechoslovakia has been cited often during the recent discussions of the proposed tariff bill as a dangerous and threatening competitor to United States industries. In every case that has been cited above, either there is no production in United States or the imports to the United States amount to 1 per cent or 2 per cent of the United States production and in these 1 per cent or 2 per cent other countries beside Czechoslovakia are included. Surely, 1 per cent or 2 per cent can not enter in as a threatening competitive factor or price regulator. Much has been said about low costs of production, low wages and low standard of living in Czechoslovakia. There can be no fair comparison between production costs in Czechoslovakia with production costs in the United States solely on the basis of exchange. Economic conditions in Czechoslovakia and the United States are very different. Buying power too, is very different. Methods of production and efficiency in Czechoslovakia are not the same as in the United States. All these differences must be considered if one is to arrive at even an approximately correct comparison of production costs.

There have been several expressions of private interests throwing a false light upon the seriousness of the United States industries having to cope with the rapid growth of certain imports from Czechoslovakia. It is misleading to say the least, to say that the importation of one article increased 1,600 per cent in five years, if in 1923 none was imported and in 1928, 1,600 per cent was imported. The 1,600 per cent increase may sound threatening, but the 1,600 is as negligible as are all the imports from Czechoslovakia in relation to the foreign commerce of the United States and even more insignificant to United States production.

Czechoslovakia since its very birth on October 28, 1918, has always looked to the United States for inspiration and considered it as an example in its serious problem of reorganizing its economic life after the World War, seeking a way to keep her industries occupied, her people employed, and having occupied them to find a market for the surplus of her products, which before the war had 50,000,000 people for direct consumers and now has only 14,000,000.

Dr. Julius Klein in the introduction of his latest book *Frontiers of Trade* has said that foreign trade is among the most widespread of international contacts, that it is an obligation and a bond among all the diverse peoples of the world; that having become an indispensable part of the modern economic system, it underlies all our mutual civilization. "Foreign trade is a business stabilizer and stimulus; it is a well tried expedient for taking up the slack of seasonal or other depressions—a means of creating employment for workmen—a rich field for the profitable application of our energy, our resources, our commercial skill and acumen."

The trade between the United States and Czechoslovakia may be negligible to the United States. To Czechoslovakia, however, it is very important. The adoption of the proposed tariff bill would have a very serious effect on this trade. For Czechoslovakia it would mean by the decrease in trade the removal of this "business stabilizer and stimulus." It would of necessity throw thousands of people into the ranks of unemployed and bring a crisis to Czechoslovak industries, causing a general depression and of necessity decreasing the buying power of the people and diminishing imports even of the most necessary articles.

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## DENMARK

DEPARTMENT OF STATE,  
*Washington, June 18, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching upon tariff questions, I have the honor to inclose for your information a copy of a note from the Danish legation, dated May 14, 1929, with its inclosures, calling attention to the effect on Danish-American trade of the proposed rates of duties in House of Representatives bill No. 2667.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*

ROYAL DANISH LEGATION,  
*Washington, D. C., May 14, 1929.*

HON. HENRY L. STIMSON,  
*Secretary of State, Department of State,  
Washington, D. C.*

SIR: When reports reached Denmark of the intended revision of the American tariff act of 1922, great interest and a certain anxiety were naturally created particularly because it was understood that in most instances it would be an upward revision including principally agricultural products, of which Denmark, as is well known, produces and exports comparatively considerable quantities.

The Danish Ministry of Foreign Affairs was well aware that under the American Tariff act of 1922 a number of important articles exported from Denmark entered free of duty in the United States, as for instance hides and skins, calfs' stomachs, rennet, sesame oil, cement, and natural flint. It was equally aware, that in spite of high duties on butter and on cheese imposed by the tariff act or by Presidential proclamation exportation of these articles from Denmark was still taking place, and that Denmark also continued to export seeds to the United States.



It could, however, not be denied, that the trade situation between Denmark and the United States was unsatisfactory, partly because of the fact that the United States exported many times more to Denmark than Denmark exported to the United States, partly because the small and still decreasing exportation from Denmark to the United States must in no small degree be ascribed to the high tariff rates and the tariff laws of the United States.

If these rates and tariff laws were to be further increased and made harder to comply with or more stringent in their application to Danish products, it was to be feared that considerable losses of trade would be the result for Danish producers and exporters.

The Danish Ministry of Foreign Affairs therefore undertook a study of the trade situation between Denmark and the United States since the World War and especially since the year 1922, and I have been directed to submit the result to you in the document (memorandum) here inclosed in translation in three copies.

I venture to hope that you can see your way to transmit copies thereof, and of my present note if you deem proper, to the appropriate committees of the Senate and of the House of Representatives of the United States, and that it may be helpful in arriving at a fuller insight into the commercial relations between our two countries and to a definition of the point beyond which an increase of tariff duties would either prevent or so seriously hamper as to reduce to a negligible minimum the exportation from Denmark to the United States.

In this respect I beg leave to point out that the exclusion or reduction to a minimum of our export to the United States would make it a very serious problem for us how to pay for our large importations from the United States, and that these in all likelihood would have to be curtailed, perhaps considerably.

The inclosed document (Memorandum) was prepared before the actual rates and the text of the new tariff bill were known, and I, therefore, beg to reserve to my Government the opportunity to submit to you supplementary observations on the probable effect of the actually proposed rates or rules on the trade between Denmark and the United States.

It may already now be observed that a duty of 8 cents per 100 pounds is proposed on cement, which until now has been free of duty, and that it has been reported to me that the comparatively small importation of cement from Denmark to the United States would have to cease if cement were placed on the dutiable list. It may also be observed that the duties have been considerably increased on our china (porcelain), cheese, and seeds and on Iceland wool.

It may further be observed that if a more frequent or wider application of American values instead of the foreign value or the export value should result from the new text in section 402 of the tariff bill, or from the provisions in section 642 of the tariff bill, relative to investigation of methods of valuation, it is feared in Denmark that this would have for effect to considerably increase all the ad valorem duties and still more accentuate the now existing unfavorable situation as to the exportation of Denmark to the United States compared with the exportation of the United States to Denmark.

It is also in our opinion to be feared that such application of American values as a basis for the assessment of duty would create the

greatest difficulties for our exporters, rendering it practically impossible for them to make reliable calculations.

As of further assistance in the investigation which it is hoped will be made, I beg to inclose in translation three copies of the statistics of import and export between Denmark and the United States for the years 1913-1928, received from the Danish Government. I have the honor to be, sir, with the highest consideration,

Your most obedient and humble servant,

C. BRUN.

MEMORANDUM

The trade between Denmark and the United States is overwhelmingly in favor of the United States, which clearly appears from the following summary:

(In thousands of kroner)

|                                | 1913   | 1920    | 1921    | 1922    | 1925    | 1926    | 1927    | 1928    |
|--------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|
| Import.....                    | 86.979 | 753.666 | 842.597 | 223.877 | 336.774 | 282.737 | 251.482 | 227.059 |
| Export (Danish articles).....  | 7.853  | 82.349  | 38.479  | 13.402  | 8.841   | 10.654  | 8.062   | 9.918   |
| Export (foreign articles)..... |        | 8.370   | 4.282   | 1.750   | 1.130   | 1.499   | .705    |         |
| Export total.....              | 7.853  | 90.719  | 42.761  | 15.152  | 9.971   | 12.153  | 8.767   | 9.918   |

In 1928 the value of the importation into Denmark from the United States was therefore about twenty-three times larger than the value of the exportation from Denmark to the United States.

The Danish Government appreciates the fact, that this great difference is due in a large measure to natural economic conditions, but is on the other hand bound to realize, that the unfavorable conditions of importation, with which Danish commodities are met in the United States in regard to customs duties and customs laws, are in no small degree responsible for the markedly small sale of Danish products in the States. The difference in importation and exportation between Denmark and the United States has furthermore increased in a very marked degree since the years before the World War. This will appear from the fact that the value the exportation from Denmark to the United States in 1927 amounted to 0.6 per cent of the total exportation from Denmark against 1.1 per cent in 1913, while the value of the importation to Denmark from the United States in 1927 amounted to 15.6 per cent of the total importation of Denmark against only 8.1 per cent in 1913.

With regard to the tariff duties in the United States, as applied to Danish commodities, the duty on butter may be mentioned in the first place. The duty on this product was pursuant to the Tariff Act of 1913 2½ cents per pound; it was increased to 6 cents in 1921, to 8 cents in 1922 and finally further increased to 12 cents in 1926, a rate which may be called exceedingly high considering that butter is so eminently an article of necessity.

The last increase took, as is well known, place after investigation by the Tariff Commission of the difference in the costs of production in Denmark and in the United States, an investigation against the methods and results of which the Danish Government made at the time a well founded protest.

It is very clear that the persistent increase of the tariff duty has contributed in a marked degree to the very great decrease in the exportation of butter from Denmark to the United States during later years (1920-1927).

Another Danish product, which has been affected by the American increases of customs duties and for which the present duty is very high, is cheese.

Pursuant to the tariff act of 1913 the duty was 20 per cent ad valorem, which in 1921 was increased to 23 per cent and in 1922 to a minimum of 25 per cent, and finally in 1927 the duty on Swiss cheese and Emmenthaler cheese was increased to a minimum of 37½ per cent ad valorem.

Furthermore, such commodities as potatoes and seeds have been the subject of tariff increases which have affected the sale thereof adversely. Exportation of potatoes will under normal condition for this reason be out of the question.

With regard to a number of special products (porcelain, China, biscuit, silverware, boat motors, cream separators), it may be said that the high tariff duties tend to prevent an expansion of the export trade in these articles. The exportation of these articles to the United States is now of very modest proportions in spite of their recognized very high standard.

The Danish exportation to the United States as a whole, as explained above, is of comparatively very small value and yet is constantly decreasing, and this situation, combined with the difficult conditions for importation into the United States, forms a very striking contrast to the very great value of the importations to Denmark from the States and to the liberal conditions under which this importation into Denmark takes place.

It is easy to understand that this difference has attracted wide attention in Denmark, especially though not exclusively in the agricultural world, and has caused proposals having for purpose a change of the situation.

A further examination of the American importation into Denmark and of the tariff provisions applied to this importation will help to understand the feeling created in Denmark.

In 1927 Denmark imported from the United States commodities to a value of 251,000,000 kroner. This amount is between 1 and 2 per cent of the total exportation of the United States and, in view of the area of Denmark and its number of inhabitants compared with the world market as a whole, it will be seen that the United States has only reason for the greatest satisfaction with the situation. It has already been mentioned that the importation from the States amounts to 15.6 per cent of the total importation into Denmark. With regard to several products the Danish market is even of paramount importance to the United States. Thus Denmark in 1927 purchased respectively about 80 per cent and about 70 per cent of the total export from the United States of cottonseed cakes and other oil cakes. Denmark takes a considerable part of the total export of the United States of such products as oleo stock, oil-cake meal, desiccated apricots, alfalfa (American luzerne), and oil seeds. For products like corn, corn grit, flour of wheat, fresh and desiccated apples, prunes, nuts, sirup, timothy and other grass seeds, binder twine, agricultural machinery, automobiles, and raw phosphate the Danish market is of importance.

A considerable part of this importation is free of duty. This is for instance the case with regard to such important commodities as grain and feedstuffs, cotton and petroleum. The duty when imposed does only in a few instances reach or exceed 10 per cent ad valorem.

As already pointed out above it is especially in agricultural circles that dissatisfaction has arisen as a consequence of the existing abnormally uneven proportion as between importation and exportation. This must in the first place be ascribed to the fact that the agricultural products are the principal articles affected by the increased tariff rates in the United States. But the sharpness of the dissatisfaction is also in some measure due the very remarkable circumstance, that it is precisely the Danish agricultural industry which takes the main part of the exportation of feedstuffs from the United States and that these feedstuffs are admitted into Denmark free of duty.

If it is now intended to adopt increases of the tariff duties which will make still more difficult the export to the United States from Denmark that is yet possible in spite of the tariff increases of later years, it should not be overlooked that the result will be increased dissatisfaction and an increased tendency to try to reduce the importation from the United States. The justification of the considerations, which are the foundation for this tendency, may not be lightly dismissed, and the consequences thereof may not be belittled. It may not be deemed impossible that these considerations may sensibly influence the sale of American products in Denmark, especially feedstuffs.

In these circumstances the Danish Government ventures to hope, that the American Government will endeavor to prevent such tariff increases, which would reduce the possibility of continuing the sale of Danish products in the United States. This applies in the first place to butter, cheese and seeds, but also to hides, skins, and cement, which last named products until now have been free of duty.

## Imports from the United States to Denmark

[Value in 1,000 kroner]

|   | 1913   | 1920    | 1921    | 1922    | 1925    | 1926    | 1927    | 1928    |
|---|--------|---------|---------|---------|---------|---------|---------|---------|
| Live animals.....                                 | 5      |         | 225     | 2       | 14      | 10      | 11      | 1       |
| Food of animal products.....                      | 4,866  | 26,032  | 10,596  | 6,648   | 3,427   | 1,921   | 1,736   | 1,915   |
| Grain.....  | 27,261 | 18,951  | 78,911  | 62,385  | 41,519  | 31,883  | 39,345  | 44,578  |
| Seed, feedstuffs.....                             | 26,967 | 66,304  | 57,972  | 23,625  | 60,468  | 33,982  | 41,671  | 36,752  |
| Garden crops, fruits.....                         | 1,669  | 10,377  | 6,920   | 5,981   | 9,205   | 10,377  | 10,604  | 9,684   |
| Groceries.....                                    | 1,170  | 42,480  | 16,847  | 12,574  | 6,588   | 5,838   | 6,086   | 6,239   |
| Beverages.....                                    | 11     | 3,880   | 1,206   | 154     | 17      | 20      | 31      | 68      |
| Textiles.....                                     | 73     | 9,022   | 3,328   | 7,167   | 32,039  | 16,203  | 10,229  | 9,993   |
| Yarn and thread.....                              | 511    | 3,105   | 1,270   | 1,155   | 669     | 684     | 554     | 554     |
| Textile manufactures.....                         | 145    | 27,137  | 5,969   | 3,529   | 2,802   | 3,344   | 2,696   | 2,711   |
| Wearing apparel, etc.....                         | 43     | 3,310   | 511     | 402     | 2,509   | 3,423   | 3,507   | 3,704   |
| Hides, skins, bones, etc.....                     | 1,748  | 35,884  | 24,099  | 13,201  | 4,801   | 3,847   | 5,257   | 5,320   |
| Manufactures of hides and skins.....              | 119    | 15,404  | 5,162   | 2,311   | 61      | 44      | 62      | 56      |
| Tallow, oil, tar, etc.....                        | 13,083 | 109,323 | 56,158  | 36,241  | 56,285  | 50,998  | 44,435  | 35,411  |
| Manufactures of oil, tar, etc.....                | 155    | 10,415  | 2,968   | 4,307   | 4,641   | 4,493   | 5,106   | 6,350   |
| Wood, unmanufactured.....                         | 1,075  | 5,720   | 723     | 1,003   | 2,251   | 1,519   | 1,569   | 1,999   |
| Wood, manufactured.....                           | 125    | 1,169   | 405     | 234     | 404     | 345     | 336     | 314     |
| Miscellaneous plant substances.....               | 479    | 402     | 124     | 88      | 238     | 43      | 364     | 43      |
| Paper and articles thereof.....                   | 33     | 1,368   | 476     | 280     | 351     | 372     | 293     | 550     |
| Other manufactures of plant substances.....       | 12     | 179     | 4       | 12      | 3       | 11      | 21      | 11      |
| Chemical technical articles.....                  | 1,496  | 34,805  | 4,554   | 3,989   | 3,144   | 4,259   | 2,223   | 1,547   |
| Minerals, raw.....                                | 50     | 214,696 | 21,110  | 189     | 154     | 2,064   | 1,872   | 327     |
| Articles of earthen and stone ware and glass..... | 86     | 945     | 233     | 151     | 143     | 135     | 87      | 112     |
| Iron and manufactures thereof.....                | 1,484  | 37,515  | 13,980  | 5,460   | 6,721   | 4,292   | 4,069   | 4,540   |
| Other metals and manufactures thereof.....        | 578    | 10,223  | 5,017   | 3,443   | 4,852   | 2,514   | 3,078   | 3,681   |
| Ships, machinery, instruments.....                | 3,360  | 47,145  | 22,745  | 23,049  | 91,893  | 78,467  | 64,213  | 48,493  |
| Other articles.....                               | 66     | 3,607   | 1,047   | 1,597   | 1,535   | 1,749   | 2,027   | 2,216   |
| Total.....  | 86,979 | 753,666 | 342,597 | 223,877 | 336,774 | 262,737 | 251,282 | 227,059 |

## Exports of domestic articles from Denmark to United States

[Value in 1,000 kroner. The figures for 1928 include both domestic and foreign articles]

|   | 1913  | 1920   | 1921   | 1922   | 1925  | 1926   | 1927  | 1928  |
|---|-------|--------|--------|--------|-------|--------|-------|-------|
| Food of animal products.....                      | 367   | 61,252 | 27,896 | 6,335  | 1,570 | 2,222  | 1,840 | 1,444 |
| Grain.....  |       |        |        |        |       |        |       | 7     |
| Seed.....   | 385   | 4,317  | 2,763  | 1,832  | 1,720 | 1,422  | 1,106 | 1,887 |
| Garden crops.....                                 | 147   | 4,036  | 91     | 59     |       | 136    |       | 21    |
| Groceries.....                                    |       | 2,640  |        | 88     | 64    |        |       | 72    |
| Beverages.....                                    |       |        |        |        |       |        |       | 185   |
| Textiles.....                                     | 166   | 276    | 127    | 239    | 1,034 | 359    | 214   | 770   |
| Textile manufactures.....                         |       | 181    |        |        | 54    |        |       | 59    |
| Wearing apparel, etc.....                         | 11    |        |        |        | 119   | 133    | 164   | 184   |
| Hides and skins.....                              | 1,111 | 4,395  | 3,355  | 1,783  | 1,045 | 2,331  | 1,976 | 2,427 |
| Tallow, oil, etc.....                             | 351   | 125    | 211    | 79     | 413   | 428    | 325   | 506   |
| Articles thereof.....                             |       |        |        |        |       |        |       | 9     |
| Wood, manufactured.....                           | 56    | 242    | 373    | 114    | 71    |        | 91    | 53    |
| Plant substances.....                             | 50    | 362    | 65     | 180    | 286   | 174    | 186   | 191   |
| Paper and articles thereof.....                   |       |        |        |        |       |        |       | 13    |
| Chemical technical articles.....                  | 163   | 568    | 481    | 788    | 281   | 414    | 247   | 266   |
| Minerals, raw.....                                | 519   | 11,542 | 160    | 972    | 645   | 1,005  | 369   | 446   |
| Articles of earthen and stone ware and glass..... | 189   | 194    | 87     | 58     | 129   | 160    | 272   | 183   |
| Iron and manufactures thereof.....                | 11    |        | 62     |        |       | 132    |       | 6     |
| Other manufactured metals.....                    |       | 470    | 52     | 164    | 249   | 658    | 431   | 800   |
| Ships, machinery, etc.....                        | 11    | 843    | 1,307  | 226    | 643   | 980    | 189   | 271   |
| Other articles.....                               | 272   | 910    | 479    | 485    | 518   |        | 652   | 138   |
| Foreign articles.....                             | 4,044 | 8,370  | 4,282  | 1,750  | 1,130 | 1,499  | 705   |       |
| Total exports.....                                | 7,853 | 90,719 | 42,761 | 15,152 | 9,971 | 12,153 | 8,767 |       |

## Exports of the most important domestic articles from Denmark to the United States

[Value in 1,000 kroner]

|  | 1913  | 1920   | 1921   | 1922   | 1925  | 1926  | 1927  | 1928  |
|--|-------|--------|--------|--------|-------|-------|-------|-------|
| Rennets.....                           | 283   | 211    | .....  | 266    | 247   | 216   | 211   | 62    |
| Butter.....                            | 429   | 60,724 | 27,779 | 5,923  | 912   | 1,715 | 1,174 | 618   |
| Cheese.....                            | 231   | 51     | .....  | 85     | 353   | 180   | 369   | 494   |
| Seed.....                              | 385   | 4,317  | 3,703  | 1,671  | 1,720 | 1,422 | 1,100 | 1,794 |
| Potatoes and garden crops.....         | 168   | 3,964  | 91     | 59     | ..... | 130   | ..... | 11    |
| Rags.....                              | 100   | 276    | 127    | 239    | 973   | 359   | 214   | 209   |
| Hides and skins.....                   | 3,828 | 4,395  | 3,190  | 1,599  | 910   | 2,170 | 1,976 | 2,195 |
| Sugar.....                             | ..... | 2,640  | .....  | .....  | ..... | ..... | ..... | 21    |
| Hair and leathers.....                 | ..... | .....  | 135    | 184    | 110   | ..... | ..... | 21    |
| Oils, tallow, and the like.....        | ..... | 125    | .....  | 79     | 413   | 428   | 325   | 483   |
| Wearing apparel of leather.....        | ..... | .....  | .....  | .....  | 119   | 133   | 164   | 163   |
| Yellow mustard.....                    | ..... | 56     | 65     | 95     | 61    | 89    | 90    | 103   |
| Old ropes.....                         | ..... | 181    | 43     | 85     | 189   | 37    | 23    | 45    |
| Cheese—rennet.....                     | 133   | 227    | 90     | 184    | 39    | 43    | 24    | 56    |
| Other chemical technical articles..... | ..... | 289    | 391    | 604    | 177   | 371   | 223   | 193   |
| Natural flint.....                     | 519   | 713    | 99     | 350    | 319   | 262   | 280   | 247   |
| Cement.....                            | ..... | .....  | .....  | 523    | 246   | 843   | 59    | 141   |
| Matches.....                           | 50    | .....  | 316    | 114    | ..... | ..... | ..... | ..... |
| Old metal and scraps of metal.....     | ..... | 277    | 52     | 164    | 30    | 167   | ..... | ..... |
| Machinery.....                         | 8     | 212    | 245    | 226    | 621   | 286   | 189   | 226   |
| Ships.....                             | ..... | 631    | 1,000  | .....  | ..... | ..... | ..... | ..... |
| Total.....                             | 5,909 | 81,469 | 37,437 | 12,450 | 7,439 | 8,857 | 6,457 | 7,092 |

## DOMINICAN REPUBLIC

DEPARTMENT OF STATE,  
Washington, June 19, 1929.

HON. REED SMOOT,

Chairman Finance Committee, United States Senate.

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note, in translation, received from the Dominican Minister, dated April 15, 1929, concerning the possible revision of the United States Customs Tariff.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, JR.,  
Acting Secretary of State.

[Translation]

LEGATION OF THE DOMINICAN REPUBLIC,  
Washington, April 15, 1929.

His Excellency HENRY L. STIMSON,  
Secretary of State, Washington, D. C.

MR. SECRETARY OF STATE: The present condition of the commercial relations between the Dominican Republic and the United States causes the possible revision of the customs tariffs by the Congress, which is assembling in extraordinary session on this day, to be regarded in my country with excusable anxiety.

The statistics of recent years show that the United States holds in our foreign trade the position of first seller, as it furnishes at least 60 per cent of the aggregate value of our imports while, as a purchaser, it only buys 25 or at most 30 per cent of our exports.

This situation, which is unfavorable to the development of Dominican commercial interchange, seems to be due primarily to the fact that our products do not enjoy in the American market any preference enabling them to compete with similar products from other countries.

My Government is, therefore, particularly interested in apprising your excellency that it would be highly pleased:

First. That the duties on corn, which is a staple of regular and growing commerce with the neighboring Island of Porto Rico, be not increased;

Second. That no additional duty be put on cold storage fresh meats and that the Department of Agriculture of the United States be induced to give the proper authorization to export that product to Porto Rico;

Third. That we be granted, as Cuba is, free entry for bananas;

Fourth. That cocoa, coffee and hides of oxen and cows be kept on the free list; and

Fifth. That, if the customs duties on any of the four above given numbers should be increased, Dominican products be granted, as a privilege, the benefits sought through this note.

Accept, Mr. Secretary, etc.,

A. MORALES,  
*Envoy Extraordinary and Minister Plenipotentiary.*

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## FRANCE

DEPARTMENT OF STATE,  
*Washington, June 19, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copies, in translation, of two notes dated May 21 and June 11, 1929, respectively, from the French Embassy, with regard to the tariff bill now under consideration and the possible effect it may have upon certain French products. I have the honor to be, sir,

Your obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*

[Translation]

EMBASSY OF THE FRENCH REPUBLIC  
TO THE UNITED STATES,  
*Washington, May 21, 1929.*

HON. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

MR. SECRETARY OF STATE: I carefully examined, with my Commercial Attaché, Mr. Garreau-Dombasle, the tariff bill drawn up by the Ways and Means Committee, which is now before Congress. That examination gave birth to a number of remarks which I venture to lay before you and which may interest you in so far as they set forth

the viewpoint of France on a question that is of so great interest to her foreign trade. It is also possible that more will be later added to this note.

Be pleased to accept, Mr. Secretary of State, etc.,

CLAUDEL.

[Translation]

EMBASSY OF FRENCH REPUBLIC.

The study of the bill of law now submitted to the House of Representatives has aroused lively protests in France on the part of numerous groups of exporters and manufacturers.

The special situation resulting from the agreement of October, 1927, by which the minimum French tariff has been granted to almost all American merchandise without the slightest corresponding advantage having been obtained for French trade gives a serious character to these complaints which seems to merit the attention of the two Governments.

The temporary abolition of treasury agents in France can scarcely be considered an advantage since it has entailed worse treatment for French products under the form of arbitrary applications of the basis of evaluation according to sale prices in the United States.

The constant increase of American imports into France and the decrease of French sales to the United States justify discontent, the manifestations of which are becoming more and more lively. French production is sufficiently varied for it to be possible to consider the present balance of trade abnormal, since each French citizen annually buys \$6.39 worth of American products and each citizen of the United States consumes only \$1.32 worth of French merchandise. If the buying power of the inhabitants of the two countries is taken into consideration, the difference appears still more marked.

Under these circumstances, the announcement of the project to raise the greater part of the duties appearing in the American tariff caused real consternation in commercial circles, and although France is affected by almost all the items of the customs law, there are certain of them whose proposed changes touch it most especially.

Among these latter:

Mushroom preserves (par. 766), now burdened with a duty of 45 per cent ad valorem, do not constitute real competition for the American production, almost all of which is sold as fresh mushrooms. According to the statements of manufacturers of conserves in the United States, they can only obtain their supplies during a few weeks of each year. They forgot to add that they sell their conserves at a price higher than that of the imported products and that they can not satisfy the demand. The proposed duty of 60 per cent is thus absolutely excessive. As regards the raising of the duty on truffles, "to correspond with the change on mushrooms" as the commission expresses it, the French producers, knowing that the United States does not produce a single truffle, can not consider it justified.

In paragraph 761, the graines de luzerne (alfalfa) seeds go from 4 to 5 cents, graines de trèfle rouge (crimson clover seeds) from 1 to 2 cents, and those of trèfle rouge (red clover) from 4 to 6 cents per pound. The experts from the Department of Agriculture admit that local production is insufficient and that the French seeds are particularly desirable for sowing in the United States. In compliance with their desire, the French Government had a law passed in July, 1927, requiring the dyeing of foreign seeds on their entry into France in order to avoid mixtures of Italian seeds against which they complained. In order to justify these almost prohibitive duties, the Committee on Ways and Means declares "that there is no reason for the people of the United States not producing these seeds in sufficient quantities for domestic needs", which forms a mode of reasoning allowing the importation of all foreign merchandise to be stopped, a mode of reasoning which clearly exceeds even the most extreme protectionist principle.

Nuts and green walnuts (par. 758) are imported in ever smaller quantities and attain a certain importance only when the harvest in the United States is insufficient. The Tariff Commission recognized the difficulty of comparing the net costs, since French walnuts are classified with nuts of first choice, while the California producers only shell nuts of inferior quality. The increase from 1 to 3 cents per pound for products having different qualities is as unjustified as the increase from 3½ to 7½ cents per pound proposed for cherries in brine or preserved

cherries. The types of cherries imported are not produced in the United States and such high duties do not seem to be the result of considerations of a commercial order.

In the new paragraph 1533, gloves are attacked with absolutely prohibitive duties. French manufacturers have always been partisans of specific duties intended to reduce the importations of gloves of poor quality, but these duties must still be kept within limits which do not render all transaction impossible. The proposed duties of \$6.50 per dozen with the additional arbitrary duties of 50 cents per inch above 12 inches and from \$1 to \$5 for sewing by machine or by hand are destined to stop all importation and it is difficult to explain why kid shoes may enter free while gloves manufactured from the same skins are taxed more than 100 per cent.

If the proposals given in paragraph 1511 for boutons de fantaisie (agate buttons) were to be passed, it is clear that the prohibition to their entry would be absolute. When the duty is now 15 per cent ad valorem, the bill stipulates a specific duty of 1½ cents per line per gross plus 25 per cent ad valorem. The sale unit being a dozen gross at an average price, for buttons of 22 lines, of \$2.65, the duty to be paid would be \$3.96 plus 66 cents or a total for more than 180 per cent for a product which only competes indirectly with the mother-of-pearl buttons from the Mississippi River.

Without going into detail regarding all the increases proposed in favor of the textile industry, increases which menace numerous French products, the protests of the Lyonnaise industry must be mentioned as regards silk velvets (par. 1206) now burdened with a duty of 60 per cent and for which an increase of from 10 to 15 per cent is suggested. The prosperity of American factories manufacturing velvets is well known and if imports have advanced it is due to the fashion which has demanded qualities only produced in Europe. Every increase in the duties on these velvets would not be an additional protection to the American industry, but a tax for the consumer.

Among the duties whose reduction the French Government requested following the agreement of October, 1927, there is that of 90 per cent affecting laces. The Tariff Commission, bound by the narrow limits of its powers, could not recommend this measure because comparison of the net costs of articles always different was impossible. Indeed, numerous copies of French models exist, but in inferior qualities. The tariff bill, while maintaining the excessive duty of 90 per cent on laces, raises to the same level that on embroideries which now pay 75 per cent. Neither do there exist identical articles in embroidery and if the demarcation between laces and embroideries presents any technical difficulty for the customs authorities, it is at 75 per cent, as France requested, that equalization would be justifiable. The aggravation of the régime proposed would severely affect a good number of French industries which have already suffered greatly as a result of the application of the Fordney tariff.

The additional specific duty of 5 cents per pipe for brier pipes (par. 1555) affects only the cheap French article. In the course of the Tariff Commission's inquiry and the public hearings of the Committee on Ways and Means, it was proved that the imports are too slight to injure the prosperity of American manufacturers and that French competition was troublesome only on account of the novelty of our creations. In granting the requests of the manufacturers, little attention is given to the tastes of the public. On the other hand, while the French Government has no intention of disregarding the conclusions of the Geneva Economic Conference on the subject of export duties, the attitude of American manufacturers gives some force to the demand of French manufacturers tending to secure an export duty on brier wood (?) which France is almost the only country to produce and which forms indispensable raw material.

The present duties on *colle d'os* (glue size) (par. 42) are great enough to allow American manufacturers to buy the bones at a higher price than their European competitors in the markets of South America. The increase of these duties would allow them to come to Europe to take their raw material away from these competitors. The very slight imports are constituted primarily of qualities which the United States does not manufacture and which are necessary for these special industries. At most, American exports annually reach 2½ million pounds, the stocks have decreased by half since 1926, while the prices rose from 6 cents to 8½ cents per pound.

For *plate glass* (par. 222), it has already been pointed out to the American Government, at the time of the Tariff Commission's inquiry, that the calculations on net cost do not seem to take all the elements of the problem into consideration. French manufacturers have not ceased to protest against the Presidential measure which is incorporated in the bill of the Committee on Ways and Means.



To the protests made by the French manufacturers of artificial flowers, whose products, although expressly mentioned in paragraph 1419 of the tariff, were burdened with a duty of 90 per cent as "ornaments," reply is made by a special item in this same paragraph carrying the duty for artificial flowers from 60 to 90 per cent.

Although no administrative measure has been taken to give satisfaction to the French Government as regards the requests formulated both on the subject of prohibitions on the importation of feathers of birds of prey and of wild birds, and as regards restrictions affecting pharmaceutical preparations, flower bulbs, and nursery plants the bill includes a considerable increase of duties on flower bulbs for which, furthermore, decisions of the Federal Horticultural Commission have added new restrictions.

Finally, among the proposed changes on the subject of the administrative part of the tariff, while investigations abroad by Treasury agents must no longer be obligatory and no longer entail, in case of refusal, reprisals as does the present law, they nevertheless do not constitute a reply to the proposals of the French Government which include the attaching of investigators to the consulates and the possibility of recourse to French experts. French commerce has suffered too much in the last two years from the basis of evaluation according to the sale price in the United States for it not to consider the new drafting of section 42 with apprehension. The penalty, in the matter of basis of valuation on decisions of examiners, without possible appeal to a judicial authority independent of the administration, would permit considerable increases of duties and the virtual closing of the American market to every foreign product following requests from United States manufacturers.

Experience has shown French exporters the use which their American competitors know how to make of a weapon of this kind, so section 42 is considered as the gravest menace for the future of Franco-American commercial relations for which the French Government desires normal development without new obstacles.

CLAUDEL, *Ambassador of France.*

[Translation]

FRENCH EMBASSY, June 11, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

MR. SECRETARY OF STATE: As a sequel to the letter which I wrote you under date of May 21, last, I have the honor to forward herewith a new memorandum containing a certain number of observations aroused by the tariff bill passed by the House of Representatives under date of May 28 and which I beg to submit to you.

Please accept, etc.

CLAUDEL.

JUNE 10, 1929.

MEMORANDUM

The tariff bill as passed by the House of Representatives having made some changes in the first drafts, following which the note of May 21 was written, the French Government has received new protests which it must submit to the American Government, the fears of manufacturers and exporters appearing still more justified.

Manufacturers of silk goods at Lyon consider the increase in duties on silk clothing (par. 1210) and articles manufactured of silk (par. 1211) as especially directed against them, the remarks published by the first report of the Committee on Ways and Means showing how very unimportant the sales of imported products were in comparison with the American production. While the low price of Japanese silk goods served as a basis for the claims of American manufacturers, in the end it is French fabrics and clothing which are affected by the proposed increases. Thus the increase of 10 per cent affecting all jacquard fabrics in no way corresponds to a difference in cost price due to additional labor. This difference is practically the same as for plain fabrics and in closing the market to figured fabrics, it simply means that the clientele is shut off from the sources of "novelties" to the benefit of specialized manufacturers imitating French patterns.

As regards lamé and lamé fabrics, the increase of 10 per cent which affects all the articles mentioned in paragraph 385, intended to protect the three lamé

fabrics existing in the United States and the condition of which, furthermore, appears prosperous, was granted without taking into consideration either increases in European wages or the injury which an increase in price may cause to a good number of connected industries. Like everything which relates to fashions, the Lyonnais laré fabrics are original creations which prohibitive duties would simply bar from the American market. Furthermore, this measure would affect an important French industry whose sales to the United States have met with a marked decrease during the last years. In addition, the total importations of lamé threads and fabrics have fallen from \$4,874,000 in 1926 to \$3,848,000 in 1927 and to \$2,386,000 in 1928, which clearly proves that the place taken by the American manufacturers under the protection of the present duties was obtained without their being seriously hampered by European competition.

The manufacturers of French rugs protest against the prohibitive duty of 60 per cent for Jacquard Wilton rugs and the specific duty of 50 cents per square foot (par. 1116) affecting chenille rugs, which represents a protection varying between 130 per cent for expensive articles and 300 per cent for cheap articles.

Likewise, the Sainte-Claude manufacturers of pipes point out that the additional specific duty of 5 cents per piece on brier pipes is prohibitive, because it amounts to an increase of from 60 to 240 per cent for the cheap French pipes, added to the present 60 per cent. Further, the mention in article 1562 of "pipes and pipe bowls of brier in whatever condition of manufacture, whether bored or unbored," would seem to indicate that, logically, rough-hewn blocks of brier (ébauchons), which are "pipe bowls bored or not bored," should pay the duties set forth. But in paragraph 404 of the new tariff, mention is made of "brier root or brier wood cut into blocks suitable for the manufacture of pipes" and paying only 10 per cent ad valorem duty.

In paragraph 1552 the addition of cigarette and cigar holders to brier pipes, although it may be supposed that the increase of 5 cents per piece is not aimed solely at French pipes, can scarcely create any illusion on this subject.

The French manufacturers of Fourdrinier metallic fabrics (Fourdrinier wires), used solely for the manufacture of paper, have shown by the figures appearing in the testimony presented to the Committee on Ways and Means that the duty of 30 per cent which is applied to them at present is an entirely adequate protection for American producers.

By a decision of the United States Customs Court, these fabrics have been justly classed as "part of the machine" in paragraph 372. Their special mention in paragraph 318, even when they are mounted on the machine of which they are an integral part, is intended to nullify the decision of the court and to allow them to be burdened with the prohibitive duty of 55 per cent which nothing justifies and which can only increase the net cost of paper, particularly paper for newspapers.

Finally, in subparagraph c of paragraph 1530, a duty of 10 per cent is provided on all "finished hides intended for the manufacture of shoes." This provision imperils the interests of French producers of kid, lizard, snake, and deer skins, while corresponding to no need of protection on the part of American breeders. If the Senate persists in wishing to burden hides for shoes with an entry duty of 10 per cent, the scope of paragraph 1530 (subparagraph c) should at least be restricted to hides of cattle, sheep, swine, and crocodiles, which the United States produces, and which would not overtax the feminine footwear industry without any reason.

The French Government hopes that the American Government will be so kind as to draw the attention of the congressional committees charged with the preparation of the tariff law to these complaints of French commerce which as fully merit being taken into consideration as those which were the object of the note of May 21.

DEPARTMENT OF STATE,  
Washington, June 21, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copies of two notes, dated October 3, 1928, and February 18, 1929, respectively, from the French Embassy, regarding the present rate of duty imposed upon tapestries produced

by the French National Manufactory of Gobelins upon their entry into the United States.

I also transmit copy of a letter, dated November 30, 1928, from the Assistant Secretary of the Treasury regarding this matter.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

[Translation]

EMBASSY OF THE FRENCH REPUBLIC,  
*Washington, October 3, 1928.*

Hon. FRANK B. KELLOGG,  
*Secretary of State, Washington, D. C.*

MR. SECRETARY OF STATE: The attention of my Government has been drawn to the situation in which the Manufacture Nationale des Gobelins has been placed as the result of the application of the very high customs duties (60 per cent) which are imposed on the products of its workshops.

In addition to works of ancient art, unique modern works of painting, sculpture, architecture, and engraving enter the United States duty free. Now, it is certain that every tapestry produced at present by the shops of the Manufacture Nationale has all the characteristics of a unique work of modern art and thus presents the conditions required for receiving the same treatment as the other unique pieces of modern art which are enumerated above.

I have the honor to submit to your excellency the preceding considerations, in the hope that you will find it possible to effect a justifiable assimilation of Gobelins tapestries to the other unique modern works of art, which are already exempted from customs duties.

Please accept, Mr. Secretary of State, the assurance of my highest consideration.

SARTIGES.

[Translation]

EMBASSY OF THE FRENCH  
REPUBLIC IN THE UNITED STATES,  
*Washington, February 18, 1929.*

To his excellency the Hon. FRANK B. KELLOGG.

MR. SECRETARY OF STATE: By a letter dated January 17, 1929, following that which I addressed to the Department of State under date of October 3, 1928, I had the honor, in compliance with instructions from my Government, to draw your excellency's attention to the position imposed on the tapestries of the Manufacture Nationale des Gobelins on their entry into the United States, and to request that they be likened to unique modern pieces which, in addition to ancient works of art, are admitted to the United States free of duty.

In case the legislation of the United States would allow your excellency to inform Congress of this question, I have the honor to beg you, as a matter of amity, to be so kind as to submit the considerations which I elaborated in my letter of October 3 last to competent committees in the Senate and in the House of Representatives.

I beg particularly to emphasize the fact that each tapestry executed by the Manufacture Nationale des Gobelins possesses all the characteristics of a unique modern work of art, on the same ground as a picture or a statue and that, accordingly, the admission of these

tapestries free of duty could not in any case be considered as establishing injurious competition with American products.

Please accept, etc.

CLAUDEL.

[Copy]

TREASURY DEPARTMENT,  
Washington, November 30, 1928.

The honorable the SECRETARY OF STATE.

SIR: I have the honor to refer to various communications addressed by you to this department, your last letter (WE 611.513 Tapestries) being dated October 15, 1928, with regard to a request of the French Government that certain tapestries produced by the National Manufacture of Gobelins Tapestries in France be allowed free entry into the United States as works of art.

This matter has also come before this office from other quarters, and the attention of this department has been drawn to the fact that these tapestries are manufactured under the auspices of the French Government; that the element of competition with American industry is not involved; and that they are unique works of art in that only one of each tapestry is produced. It has been stated that the French Government can not see why a distinction should be made between these tapestries and the modern paintings, sculpture, and engravings which are allowed free entry into the United States; and it is urgently requested that the tapestries be placed in the same classification as these articles.

In the opinion of this department the facts set forth above would be very persuasive in causing this office to take favorable action in this case had it the authority to do so. It has not the power, however, to allow free entry in any case where entry without payment of duty has not been authorized in the tariff laws enacted by the national legislature. Free entry has been provided by Congress for the paintings, sculpture, and engravings referred to above, but there is no provision in the free list which can be said to cover such goods as the tapestries under consideration when imported by private parties, although they could, under the law, be imported for permanent exhibition by such an institution as the Metropolitan Art Museum in New York under paragraph 1706 of the tariff act of 1922; or for presentation to an institution under paragraph 1707.

The duties of this department are merely to administer the laws enacted by Congress and it would, therefore, have no authority to attempt to place these tapestries upon the unconditionally free list, as to do so would be to usurp legislative functions of Congress. I therefore greatly regret that this department can not accede to the request made in this case, and I may state that it is believed that the only way in which the desired result can be secured is through legislative action by Congress at the instance of the parties in interest.

By direction of the Secretary.

Respectfully,

SEYMOUR LOWMAN, *Assistant Secretary.*

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## GREAT BRITAIN

DEPARTMENT OF STATE,  
Washington, July 19, 1929.

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note, dated February 26, 1929, from the British Embassy, transmitting a memorandum regarding the trade in wool textiles between the United Kingdom and the United States.

I have the honor to be, sir,

Your obedient servant,

J. REUBEN CLARK, JR.,  
*Acting Secretary of State.*

BRITISH EMBASSY,  
*Washington, D. C., February 26, 1929.*

Hon. FRANK B. KELLOGG,  
*Secretary of State of the United States,  
Washington, D. C.*

SIR: I have the honor to inclose a memorandum prepared on behalf of the Chambers of Commerce of the West Riding of Yorkshire, England, regarding the trade in wool textiles between the United Kingdom and the United States. It is the desire of the associations referred to that the information submitted should be brought to the notice of the Committee on Ways and Means of the United States House of Representatives for consideration in connection with the present hearings on tariff readjustment.

2. I should therefore be very grateful if the good offices of the Department of State could be granted to secure the transmission of the memorandum to the committee in question.

I have the honor to be, with the highest consideration, sir,

Your most obedient, humble servant,

ESME HOWARD.

WEST RIDING CHAMBERS OF COMMERCE, ENGLAND—STATEMENT FOR SUBMISSION TO THE COMMITTEE OF WAYS AND MEANS RE UNITED STATES TARIFF REVISION

SCHEDULE NO. 11

(1) This statement is submitted on behalf of the West Riding Chambers of Commerce, consisting of representatives of the Chambers of Commerce of Batley and Birstall, Bradford, Dewsbury, Halifax, Huddersfield, Leeds, Ossett, Spen Valley, and Wakefield. Roughly speaking, three-fourths of the wool-textile industry of the United Kingdom is situated in the district covered by these organizations.

(2) In presenting this statement our object is to suggest that no further increase should take place in the import duties on tops, yarns, and woolen and worsted tissues.

(3) Apart from the facts set out herein, we respectfully desire to draw attention to the fact that any increase in the tariff of the United States of America will be contrary to the opinions expressed in the Geneva resolutions in favor of lowering tariff barriers, which resolutions were confirmed by the International Chamber of Commerce at the Stockholm Congress in 1926. The National Committee of the United States—one of the leading members of the International Chamber of Commerce whose representative delegation was the largest at the Stockholm Congress—voted for the confirmation of the resolutions.

(4) Dealing first with the broad question of trade generally between the two countries, we desire to point out that exports from the United States to the United Kingdom are much greater than exports from the United Kingdom to the United States. (See Appendix I.)

The same remark holds true with regard to manufactured goods only; whilst the position of the United Kingdom is relatively worse than it was before the war. (Appendix II.)

(5) Leaving the general issue and dealing more specifically with wool-textile manufactures, the present import duties on tops, yarns, and woolen tissues imposed by the United States are already higher than those of any other important country.

(6) As a result, imports are either negligible (as in the case of tops and yarns) or are of limited volume and restricted mainly to specialty goods (as in the case of woolen and worsted tissues). (See Appendix III.)

(7) Imports, therefore, can not be held responsible for the unsatisfactory condition which has existed in the United States wool-textile industry in recent years. In relation to the population and wealth of the United States, imports are less than under any previous tariff. They represent a very small percentage of the total consumption of wool goods in the United States.

(8) In our opinion actual practice has shown that the present scale of duties applied to wool-textile manufactures is at least adequate to cover the difference between the relative costs of production in the two countries.

(9) In these circumstances we trust that no further upward revision of the schedule No. 11 will take place.

(10) We submit our views with all due deference, realizing to the full that the revision of tariffs is a matter solely within the jurisdiction of the United States Government. We trust, however, that we shall not be regarded as making an unwarranted intrusion in a matter which vitally affects not only the industry in which we are interested but the general economic relationships between the two countries.

On behalf of the West Riding Chambers of Commerce.

H. T. TULLOCH.

### APPENDIX I

#### General trade between United States and United Kingdom

[A. British figures in millions of pounds sterling]

|                        | Imports into United Kingdom from United States of America |       | Exports United Kingdom produce to United States of America | Reexports foreign and colonial produce from United Kingdom to United States of America |
|------------------------|---|-------|--|--|
|                        | Gross   | Net   |  |  |
| 1923.....              | 210.7   | 197.1 | 59.7   | 25.9   |
| 1924.....              | 241.2   | 222.7 | 64.0   | 25.6   |
| 1925.....              | 245.3   | 228.6 | 62.1   | 31.1   |
| 1926.....              | 228.9   | 216.3 | 49.1   | 25.8   |
| 1927.....              | 200.2   | 188.8 | 45.4   | 21.4   |
| Average 1923-1927..... | 225.3   | 210.7 | 52.1<br>77.9   | 25.8   |

[B. United States figures in millions of dollars]

|                        | Exports from United States of America to United Kingdom | Imports into United States of America from United Kingdom |
|------------------------|---|---|
| 1923.....              | 882.3   | 404.1   |
| 1924.....              | 882.9   | 366.5   |
| 1925.....              | 1,033.9   | 412.7   |
| 1926.....              | 872.0   | 353.2   |
| 1927.....              | 840.1   | 367.9   |
| Average 1923-1927..... | 942.4   | 354.9   |

According to Table A the net imports of United States goods into the United Kingdom are four times as large as the exports of United Kingdom produce to the United States. Allowance should be made, however, for the fact that the value of the imports includes carriage, insurance, and freight.

The apparent discrepancy between the figures of Table A and Table B is mainly due to this fact, and also to the inclusion, in the imports of United Kingdom goods into the United States, of goods which are really reexports from the United Kingdom of foreign and colonial produce. The true comparison is between the exports of United Kingdom produce to the United States and the net imports (less carriage, insurance, and freight) of United States produce.

## APPENDIX II

*Trade in manufactured goods between United Kingdom and United States*

[British figures in millions of pounds sterling. Articles wholly or mainly manufactured]

|                        | Imports into United Kingdom from United States of America |      | Exports of United Kingdom produce from United Kingdom to United States of America | Reexports of foreign and colonial produce from United Kingdom to United States of America |
|------------------------|---|------|---|---|
|                        | Gross   | Net  |   |   |
| 1923.....              | 58.5  | 53.8 | 47.0  | 4.4   |
| 1924.....              | 69.5  | 62.9 | 42.0  | 5.4   |
| 1925.....              | 70.7  | 61.1 | 39.1  | 3.8   |
| 1926.....              | 69.4  | 64.9 | 37.9  | 4.0   |
| 1927.....              | 68.3  | 63.8 | 35.8  | 2.5   |
| Average 1923-1927..... | 67.1  | 61.9 | 40.4  | 4.0   |
| 1909.....              | 20.5  | 17.5 | 22.2  | 8.6   |
| 1910.....              | 19.3  | 15.8 | 24.7  | 9.3   |
| 1911.....              | 22.3  | 19.0 | 21.5  | 9.7   |
| 1912.....              | 26.4  | 23.0 | 21.8  | 10.2  |
| 1913.....              | 26.4  | 23.0 | 23.0  | 10.0  |
| Average 1909-1913..... | 23.0  | 19.7 | 22.6  | 9.6   |

Imports into the United Kingdom from the United States of manufactured goods exceed exports of United Kingdom manufacturer to the United States by approximately one-half (here again allowance must be made for the fact that British figures of imports include carriage, insurance, and freight).

Before the war net imports into the United Kingdom from the United States of manufactured goods were less than exports of United Kingdom manufactures to the United States.

## APPENDIX III

*Exports of tops, yarns, and woolen and worsted tissues from the United Kingdom to the United States*

|                      | Exports to the United States. British figures in quantities |                  |                |                 |                       |
|----------------------|---|------------------|----------------|-----------------|-----------------------|
|                      | Tops  | Yarns            | Woolen tissues | Worsted tissues | Flannels and delaines |
|                      | Pounds  | Pounds           | Square yards   | Square yards    | Square yards          |
| 1923.....            | 275,800   | 5,204,000        | 9,805,500      | 7,554,900       | 590,700               |
| 1924.....            | 245,300   | 1,791,400        | 10,293,300     | 6,897,900       | 1,741,200             |
| 1925.....            | 209,500   | 1,492,500        | 9,649,000      | 6,610,500       | 1,252,400             |
| 1926.....            | 190,200   | 625,000          | 10,515,800     | 5,671,400       | 344,500               |
| 1927.....            | 243,500   | 242,600          | 10,935,300     | 6,552,600       | 278,000               |
| Average 1923-27..... | 232,900   | 1,571,100        | 10,040,400     | 6,643,500       | 839,400               |
|                      |   |                  | linear yards   | linear yards    | linear yards          |
| 1909.....            | ( <sup>1</sup> )  | ( <sup>2</sup> ) | 2,163,500      | 20,635,600      | 607,600               |
| 1910.....            | ( <sup>3</sup> )  | ( <sup>3</sup> ) | 2,686,000      | 20,680,600      | 613,500               |
| 1911.....            | ( <sup>3</sup> )  | ( <sup>3</sup> ) | 2,445,600      | 10,610,200      | 406,700               |
| 1912.....            | ( <sup>3</sup> )  | ( <sup>3</sup> ) | 2,082,800      | 9,005,100       | 621,300               |
| 1913.....            | ( <sup>3</sup> )  | ( <sup>3</sup> ) | 2,189,500      | 8,067,400       | 469,000               |
| Average 1909-13..... |   |                  | 2,313,500      | 13,799,800      | 543,600               |

<sup>1</sup> Includes 1,353,300 pounds alpaca and mohair yarns.

<sup>2</sup> Includes 2,711,300 square yards linings, lastings, etc.

<sup>3</sup> Not given.

NOTE.—The pre-war returns for tissues were in linear yards; the post-war returns are in square yards. The pre-war category of worsted tissues included a large proportion of linings, lastings, dress goods, etc., of light weight and low value.

It has been found in recent years that the distinction between woolen and worsted tissues has not been properly observed, worsteds having been described as woolens.

*Exports of tops, yarns, and woolen and worsted tissues from the United Kingdom to the United States—Continued*

[From Bulletin of National Association of Wool Manufacturers]

|  | Imports into the United States. United States figures in quantities |                               |                     |                               |
|--|---|-------------------------------|---------------------|-------------------------------|
|  | Total   |                               | From United Kingdom |                               |
|  | Year 1927   | Average of tariff act of 1909 | Year 1927           | Average of tariff act of 1909 |
|  | Pounds  | Pounds                        | Pounds              | Pounds                        |
| Tops of wool, hair, or mohair.....       | 235,000   | 1,880                         |                     |                               |
| Yarns.....                               | 289,000   | 197,000                       |                     |                               |
| Woven fabrics (worsted and woolens)..... | 11,090,000  | 12,959,000                    | 8,520,000           | 7,203,000                     |

DEPARTMENT OF STATE,  
Washington, June 19, 1929.

HON. REED SMOOT,  
Chairman Finance Committee, United States Senate.

SIR: Pursuant to your request that you be furnished by this department with all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a letter from the British Ambassador, with inclosures thereto, concerning the proposed rate on cashew nuts imported into the United States from India.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, JR.,  
Acting Secretary of State.

BRITISH EMBASSY,  
Washington, June 12, 1929.

HON. HENRY L. STIMSON,  
Secretary of State of the United States,  
Washington, D. C.

MY DEAR MR. SECRETARY: I venture to place before you for your consideration and for transmission to the appropriate committee of the United States Senate, or other congressional authority concerned with the instant revision of the United States tariff duties, copy of a letter received at this Embassy from a British Indian firm engaged in the exportation of cashew nuts from India to the United States. Search has been made in vain for any mention of cashew nuts in the tariff bill now under consideration, so I presume that they would fall under the heading of "Nuts not specially provided for," in which case I greatly fear that the statement made in the inclosure to the effect that it is proposed to increase the duty on cashews by as much as 1,000 per cent is not an erroneous statement. I should be most grateful, however, if I might be informed whether it was indeed the intention of the House of Representatives to raise these duties by such a very large amount. No figures are available to me from which I might judge the extent of the trade likely to be affected by the proposal and from the absence of such figures I rather judge that the volume of the trade can not be very great and can not, in fact, be said to constitute in any sense a menace to American agricultural industry. My correspondent contends that since cashews are not grown in the United States, their importation does not involve competition with the labors of American growers. I should



be greatly indebted, therefore, if you would be so good as to invite the attention of the appropriate congressional committee to the special case of cashew nuts, asking that sympathetic consideration be given to the representations made by my correspondent and that I may be advised in due course whether the Congress really considers it necessary to increase the duties on cashews by such a large margin.

Believe me, my dear Mr. Secretary,  
Yours very sincerely,

ESME HOWARD.

POHUMAL BUILDING, CARNAC ROAD,  
Bombay No. 3, May 17, 1929.

BRITISH COMMERCIAL ATTACHÉ,  
Washington, D. C.

Re: Revision of United States import tariff.

DEAR SIR: We are informed by our New York broker that heavy increase in duty on the import of cashews has been proposed by the United States Government.

However, cashews are not grown in the United States and it can not be justified to propose an increase on the import as high as 1,000 per cent.

This is one of the progressive industries of British India, and as you are holding an office in the States to support and protect British trade, we should look upon you to offer very strong opposition to the proposition of the increase. The main outlet of Indian cashews is in the United States and should the duty be increased to 10 cents per pound the industry will naturally be destroyed.

We have advised you of the foregoing by cable, as per copy attached herewith, and request you in earnest to oppose vigorously and try to keep the duty on a line. Original tariff duty is 1 cent per pound and there is no necessity of increasing the same.

Hoping that the matter will receive your kind attention,

We are, yours faithfully,

S. B. TORNEY.

BRITISH COMMERCIAL ATTACHÉ,  
Washington.

Please protest vigorously against States proposition of increase in duty on cashews because 1,000 per cent increase unjustified whilst United States not producing cashews otherwise cashew industry in British India will be destroyed.

S. B. TORNEY,  
Pohumal Building Carnac Road,  
Bombay No. 3.

DEPARTMENT OF STATE,  
Washington, June 19, 1929.

HON. REED SMOOT,  
Chairman, Finance Committee,  
United States Senate.

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose a copy of a note from the British Embassy, dated February 1, 1929, transmitting a memorandum submitted by representatives of the Government of Bermuda setting forth certain opinions regarding the effect which an increase in the tariff on certain agricultural products might have upon the present trade relations between Bermuda and the United States.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, Jr.,  
Acting Secretary of State.

BRITISH EMBASSY,  
Washington, D. C., February 1, 1929.

HON. FRANK B. KELLOGG,  
Secretary of State of the United States,  
Washington, D. C.

SIR: In connection with the hearings now being held by the Ways and Means Committee of the House of Representatives preparatory to possible amendments to the United States tariff act of 1922, I have the honor to transmit the accompanying memorandum submitted by representatives of the Government of Bermuda, in which are set forth certain opinions regarding the effect an increase in the tariff on certain agricultural products might have upon the present trade relations between that country and the United States.

2. As the Committee on Ways and Means were unable to see their way clear to allow foreign interests to give evidence personally at the hearings, I should very much appreciate it if the good offices of the Department of State could be used to insure that the inclosed memorandum is brought to the notice of the committee for their consideration with other evidence submitted in connection with agricultural tariff schedule.

I have the honor to be, with the highest consideration, sir,  
Your most obedient, humble servant,

ESME HOWARD.

MEMORANDUM FOR THE INFORMATION OF THE WAYS AND MEANS COMMITTEE OF THE UNITED STATES HOUSE OF REPRESENTATIVES REGARDING THE TRADE IN CERTAIN AGRICULTURAL PRODUCTS BETWEEN BERMUDA AND THE UNITED STATES

The government of Bermuda, desiring to present to the Government of the United States of America certain facts regarding the position of Bermuda in relation to the possible revision of the tariff on agricultural products imported into the United States, appointed the undersigned, E. A. McCallan, Director of Agriculture of Bermuda, and J. D. B. Talbot, a member of the House of Assembly of Bermuda, to visit Washington for this purpose. Upon arrival here we learned that the Committee on Ways and Means had decided that it would be inappropriate for foreign exporting interests to submit their views personally at its hearings, although an opportunity would be allowed for these to be presented through other channels. The following statement, therefore, prepared by us in accordance with the wishes of the government of Bermuda, is submitted to you through the Department of State by the British ambassador at Washington for transmission to the chairman of the Ways and Means Committee.

2. Bermuda, a British colony, consisting of a group of small islands (total area 19½ square miles) in the Atlantic Ocean, 677 miles southeast of New York City, has since her earliest settlement over 300 years ago, always maintained the closest commercial relations with the United States and the bulk of her foreign trade continues to be with that country. American goods predominate in Bermuda, and not only exceed the value of her imports from the United Kingdom and the Dominion of Canada, countries with which there is an obvious relationship, but also the combined value of her import trade from all countries. Bermuda's imports of American goods average more than \$3,000,000 annually, which is equivalent to over \$100 per capita, probably the highest per capita average of any country with which the United States trades. Bermuda's exports to the United States, which consist principally of vegetables grown exclusively for the New York market, average somewhat less than \$1,000,000 annually, thus leaving a trade balance in favor of the United States of more than \$2,000,000.

3. Bermuda's market gardening has been developed solely with the object of providing the New York market with winter-grown vegetables, and any serious curtailment of this trade will cause great hardship to her market gardeners. Only about 1,500 acres, roughly about the area of one large American farm, are under commercial cultivation. This area consists of small and irregular patches which often contain out-cropping rock and therefore can not be cultivated by the use of horse-drawn or motor-propelled agricultural implements. The acreage available for cultivation can not be increased but is actually being diminished, as building operations are absorbing cultivated land.

4. The quantities of vegetables exported by Bermuda to the United States are extremely small. During the years 1922-1927 Bermuda's exports to the American market of celery, lettuce, onions, and potatoes (the only vegetables for which American commercial production figures are available) were less than one four-thousandth part of the quantity of such vegetables produced in the United States. Further, importations of potatoes from all countries into the United States, during the period 1924-1927, amounted to less than 1 per cent of her own commercial production, and these imports included an appreciable quantity of seed potatoes which are essential to the needs of the American farmer. America imports very small quantities of vegetables in their natural state. For example, her imports of celery come from Bermuda only, and have averaged annually during the years 1920-1926 less than one-half of 1 per cent of American production. In Appendix A are given (a) Bermuda's vegetable exports to the United States during 1922-1927; (b) the commercial production of the same vegetables in the United States, so far as the figures are available; and (c) the total imports of potatoes into the United States during 1924-1927. Bermuda sells all her vegetables (with exception of Portuguese kale) in New York City, and the quantities therein sold are extremely small compared with the total quantities received in that market. In Appendix B are given the unloads in New York City of car lots of celery, onions, and potatoes, and it is pointed out that the quantities from Bermuda were hardly more than one two-hundredth part of the total car lot unloadings.

5. Production costs in Bermuda are exceedingly high because of the nature of the cultivated lands, the damaging effect of high winds, Government grade requirements and the high cost of living. The nature of the cultivated land has already been referred to. High winds are not uncommon in winter, and the damage caused thereby is often equivalent to that arising from frost in other countries, although fortunately this latter factor is absent in Bermuda.

6. To afford protection to American purchasers of Bermuda's agricultural products, a system of Government inspection, which has adopted the standards of the United States Department of Agriculture, has been established. Of this service the following opinion has been expressed by Dr. H. E. Babcock, formerly professor of marketing at Cornell University, who was engaged in 1922 to investigate the marketing of Bermuda's agricultural products:

"Bermuda is to be congratulated upon its excellent grading legislation, and the thoroughness with which it is enforced. It is probably the most successful example of grading by legislation that exists anywhere."

As a further safeguard, Bermuda's plant pathological service was established by Dr. H. H. Whetzel, then head of the department of plant pathology at Cornell University and attached to the Bermuda Department of Agriculture during his sabbatical leave in 1921-22. The service then established has since been further developed. It has received much assistance from the United States Department of Agriculture and enjoys the confidence of the Federal Horticultural Board, now known as the Plant Quarantine and Control Administration. Its activities are reflected in the excellent condition, with respect to freedom from disease, of Bermuda's agricultural exports; but both inspection and pathological services have added appreciably to the cost of production.

7. The principal cause of high production costs in Bermuda, however, is the cost of labor arising from the high cost of living, as practically all commodities have to be imported; the large majority of these imports, especially the food-stuffs and agricultural supplies, coming from the United States. In Appendix C are given the costs of producing and marketing Bermuda's chief vegetable exports.

8. In view of all the circumstances influencing agricultural conditions in Bermuda to which reference has now been made, it will be readily appreciated that the cost of producing Bermuda vegetables must be very much higher than the cost of producing similar items in the United States. In proof of this statement attention is drawn to the following figures abstracted from authoritative commercial and official sources which show the relative costs of producing American and Bermudian celery and potatoes:

|                           | American<br>(Florida) | Bermudian |
|---------------------------|-----------------------|-----------|
| Celery, per crate.....    | \$1.21                | \$1.75    |
| Potatoes, per bushel..... | .63                   | 1.87      |

In the examples given the costs of production in Bermuda are 44 per cent and nearly 300 per cent, respectively, higher than American costs.

9. The very high costs of production in Bermuda clearly indicate that there is no question of unfair competition with similar American vegetables. These costs moreover demand high selling prices in New York. In fact Bermuda vegetables, except in rare and unusual circumstances, always sell in advance of the prices of similar American vegetables. To illustrate this in greater detail the average prices of American and Bermudian vegetables for each of the years 1923-1927 are given in Appendix D.

10. The circumstances set forth clearly demonstrate that Bermuda vegetables are not competitive with American domestic vegetables. They also show that, because of the very high costs of producing and marketing Bermuda vegetables, there remains to the grower but little, if any, profit in the majority of cases. The American importers of Bermuda vegetables are aware of the disabilities under which the Bermuda growers labor, and are unanimously of opinion that there is no cause for revision of the duty in an upward direction. Indeed, there is abundant evidence to show that the existing duties could be removed entirely without injury to American vegetable growers. In this connection particular attention is drawn to Bermuda celery and potatoes, both of which are marketed at seasons when there is an insufficient supply of similar American-grown vegetables. Though limited in quantity, both meet an essential need of the American consumer, and if the Bermuda supply were cut off by an increased tariff this need could not be met from American sources.

11. With regard to Bermuda's large imports from the United States to which reference has already been made, it is pointed out that the value of American agricultural products and foodstuffs imported into Bermuda greatly exceeds the value of Bermuda's vegetables imported by the United States. The continuance of the present volume of American exports to Bermuda depends largely upon the maintenance of the purchasing power of the Bermuda vegetable growers. Any circumstance tending to reduce this purchasing power, as an increase in the duty on vegetables most assuredly will, must have an adverse effect on the volume of American agricultural and other products imported by that country, particularly upon those articles imported for the use of Bermuda vegetable growers. Attention is particularly drawn to the fact that the relationship between the American and the Bermuda grower is often of a peculiar and intimate nature. A typical example is the case of seed potatoes. Practically all of Bermuda's Bliss Triumph seed is purchased in Nebraska. Part of this seed is imported directly into Bermuda, while the remainder is planted under contract in Long Island, New York, the crop from which is also imported into Bermuda. Thus the seed requirements of one Bermuda group benefit two groups of American potato growers.

12. A consideration of the various statements submitted in this memorandum will undoubtedly lead to the conclusion that not only are the quantities of Bermuda vegetables imported into the United States far too small to have any adverse effect upon the production and sales of similar American-grown vegetables, but the total importations from all countries do not reach proportions which would endanger in any way the prosperity of the American farmer. In addition to this, the higher cost of production in Bermuda necessitates the establishment of prices in the New York market which are in advance of prices for corresponding American products. There is consequently no question of competition with American growers on the part of Bermuda either on a quantity or price basis. It is our firm conviction that even the complete closing of the American market to Bermuda vegetables would confer at the most a hardly perceptible advantage upon the American grower, an advantage which in any case would certainly be many times negatived by the loss to the American export trade arising from the impairment of Bermuda's capacity to maintain the present volume of her purchases of agricultural and manufactured products from the United States. It is therefore urged that no steps should be taken in the direction of amendments to the United States tariff which would tend to disturb the existing amicable commercial relations between the two countries, especially as the present position as regards foreign trade redounds considerably to the advantage of the United States.

E. A. MCCALLAN, *Director of Agriculture,*  
J. D. B. TALBOT, *Member of House of Assembly.*

JANUARY 29, 1929.

## APPENDIX A

*Vegetable exports from Bermuda to the United States of America, and the United States domestic commercial production—1922 to 1927*

|                        | 1922    |               | 1923    |               | 1924    |               |
|------------------------|---------|---------------|---------|---------------|---------|---------------|
|                        | Bermuda | United States | Bermuda | United States | Bermuda | United States |
| Beets, bushels.....    | 21,947  |               | 28,007  |               | 28,431  |               |
| Carrots, bushels.....  | 78,348  |               | 60,820  |               | 81,019  | 4,084,000     |
| Celery, crates.....    | 12,201  | 4,901,000     | 20,131  | 5,333,000     | 33,558  | 6,741,000     |
| Kale, bushels.....     | 12,397  |               | 16,302  |               | 28,053  |               |
| Lettuce, crates.....   | 3,322   | 11,076,000    | 3,041   | 11,672,000    | 5,414   | 13,221,000    |
| Onions, bushels.....   | 37,471  | 17,763,000    | 20,784  | 16,317,000    | 12,130  | 19,146,000    |
| Parsley, crates.....   | 46,267  |               | 40,688  |               | 56,346  |               |
| Potatoes, bushels..... | 111,064 | 453,396,000   | 90,292  | 416,403,000   | 80,778  | 454,754,000   |

|                        | 1925    |               | 1926    |               | 1927    |               |
|------------------------|---------|---------------|---------|---------------|---------|---------------|
|                        | Bermuda | United States | Bermuda | United States | Bermuda | United States |
| Beets, bushels.....    | 18,263  |               | 18,075  |               | 11,366  |               |
| Carrots, bushels.....  | 62,670  | 4,800,000     | 68,996  | 5,323,000     | 40,833  | 8,002,000     |
| Celery, crates.....    | 20,535  | 0,741,000     | 30,980  | 6,476,000     | 54,651  | 7,407,000     |
| Kale, bushels.....     | 26,118  |               | 28,599  |               | 23,319  |               |
| Lettuce, crates.....   | 4,185   | 16,076,000    | 3,000   | 17,150,000    | 1,198   | 17,652,000    |
| Onions, bushels.....   | 9,700   | 19,423,000    | 12,409  | 21,011,000    | 10,486  | 22,494,000    |
| Parsley, crates.....   | 56,579  |               | 83,681  |               | 58,610  |               |
| Potatoes, bushels..... | 57,365  | 323,466,000   | 91,325  | 354,328,000   | 62,453  | 402,149,000   |

NOTE.—Bermuda figures are from Bermuda Department of Agriculture reports. United States figures are from United States Department of Agriculture Yearbooks. Where blanks occur in U. S. columns the figures are not available.

## APPENDIX B

*Unloads in New York in car lots of celery, lettuce, onions, and potatoes. Bermuda shipments by steamer are computed in car lots—1923 to 1927*

|           | Celery  |        | Lettuce |        | Onions  |        | Potatoes |         |
|-----------|---------|--------|---------|--------|---------|--------|----------|---------|
|           | Bermuda | Total  | Bermuda | Total  | Bermuda | Total  | Bermuda  | Total   |
| 1923..... | 77      | 2,507  | 0       |        | 39      | 8,338  | 167      | 21,830  |
| 1924..... | 128     | 2,998  | 10      | 7,133  | 23      | 8,118  | 170      | 22,726  |
| 1925..... | 77      | 3,307  | 8       | 7,484  | 19      | 8,363  | 108      | 23,002  |
| 1926..... | 141     | 3,275  | 6       | 8,341  | 24      | 8,009  | 171      | 20,978  |
| 1927..... | 208     | 4,463  | 2       | 9,054  | 20      | 9,469  | 174      | 22,308  |
|           | 631     | 16,550 | 32      | 32,012 | 125     | 42,297 | 790      | 110,344 |

Total from Bermuda, 1,578 cars.

Total unloads, 201,203 cars, exclusive of lettuce, for 1923.

NOTE.—In addition to the total car lot unloads given above, large quantities of these vegetables were delivered in New York by trucks from near-by producing areas. No reliable estimates of these quantities are available.

## APPENDIX C

*Production and marketing costs of Bermuda export vegetables season of 1927*

|                              | Production costs | Marketing costs | Total costs |
|------------------------------|------------------|-----------------|-------------|
| Beets, bushel.....           | \$0.95           | \$0.70          | \$1.65      |
| Carrots, bushel.....         | .90              | .80             | 1.70        |
| Celery, 2 bushel crate.....  | 1.75             | 2.45            | 4.20        |
| Lettuce, 1 bushel crate..... | .65              | .75             | 1.40        |
| Onions, bushel.....          | 1.10             | 1.00            | 2.10        |
| Parsley, 1 bushel crate..... | .75              | 1.05            | 1.80        |
| Potatoes, bushel.....        | 1.25             | .75             | 2.00        |

NOTE.—Production costs include packages. Marketing costs include freight, New York cartage, import duty, and commission; the latter two on the average prices of the years 1923-1927.

## APPENDIX D

*New York jobbers' prices for Bermuda vegetables during the years 1923 to 1927, and American prices for similar vegetables during the same period as given in the Yearbook of the United States Department of Agriculture*

|                       |                            | 1923   | 1924   | 1925   | 1926   | 1927   | Average |
|-----------------------|----------------------------|--------|--------|--------|--------|--------|---------|
| Beets, bushel.....    | Bermuda.....               | \$1.60 | \$1.44 | \$1.32 | \$1.08 | \$1.16 | \$1.50  |
|                       | America <sup>1</sup> ..... |        |        |        |        |        |         |
| Carrots, bushel.....  | Bermuda.....               | 1.83   | 1.07   | 1.29   | 1.70   | 1.50   | 1.60    |
|                       | America.....               |        | .84    | .60    | .64    | .56    | .66     |
| Celery, crate.....    | Bermuda.....               | 6.68   | 7.44   | 2.94   | 8.25   | 5.32   | 6.12    |
|                       | America.....               | 2.40   | 1.83   | 1.79   | 1.91   | 1.56   | 1.90    |
| Lettuce, crate.....   | Bermuda.....               | 1.34   | 1.91   | 1.42   | 1.43   | .99    | 1.42    |
|                       | America.....               |        | 1.50   | 1.48   | 1.64   | 1.56   | 1.55    |
| Onions, crate.....    | Bermuda.....               | 3.04   | 1.77   | 3.02   | 1.95   | 2.52   | 2.46    |
|                       | America.....               |        | .88    | 1.08   | .75    | .81    | .87     |
| Parsley, crate.....   | Bermuda.....               | 1.88   | 4.90   | 1.45   | 1.93   | 1.50   | 2.34    |
|                       | America <sup>1</sup> ..... |        |        |        |        |        |         |
| Potatoes, bushel..... | Bermuda.....               | 4.80   | 4.87   | 5.21   | 5.83   | 3.87   | 4.94    |
|                       | America.....               | 1.56   | 1.16   | 2.30   | 2.09   | 1.69   | 1.76    |

<sup>1</sup> Figures not available.

NOTE.—Bermuda celery crate measures 2 bushels and lettuce and parsley crates are 1 bushel each (Bermuda Department of Agriculture). Bermuda prices are New York jobbers' prices, compiled by Bermuda Department of Agriculture. America prices are taken from United States Department of Agriculture Yearbooks.

## APPENDIX E

*Statement of imports into Bermuda, by values and principal countries, for the years 1922-1927*

|                                 | United States of America | United Kingdom | Dominion of Canada | British West Indies | Other foreign countries | Other British colonies | Totals      |
|---------------------------------|--------------------------|----------------|--------------------|---------------------|-------------------------|------------------------|-------------|
| 1922.....                       | \$3,243,611              | \$1,787,145    | \$964,060          | \$95,448            | \$3,177                 | \$998                  | \$6,084,459 |
| 1923.....                       | 4,385,164                | 3,400,382      | 1,147,430          | 99,443              | 1,152                   | 1,948                  | 9,035,522   |
| 1924.....                       | 3,795,833                | 3,198,716      | 1,590,705          | 120,609             | 3,188                   | 2,006                  | 8,710,707   |
| 1925.....                       | 3,236,352                | 1,843,411      | 1,173,208          | 92,318              | 12,451                  | 2,304                  | 6,360,044   |
| 1926.....                       | 3,635,416                | 1,764,000      | 1,216,060          | 89,150              | 16,582                  | 1,564                  | 6,743,052   |
| 1927.....                       | 3,535,185                | 2,196,044      | 1,325,639          | 98,182              | 2,395                   | 1,464                  | 7,459,409   |
| Totals.....                     | 22,171,611               | 14,159,698     | 7,417,022          | 695,153             | 39,225                  | 10,284                 | 44,393,193  |
| Averages for 6-year period..... | 3,695,268                | 2,359,583      | 1,236,170          | 99,192              | 6,637                   | 1,712                  | .....       |

From Bermuda Blue Book.

## APPENDIX E-1

*Statement of exports from Bermuda, by values and principal countries, during the years 1922-1927*

| Year         | United States | Dominion of Canada | British West Indies and other countries | Totals    |
|--------------|---------------|--------------------|---|-----------|
| 1922.....    | \$801,691     | \$34,732           | \$25,857                                | \$862,280 |
| 1923.....    | 642,725       | 19,070             | 11,875                                  | 673,671   |
| 1924.....    | 801,273       | 50,236             | 25,996                                  | 937,505   |
| 1925.....    | 903,632       | 13,208             | 11,313                                  | 928,173   |
| 1926.....    | 887,246       | 33,212             | 739                                     | 921,197   |
| 1927.....    | 1,029,192     | 14,211             | 12,643                                  | 1,056,046 |
| Total.....   | 5,025,760     | 164,669            | 88,423                                  | 5,678,872 |
| Average..... | 837,630       | 27,445             | 14,737                                  | .....     |

From Bermuda Blue Book.

## APPENDIX F

Statement showing the United States of America's principal exports to Bermuda  
in 1927, by articles and values

## 1. AGRICULTURAL PRODUCTS AND FOODSTUFFS

| Article                                  | Declared value | Percentage of total imports from all countries |
|--|----------------|--|
| Beef, chilled, quarters.....             | \$160,700      | 62   |
| Biscuit and bread.....                   | 21,200         | 35   |
| Bran, wheat.....                         | 65,900         | 43   |
| Butter.....                              | 20,000         | 10   |
| Canned miscellaneous foods.....          | 64,400         | 60   |
| Coffee.....                              | 47,500         | 83   |
| Corn (maize).....                        | 34,500         | 88   |
| Corn and maize meal.....                 | 8,800          | 89   |
| Confectionery.....                       | 30,300         | 45   |
| Eggs.....                                | 52,000         | 99   |
| Fish, canned, dried, and pickled.....    | 18,000         | 29   |
| Fruit, canned and dried.....             | 48,200         | 79   |
| Fruit, fresh.....                        | 112,100        | 80   |
| Flour, chiefly wheat.....                | 60,100         | 37   |
| Groceries, miscellaneous.....            | 166,400        | 64   |
| Hay, baled.....                          | 7,700          | 12   |
| Horses.....                              | 33,000         | 85   |
| Lard.....                                | 20,210         | 55   |
| Meats, canned.....                       | 64,800         | 83   |
| Meats, chilled, exclusive of mutton..... | 268,000        | 73   |
| Meats, smoked and pickled.....           | 198,800        | 84   |
| Mineral waters.....                      | 12,900         | 73   |
| Mutton, chilled.....                     | 30,100         | 54   |
| Peas and beans, dried.....               | 28,100         | 84   |
| Potatoes, seed and.....                  | 30,600         | 38   |
| Rice.....                                | 6,300          | 40   |
| Seeds, vegetable and flower.....         | 5,500          | 88   |
| Sugar, baled and miscellaneous.....      | 6,400          | 45   |
| Sugar.....                               | 33,300         | 36   |
| Tea.....                                 | 13,700         | 40   |
| Tobacco.....                             | 8,400          | 49   |
| Vegetables, untreated.....               | 33,500         | 72   |

## 2. MANUFACTURED AND MISCELLANEOUS ARTICLES

|  |         |     |
|--|---------|-----|
| Agricultural implements.....                   | \$6,300 | 86  |
| Boats.....                                     | 13,000  | 90  |
| Books.....                                     | 17,500  | 59  |
| Boots and shoes.....                           | 97,000  | 75  |
| Building material.....                         | 101,000 | 90  |
| Carriages, horse-drawn.....                    | 10,800  | 95  |
| Carriage material.....                         | 5,700   | 95  |
| Cement.....                                    | 11,000  | 17  |
| China and earthenware.....                     | 11,100  | 32  |
| Cigarettes.....                                | 37,200  | 33  |
| Clothing, ready to wear.....                   | 79,300  | 33  |
| Coal, anthracite.....                          | 8,500   | 100 |
| Coal, steam.....                               | 98,600  | 100 |
| Cordage.....                                   | 7,900   | 86  |
| Cotton goods, linen goods, etc.....            | 148,000 | 57  |
| Drugs and patent medicines.....                | 59,900  | 64  |
| Electrical goods.....                          | 119,600 | 67  |
| Fertilizers.....                               | 45,900  | 77  |
| Fancy goods.....                               | 249,500 | 42  |
| Furniture.....                                 | 132,700 | 67  |
| Gasoline.....                                  | 37,600  | 100 |
| Glassware.....                                 | 18,300  | 58  |
| Hardware and metals.....                       | 353,400 | 81  |
| Jewelry.....                                   | 41,800  | 48  |
| Kerosene oil.....                              | 112,500 | 100 |
| Linen goods.....                               | 19,600  | 49  |
| Leather goods, other than boots and shoes..... | 14,900  | 24  |
| Lumber.....                                    | 105,200 | 86  |
| Machinery.....                                 | 60,000  | 64  |
| Musical instruments.....                       | 18,400  | 79  |
| Oil, bunker and fuel.....                      | 130,000 | 86  |
| Paints, oils, varnishes.....                   | 28,100  | 51  |
| Paper, printing, wrapping, etc.....            | 25,700  | 65  |
| Perfumery.....                                 | 13,600  | 50  |

Statement showing the United States of America's principal exports to Bermuda in 1927, by articles and values—Continued

## 2. MANUFACTURED AND MISCELLANEOUS ARTICLES—Continued

| Article                           | Declared value | Percentage of total imports from all countries |
|-----------------------------------|----------------|--|
| Photographic goods.....           | \$13,300       | 99   |
| Rubber goods.....                 | 8,300          | 71   |
| Ship chandlery.....               | 8,800          | 72   |
| Silk goods.....                   | 12,100         | 25   |
| Soap, soap powders, etc.....      | 20,900         | 53   |
| Stationery.....                   | 22,500         | 95   |
| Tinware, enameled goods, etc..... | 10,800         | 95   |
| Woodware.....                     | 9,600          | 57   |
| Woolen goods.....                 | 31,200         | 91   |

DEPARTMENT OF STATE,  
Washington, June 19, 1929.

HON. REED SMOOT,  
Chairman, Finance Committee, United States Senate.

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note from the British Embassy, dated March 16, 1929, transmitting a memorandum submitted by representatives of the Government of Bermuda relative to the effect which an increase in the United States tariff on certain agricultural products might be likely to have upon the present trade relations between Bermuda and the United States.

I have the honor to be, sir, your obedient servant.

J. REUBEN CLARK, JR.,  
Acting Secretary of State.

BRITISH EMBASSY,  
Washington, D. C., March 16, 1929.

HON. FRANK B. KELLOGG,  
Secretary of State of the United States,  
Washington, D. C.

SIR: I have the honor to refer again to the note which you were good enough to address to me on the 14th ultimo advising me that you had been so kind as to forward to the Ways and Means Committee of the House of Representatives for consideration a memorandum submitted by representatives of the Government of Bermuda relative to the effect which an increase in the United States tariff on certain agricultural products would be likely to have upon the trade between this country and Bermuda. Since that memorandum was prepared the Government of Bermuda have had an opportunity of studying the official print of the evidence given by certain witnesses who appeared before the committee in support of increased duties on celery and who made statements regarding the volume and methods of the Bermuda celery trade which were in some instances quite inaccurate and in other instances required amplification in order to convey a correct impression. Convinced of the desire of the appro-



appropriate committees of Congress to have the facts of the situation clearly and completely placed before them, the director of agriculture of Bermuda has drawn up a supplementary memorandum dealing with the inaccuracies referred to. At the request of his excellency, the Governor of Bermuda, I have the honor to transmit to you herewith copies of this document and to ask that you should move the appropriate committees to take its contents into consideration in conjunction with the contents of the earlier memorandum presented on behalf of the Bermuda growers.

I have the honor to be, with the highest consideration, sir,  
Your most obedient, humble servant,

ESME HOWARD.

Comments by the Director of Agriculture, Bermuda, on (1) statement of A. G. M. Thompson, Middletown, N. Y., representing the New Hampton Vegetable Growers' Association, New Hampton, N. Y., and others; (2) brief of the New Hampton Vegetable Growers' Association, of New Hampton, Orange County, N. Y., and the Growers of Sash Celery in Orange and Rockland Counties, State of New York, in relation to an application for a higher tariff on celery imported into the United States from Bermuda; (3) statement of H. T. Bennett, Bradenton, Fla., representing the Manatee County Growers' Association and the Sarasota Growers' Association; and (4) brief of the Manatee County Growers' Association as presented on pages 3831 to 3836 and 3838 to 3844 of Hearings Before the Committee on Ways and Means, House of Representatives (Schedule 7, No. 19, January 28, 1929).

STATEMENT OF MR. THOMPSON

1. "In case the Bermuda celery has not been sold, but put in cold storage, it comes in direct competition with the Orange County and New Jersey sash celery."

Bermuda celery is sold in the rough on delivery at the market. Practically none (or extremely small quantities) is held in cold storage by the jobbers beyond a week. Practically all is sold before the arrival of the next cargo from Bermuda.

It does not come into competition with Orange County and New Jersey sash celery, for the bulk of it is sold before sash celery comes on the market. During the years 1923 to 1927 0.071 per cent only of the Bermuda celery was offered for sale after frame celery began to be marketed in quantity.

The one exception to the above practice occurred in 1928. Regarding this single exception an explanation will be made later.

2. " \* \* \* for the past four or five years the Bermuda celery has been brought in there and sold at a lower rate; sometimes put in cold storage and then dumped on the market later."

Below are given the average yearly jobbers' prices of Bermuda celery during the years 1923-1927. These prices probably exceed the prices of any other celery sold in the rough in the New York market.

|              |        |
|--------------|--------|
| 1923.....    | \$6.66 |
| 1924.....    | 7.44   |
| 1925.....    | 2.94   |
| 1926.....    | 8.25   |
| 1927.....    | 5.32   |
| Average..... | 6.12   |

As already stated, it is not the practice to put Bermuda celery in cold storage and dump it on the market later.

3. "The trouble in this industry is that the crates are all different sizes." The size of the Bermuda celery crate is fixed by Government regulation, and but one size is in use.

4. "The expense of cultivating celery in Orange County and northern New Jersey is a good deal more than it is in Bermuda."

To grow and market a 2-bushel crate of Bermuda celery costs \$4.20.

5. "Mr. RAINEY. The sash-grown celery is the only celery which comes in competition with the Bermuda celery.

"Mr. THOMPSON. Yes, sir; or, rather, the Bermuda celery is the only celery that comes in competition with our celery."

It has already been shown that Bermuda celery does not come in competition with frame celery.

6. "I might say that Bermuda celery often is put in cold storage."

Bermuda celery is not put in cold storage often or even infrequently. The one recent exception to the general practice of selling in the rough at the time of delivery in the market occurred in 1928. A few Bermuda celery speculators, in conjunction with an American celery speculator, placed in cold storage about two-thirds of the crop, or the bulk of the celery shipped on and after May 12. The result was highly disastrous to the Bermuda speculators, and it is extremely improbable that the experiment will ever be repeated.

7. "I say without fear of contradiction that when it commences to deteriorate a little in cold storage they mix it with the Orange County celery. I have seen that in the celery on the market in New York. They have taken the superior celery and mixed it with theirs."

The writer, too, has seen American and Bermuda celery mixed or blended by American washers. The object generally is to blend the sizes, for Bermuda No. 1 often runs rather large. There is no suggestion of blending an inferior with a superior grade. The writer has been surprised to observe that the washers make no distinction with respect to the crates into which the blended, washed, and bunched celery is repacked. Their excuse is that to the buyer "celery is celery," and he is not interested in the origin but the quality of the celery.

The fact is emphasized that the blending of American and Bermuda celery is not done in the interests of Bermuda growers and shippers, for the celery is not then their property, but belongs to American washers. Whatever advantage there may be in blending is reaped by the American washers.

8. "The reason we do not want an ad valorem duty is because of the fact that they appraise the celery in New York for sale at \$3 a crate, or something like that, and put it in storage, and the next day it is on the streets at \$4 to \$5. The Government is really cheated out of a certain amount of duty."

The duty on Bermuda celery is assessed weekly by United States customs officials and is based on the prices obtained by the jobbers.

It is desired to make clear that neither the Bermuda growers nor the Bermuda shippers nor the American importers appraise Bermuda celery for purpose of duty.

9. "\* \* \* our great trouble is the glut from Bermuda during the month of June and the first part of July."

Whatever the cause of the glut complained of it is not Bermuda celery. During the years 1923 to 1927 a little more than one-fifth only of the Bermuda crop was marketed after May 31, and of this only 207 crates (in five years) were shipped sufficiently late to be sold in the rough in July.

10. "\* \* \* we are competing with a lower cost of production."

As shown in 4, production costs in Bermuda are probably higher than in Orange County.

11. "Mr. RAINEY. I was wondering if you did not have sufficient legislation now in the State of New York to prevent this blending of the celery and placing it on the market as New York sash celery?"

"Mr. THOMPSON. That is just one of the items. How much of it is done we do not exactly know. It is more or less at different times."

This has already been referred to in seven where it was pointed out that the blending is not done in the interests of Bermuda growers or shippers of celery.

#### BRIEF OF NEW HAMPTON ASSOCIATION

12 "By July 1 the Bermuda crop has been disposed of, unless the Bermuda crop has been put in cold storage. In that case it (the Bermuda celery) is still in competition with celery grown in the United States. The result has been to deprive the sash-celery growers of a fair market to dispose of their crops. In short, for the past four years there has been a glut in the celery market during June and July."

This assertion has been already referred to in 6 and 9. Again it is pointed out that by July 1 the Bermuda crop has been disposed of. It is not placed in cold storage, as a rule. The June and July glut is not caused by Bermuda celery.

13. "The Bermuda celery has been brought into this country and on one occasion was placed in storage and, when it was found that it was not keeping well, was dumped on the New York market at prices far below the price at which the Orange County growers could afford to sell their crop."

True, on one occasion, and on one occasion only during nearly 20 years, was Bermuda celery placed in cold storage.

14. "Total expense of producing an acre of frame celery, \$2,802."

Total expense of producing (and marketing) an acre of Bermuda celery, \$8,832. This estimate was made by the Bermuda Department of Agriculture in 1927.

15. "Perusal of the market reports for 1928 indicates that Bermuda celery on June 19 sold for from \$1 to \$3 per crate and on June 30 from \$1 to \$3.50, which shows that the sash men with this competition can not make any money unless they have protection."

The year 1928 was an exceptional year. The average price of Bermuda No. 1 celery during the period 1923-1927 was \$6.12.

16. "In 1927 Bermuda shipped into New York 209 carloads, all of which came in competition with the sash celery above referred to."

In 1927 Bermuda shipped to New York 182 carloads (300 crates to carload). Of this quantity only 6 per cent was sold after frame celery began to be marketed in quantity.

17. "In 1927 owing to the fact that the Bermuda celery was put on the market at once and disposed of the market was clear and the Orange County growers got a better price for their celery."

The procedure followed in 1927 was the usual one, to which there has been but one exception for nearly 20 years. So far as Bermuda celery is concerned, the market is always clear when sash celery is marketed.

It is admitted in the brief that Bermuda celery did not compete with frame celery in 1927; neither did it in any preceding or following year.

18. "In 1928 there was a large quantity of Bermuda celery put in cold storage, and when it was found that it was not keeping well it was thrown on the market for whatever it would bring. This caused a low price and loss to the growers of Orange County."

As already stated, 1928 was exceptional so far as the marketing of Bermuda celery was concerned, and a repetition of the circumstance is not to be anticipated. Having regard, however, to the manner in which Bermuda celery was "marketed" that year, it is doubtful if it affected the price of sash celery. The quotations in Producers' Price-Current (New York) support this view.

Near-by, washed, bunched:

|              |       |                 |
|--------------|-------|-----------------|
| 1927—        |       |                 |
| June 14..... | ..... | \$0. 75-\$1. 25 |
| June 21..... | ..... | . 50- 1. 25     |
| June 28..... | ..... | . 50- 1. 25     |
| July 5.....  | ..... | . 50- 1. 50     |
| July 12..... | ..... | . 25- 1. 15     |
| July 19..... | ..... | . 25- . 75      |
| 1928—        |       |                 |
| June 12..... | ..... | . 75- 1. 50     |
| June 19..... | ..... | . 75- 1. 50     |
| June 26..... | ..... | . 50- 1. 25     |
| July 3.....  | ..... | . 20- 1. 00     |
| July 10..... | ..... | . 50- . 75      |
| July 17..... | ..... | . 50- 1. 00     |

19. "We would suggest that in view of the fact that there are different size crates used in shipping of celery that the duty be fixed at so much per pound.

As stated in 3 there is but one Bermuda crate, the size of which is fixed by Government regulation.

STATEMENT OF MR. BENNETT

20. "But in 1925 the importation from Bermuda began to cut a figure, amounting in 1925 to 42,210 bushels, 1926, 74,572 bushels, 1927, 190,290 bushels, and 1928, 129,000 bushels."

Importations from Bermuda were as follows:

- 1925—20,535 crates, or approximately 41,070 bushels.
- 1926—27,233 crates, or approximately 54,466 bushels.
- 1927—54,676 crates, or approximately 109,252 bushels.
- 1928—64,598 crates, or approximately 129,196 bushels.

It is here pointed out that the increase in the quantity shipped annually is due less to increased acreage than to the use of a better grade of seed.

21. "This Bermuda celery is not sold in advance, but is shipped on consignment to be handled as consignee, the commission houses, see fit."

The prices obtained from Bermuda celery should remove any suspicion that it undersells American celery.

22. " \* \* \* the quantity ranging from a few thousand crates up to as high sometimes as a cargo of fifteen, eighteen, or twenty thousand crates which, with the current shipments from Florida, is nothing but a disaster."

The largest shipment ever made from Bermuda in the rough and sold in New York was that of 10,485 crates on May 21, 1927. A larger shipment was that of 10,870 crates on May 19, 1928, but (unfortunately for the growers and shippers) it was placed in cold storage. The average weekly shipments in May (the optimum month) in 1923 to 1927 amounted to 4,600 crates.

It is pointed out that the prices obtained for Bermuda celery are not disastrous to Florida.

23. "The markets are broken and the Bermuda people themselves are frequently forced to place the stuff in storage."

See 6.

Once in 17 years (to be exact) has Bermuda celery been placed in cold storage, and then it was not the state of the market but wildcat speculation which put it there.

#### BRIEF OF THE MANATEE COUNTY GROWERS' ASSOCIATION

24. "These foreign shipments demoralize the celery market at the time of shipment, as the shipments are made in large volume coming in by boat by ten and twenty thousand crates at a time."

See previous comments on these statements.

The largest shipment of Bermuda celery sold in the rough in New York was in 1927, in a season in which the brief admits that "Orange County growers got a better price for their celery."

25. "The buyers anticipate the shipments and hammer down the market and keep it down while the shipments are on, and for some time after, especially if some of the celery is stored, as often happens."

A study of the New York celery market would not disclose anything to warrant the statement that buyers hammer down the market in anticipation of the Bermuda shipments. Neither is this statement supported by the prices obtained for Bermuda celery.

It has already been made clear (see 6) that Bermuda celery is not often stored. To be exact, it has been stored once in the past 17 years.

26. "New York has built up an industry of growing celery under glass around Middletown and New York City. This celery is timed to come in a couple of weeks before the field-grown celery, and usually is in the market about the 1st to 10th of June. The early celery is greatly affected by the Bermuda shipments."

According to Producers' Price-Current (New York), frame celery was first quoted on the following dates in 1923 to 1927:

1923—June 18.

1924—June 16.

1925—June 15.

1926—June 17.

1927—June 8.

As stated in paragraph 1, only 0.071 per cent of Bermuda's crop was offered for sale in competition after the dates named above.

27. "Last year if (Bermuda celery) lasted well into the month of July."

It remained in storage after July 1, but did not disturb July prices of domestic celery.

28. "Total production costs (in Manatee County), \$1.72 per crate."

Total production costs in Bermuda, \$4.20 per crate.

29. "The industry in Bermuda is capable of considerable expansion, as its bulb industry is likely to decline, we are told, and this acreage turned to celery."

Celery growing in Bermuda is not capable of expansion under circumstances now existing, and not one square foot of land now growing bulbs could be diverted to celery.

30. "The cost of celery (in Bermuda) should be about the same as here."

See 28.

31. "It might be mentioned here that Bermuda celery is handled entirely by consignment which means that the marketing of this celery places domestic celery at an unfair advantage, since the seller is working entirely on the farmer's product and at the farmer's risk, and consequently loses nothing if he undersells the domestic celery."

Bermuda celery seldom, if ever, undersells American celery. The average price during 1923-1927 was \$6.12.

*Comparison of Bermuda prices.*—In the comparison made in the brief of American and Bermuda prices, figures for 1928 alone are given, and, as has already been shown in these comments, the season of 1928 was an exceptional one with respect to the circumstances under which Bermuda celery was handled, and one not likely to be repeated.

It is stated in the brief that "in June the market became so bad that little of this cold-storage celery could be sold." In point of fact much of the Bermuda stored celery was never offered for sale, but was held in storage until unfit for sale. The whole situation was badly managed.

It is stated in the brief that "a large acreage of late celery in Florida, estimated at least 25 per cent, was not cut." The writer of these comments is not in position to dispute the correctness of the assertion, but would point out that, in 1928, 141 cars of late Florida celery were unloaded in New York in June as compared with 23 cars in 1927.

It is stated in the brief that "this storage of Bermuda celery had a bad effect on the market all during June and even in July, and the result was that the early celery of New York and Michigan was sold at a much lower price than would have otherwise been necessary.

In paragraph numbered 18 the price in 1927 and 1928 of New York celery, bunched and washed, has been given, and but little if any decline is observable in the latter year. The same holds true for early Michigan celery in July.

1927: July 7, \$1.25-\$1.50; July 25, \$1.10; July 29, \$0.75-\$0.85.  
1928: July 14, \$1.75; July 17, \$1.65-\$1.75; July 24, \$1.25-\$1.50; July 27, \$1-\$1.25.

Having regard to the very large offerings of Florida celery in June, the prices obtained for sash and early Michigan celery appear to have been exceptionally good.

Reference is made in the concluding paragraphs of the possibility of increase in the Bermuda shipments. This is not probable. As already stated, the increase in Bermuda celery which has occurred in recent years has not been due to an increase in acreage but to the use of improved seed and better blight control, and it appears that the peak of production has been about reached. The cultivation of celery is confined to muck land reclaimed at a cost of about \$2,500 per acre. Very little is being reclaimed. Land in which lily bulbs and other upland crops are now grown is totally unfit for celery.

In conclusion it is pointed out that Bermuda celery is not dumped in the American market, neither does it enter into unfair competition with domestic celery, for it is marketed in the interval between Florida and sash celery, thereby supplying a need of the American consumer, and its very high costs of production demands a high selling price.

DEPARTMENT OF STATE,  
*Washington, June 22, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note from the British ambassador dated February 18, 1929, transmitting a memorandum prepared by a representative of the Bahaman Government with regard to the trade in sponges between the Bahamas and the United States.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

BRITISH EMBASSY,  
*Washington, D. C., February 27, 1929.*

SIR: In connection with the hearings now being held by the Ways and Means Committee of the House of Representatives on the subject

of tariff readjustment, I have the honor to transmit a copy of a memorandum on behalf of the Government of the Bahamas relative to the trade between that country and the United States, with special reference to sponges.

2. In view of the decision of the Ways and Means Committee to confine personal testimony at the hearings to representatives of American interests, I should be grateful if the good offices of the Department of State could be used to insure that the memorandum in question is brought to the notice of the committee for consideration with other evidence submitted on the subject of the tariff on sponges.

I have the honor to be, with the highest consideration, sir,

Your most obedient, humble servant,

ESME HOWARD.

HON. FRANK B. KELLOGG,  
*Secretary of State of the United States,*  
*Washington, D. C.*

MEMORANDUM FOR THE INFORMATION OF THE WAYS AND MEANS COMMITTEE OF  
THE UNITED STATES HOUSE OF REPRESENTATIVES REGARDING THE TRADE IN  
SPONGES BETWEEN THE BAHAMAS AND THE UNITED STATES

The Government of the Bahamas, desiring to present to the Government of the United States certain facts regarding the position of the Bahamas in relation to the possible readjustment of the tariff on sponges imported into the United States, appointed the undersigned, Robert Henry Curry, member of the house of assembly of the Bahamas to proceed to Washington for this purpose. In view, however, of the decision of the committee to confine personal testimony at the hearings to representatives of domestic interests it is desired to furnish the following statement as regards the Bahamian trade in sponges.

(1) The United States is the principal purchaser of sponges from the Bahamas. The annual value of the trade is in the neighborhood of \$166,000 which is an insignificant item in the general commerce of the United States, but an extremely important one for the Bahamas. Bahamian sponges are not generally competitive with American sponges, which come principally from Tarpon Springs, Fla. The principal varieties produced in the Bahamas are known as grass, hardhead, reef, velvet, wool, and yellow. It is believed that the velvet, reef and hardhead varieties are not produced in Florida at all.

It is certain that they are not produced in commercial quantities. These particular sponges are therefore imported into the United States to meet a demand which can not be supplied from domestic sources. In the case of wool sponges the Bahamas produce a lower grade article which does not enter into competition with the superior quality sponge produced in Florida. Conversely, grass sponge imported from the Bahamas is a superior product to Florida grass sponge and the two articles are not competitive. The Bahamian trade is therefore confined to varieties and qualities of sponge which are peculiar to that country and are in demand in the United States because there is no domestic substitute available which poses similar characteristics.

(2) In order to preserve the beds, diving for sponges in the Bahamas is prohibited by law. They must therefore be taken by the pole and hook method which necessitates the employment of a large number of men and vessels. Practically all of the equipment for these fleets and the food and clothing for the personnel are purchased in the United States and it is estimated that this represents a trade worth \$600,000 annually. In addition to this all freights are carried in American bottoms. The Government of the Bahamas moreover pays an annual subsidy of more than \$185,000 to American shipping lines engaged in carrying mails, freight, and passengers between the two countries, and it is clear that the closing or reduction of the American market for Bahamian sponges by an increased tariff must be attended by substantial losses to the American export and shipping trades.

(3) The Bahamas purchase about 80 per cent of its total imports from the United States and its commercial connections with that country have always been very close. It is therefore urged that no steps should be taken in the direc-

tion of tariff readjustment which would disturb the present amicable commercial relations between the Bahamas and the United States.

R. H. CURRY,  
*Member of the House Assembly of the Bahamas.*

DEPARTMENT OF STATE  
*Washington, June 28, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to enclose for your information copies of two notes from the British Ambassador, dated April 12, 1929, and May 9, 1929, respectively, transmitting a memorandum concerning the effect which the proposed readjustment of the United States customs tariff is likely to have on the character and value of trade between this country and the Commonwealth of Australia. The memorandum transmitted with the Ambassador's note of May 9, 1929, is a revised copy of the one transmitted with the note of April 12, 1929.

I have the honor to be, sir,  
Your obedient servant,

HENRY L. STIMSON.

BRITISH EMBASSY,  
*Washington, D. C., May 9, 1929.*

His Britannic Majesty's Ambassador presents his compliments to the Secretary of State and, with reference to his note No. 246 of the 1st instant, has the honour to transmit herewith a revised copy of the memorandum containing the observations of His Majesty's Government in the Commonwealth of Australia concerning the United States tariff, in which certain further corrections have been made.

Sir Esme Howard begs leave to request that this final revision of the memorandum may be substituted for the original memorandum inclosed in his note No. 211 of April 12 last as amended by his note No. 246 of the 1st instant, and that copies may be forwarded to the appropriate United States authorities.

Sir Esme Howard desires to express on his own behalf and on that of Mr. Dow, the official secretary to the Commissioner for the Commonwealth, his extreme regret that it has again been necessary to amend the memorandum.

COMMONWEALTH OF AUSTRALIA,  
OFFICE OF THE COMMISSIONER FOR AUSTRALIA IN THE U. S. A.,  
*25 Broadway, New York, March 30, 1929.*

RECIPROCAL TRADE UNITED STATES-AUSTRALIA

The Government of the Commonwealth of Australia desires to submit certain points of view relative to the proposed readjustment of the United States Customs Tariff.

In view of the excessive disproportion in Australia's trade with the United States of America, as compared with the trade of the United States with Australia, the Government of the Commonwealth has received—and continues to receive—representations on the part of producing interests, urging action to bring about a closer approximation in reciprocal trade. Therefore, it is desired to refer to the outstanding fact that while United States trade with Australia has increased

rapidly, the Commonwealth's trade with the United States has shown a marked tendency to decline.

Australian imports from the United States of America rose from £24,851,303 (\$120,926,440) in 1922-23 to £41,394,277 (\$201,424,551) in 1926-27. Values fell to £35,005,736 (\$170,337,911) in 1927-28, but this decline was general, and merely due to temporary trade depression in the Commonwealth. On the other hand, Australia's exports to United States of America declined from £9,630,770 (\$46,863,327) in 1922-23, to £6,953,566 (\$33,836,052) in 1927-28, excluding bullion and specie.

Against the 1926-27 value of exports from the United States of America to Australia—£41,394,277 (\$201,424,551)—the Commonwealth exported to the United States during the same period goods valued at £18,579,094 (\$90,405,871), showing a balance of \$111,018,680 against Australia.

Taking figures recorded in Overseas Trade Bulletins, Nos. 19 to 24, inclusive, prepared by the Commonwealth statistician, the leading commodities exported from Australia to the United States in 1926-27 comprised:

|                           |            |                |
|---------------------------|------------|----------------|
| Wool.....                 | £4,080,960 | (\$19,857,951) |
| Rabbit skins, etc.....    | 2,235,269  | (10,876,819)   |
| Hides and skins.....      | 1,048,351  | (5,101,276)    |
| Sausage casings.....      | 420,750    | (2,047,370)    |
| Metals and machinery..... | 350,423    | (1,705,158)    |
| Tin ingots.....           | 271,843    | (1,322,788)    |
| Pearl shell.....          | 207,339    | (1,008,912)    |
| Meats.....                | 28,619     | (139,260)      |
| Drugs and chemicals.....  | 19,926     | (96,960)       |
| Lumber, etc.....          | 18,850     | (91,724)       |

Wool imported by the United States from the Commonwealth is a product of very fine texture. Pure Australian merino is unique as regards its standing in the markets of the world, and in America, as in other textile manufacturing countries, it is classed as indispensable in the making of certain types of high-grade cloth. However, there has been a steady decrease in wool importations into the United States since the peak was reached in 1922. During that year 361,000,000 pounds were imported, whereas in 1927 only 253,000,000 pounds of wool reached the United States, a decrease of 108,000,000 pounds. This marked tendency to slow down imports of wool is equally disturbing to American textile manufacturers and Australian wool exporters, the latter having contributed 54,823,391 pounds in 1922-23 and only 41,751,617 pounds in 1926-27; a decrease of 13,071,774 pounds. At the same time—it should be noted—American importations of Australian merino wool do not compete directly with the domestic product, since the latter is generally used for purposes other than those in evidence where fine merino is in demand. In these circumstances it might be claimed that the marketing of Australian merino wool in the United States would justify revival of conditions experienced in 1922, and that encouragement of trade to this extent would be to the best interests of American textile manufacturers.

Turning now to United States exports to Australia, records in the Overseas Trade Bulletin, compiled by the Commonwealth statistician, group the leading American commodities shipped to the Commonwealth under the heading "Metals, metal manufactures, and machinery." These exports increased, on a money basis, from £5,634,313 (\$27,416,567) in 1917-18, to £20,171,028 (\$98,152,222) in 1926-27. The importance of Australia as a market for leading commodities in this section—automobiles, motor cycles, bicycles, and accessories—is disclosed in records showing the very pronounced increase in trade over a 10-year period. Details (in pounds sterling) are as follows:

|              |            |              |            |
|--------------|------------|--------------|------------|
| 1917-18..... | £1,109,684 | 1922-23..... | £3,596,113 |
| 1918-19..... | 1,321,098  | 1923-24..... | 7,468,658  |
| 1919-20..... | 2,183,722  | 1924-25..... | 7,878,110  |
| 1920-21..... | 2,807,428  | 1925-26..... | 8,380,295  |
| 1921-22..... | 1,450,446  | 1926-27..... | 9,887,034  |

Thus America's automobile exports to Australia increased from approximately \$5,000,000 in 1917-18 to over \$44,000,000 in 1926-27. These figures, obviously, formed the basis of a statement, published in a report issued by the United States Department of Commerce, to the effect that Australia is the leading market outside the United States for American automobiles and motor trucks.



The foregoing statistics indicate a balance of trade exceedingly favorable to the United States. They furnish ample basis for the strong feeling of the Commonwealth Government that any advance in tariff schedules, in which the chief Australian exports to the United States are now included, could not fail to be injurious, not only to individual Australian producers, but to the country as a whole. The Australian Government is desirous that mutually profitable and amicable trade relations between the two countries shall be developed and maintained. At the same time the competent authorities of the United States will readily appreciate that if further restrictions be placed on Australian trade, by tariff increases affecting Australian products, it is inevitable that feeling against American trade preponderance will grow. The Government of the Commonwealth therefore fears that increasing pressure will tend to divert Australian trade from the United States to British countries and to foreign countries with whom the Commonwealth has favorable trade relations.

In submitting the foregoing statement the Government of the Commonwealth has full confidence that the appropriate United States authorities will appreciate the sincerity of the desire to encourage reciprocal trade; that they will give full and sympathetic consideration to the difficulties now experienced in placing Australian products in exchange against the ever-increasing volume of American exports to the Commonwealth, and that they will do everything in their power to avoid the placing of further restrictions upon the movement of Australian commodities into the United States of America.

D. Dow,  
*Official Secretary, 25 Broadway, New York,  
 Office of the Commissioner for Australia in United States.*

BRITISH EMBASSY,  
 Washington, D. C., April 12, 1929.

SIR: In the absence of the commissioner for the Commonwealth of Australia, the official secretary to the commissioner has forwarded to me a memorandum containing important observations regarding the effect which the proposed readjustment of the United States customs tariff is likely to have on the character and volume of the trade between this country and the commonwealth.

2. It is the desire of His Majesty's Government in Australia that these observations should be perused and taken into earnest and sympathetic consideration by the competent United States authorities. I have the honor therefore to transmit copies of the memorandum and to request that it may be placed in the hands of the appropriate committees of the Congress as well as of the executive officials concerned with the question of tariff revision.

I have the honor to be, with the highest consideration, sir,  
 Your most obedient, humble servant,

(Signed) ESME HOWARD.

Hon. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

DEPARTMENT OF STATE,  
 Washington, June 29, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the British Ambassador, dated June 14, 1929, with regard to the proposed increase in duty on fresh tomatoes and the effect of this increase upon the Bahaman tomato industry. I have the honor to be, sir,  
 Your obedient servant,

H. L. STIMSON.

BRITISH EMBASSY,  
Washington, June 14, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State of the United States,*  
Washington, D. C.

MY DEAR MR. SECRETARY: The Governor of the Bahamas has written to inform me of the great concern with which the people of that colony viewed the proposal now before the United States Congress to increase the import duty on fresh tomatoes to 3 cents per pound. Neither his excellency nor I have any information as to the principle upon which the proposed increase of 600 per cent in the rates on fresh tomatoes is based and it is therefore impossible for me in this letter to present any facts or statistics which would serve to dispel misapprehensions on the part of the proponents of the tax respecting the character and costs of the Bahaman tomato industry or the extent to which Bahaman tomatoes compete with tomatoes grown in this country. About a year ago the United States Tariff Commission held public hearings on the comparative costs of producing and shipping tomatoes in the United States and in competing countries. Evidence was given at those hearings by Mr. Gilbert Albury, chairman of the board of agriculture of Bahamas who, I believe, must have convinced the commission that shipments of tomatoes from that colony carried no menace to American industry.

Should the evidence given before the Tariff Commission at that time, and particularly that given by Judge Albury (Docket No. 70, sec. 315, p. 86) be now available to the Finance Committee of the United States Senate, that honorable body will learn from it that shipments from Bahamas commence about the 15th of November and continue until the middle of February when the Florida crop begins to go north. Within recent years tomato growing has become one of the most important industries in the Bahaman Islands. Practically all of the capital invested is supplied by the United States. All the fertilizer used is of American manufacture. All the crate material is imported from this country, and this, as well as the fertilizer is carried for the most part in American vessels. In these circumstances, in view of the importance of the industry to the islands and especially in view of the fact that the Bahaman tomato crop in no way competes with that of Florida, I venture to inquire whether the proper congressional authorities might not be moved to refrain from the imposition of a rate of duty which is certain to result in the complete extinction of the trade. Believe me, dear Mr. Secretary,

Yours very sincerely,

ESME HOWARD.

DEPARTMENT OF STATE,  
Washington, July 2, 1929.

HON. REED SMOOT,  
*Chairman, Finance Committee, United States Senate.*

SIR: With reference to a letter addressed to you on June 19, 1929, transmitting a note and memorandum from the British Ambassador regarding increases in duty on certain agricultural products of Ber-

muda, I have the honor to enclose for your information a further note and memorandum from the British Ambassador on this subject.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

BRITISH EMBASSY,  
Washington, D. C., June 17, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State of the United States,*  
Washington, D. C.

SIR: With reference to your note of the 26th March, I have the honor to transmit herewith copies of a further memorandum forwarded by the Governor of Bermuda in reference to the proposed increases in the rates of duty on certain vegetables of which the colony is an exporter to the United States.

2. Since, unfortunately, it would appear, from the alterations in the tariff on these vegetables as proposed by the Ways and Means Committee and passed by the House of Representatives, that the case presented on behalf of the Government of that island has not brought about the results hoped for, I venture to request that you will be so good as to lay the governor's representations in their entirety before the Finance Committee of the Senate in the hope that its members will realize the grave disadvantages which will accrue to the trade of Bermuda if the proposed increases are retained.

I have the honor to be, with the highest consideration, sir,  
Your most obedient, humble servant,

ESME HOWARD.

ADDITIONAL STATEMENT PREPARED FOR THE INFORMATION OF THE FINANCE COMMITTEE OF THE UNITED STATES SENATE REGARDING THE TRADE IN CERTAIN AGRICULTURAL PRODUCTS BETWEEN BERMUDA AND THE UNITED STATES OF AMERICA

In the memorandum prepared for the information of the Ways and Means Committee of the House of Representatives by Mr. J. D. B. Talbot and the undersigned, and dated January 29, 1929, it was clearly set forth that Bermuda vegetables are not competitive with American domestic vegetables, and that the value of American agricultural products and foodstuffs imported from the United States into Bermuda greatly exceeds the value of Bermuda vegetables imported into the United States. It was further demonstrated that the continuance of the present volume of American exports to Bermuda depends largely upon the continuance of the purchasing power of the Bermuda vegetable grower.

2. In the comments made by the undersigned (dated February 27, 1929) on the statement made by A. G. M. Thompson, Middletown, N. Y., and others before the Ways and Means Committee regarding Bermuda celery imported into the United States there was presented ample proof that Bermuda celery in particular does not enter into competition with American celery either on a quantity or price basis.

3. Information will be here presented regarding Bermuda's exports to the United States of carrots, celery, and potatoes.

4. During the five years 1923 to 1927 Bermuda exported annually to the United States 64,057 bushels carrots, 33,171 crates celery, and 86,241 bushels potatoes. During the same period the United States' domestic commercial production averaged 5,602,000 bushels carrots, 5,518,000 crates celery, and 390,166,000 bushels of potatoes. Expressed in percentages, Bermuda's exports to the United States of the three vegetables named were 1 per cent, 0.5 per cent, and 0.02 per cent, respectively.

5. It is clearly shown in the preceding paragraph that the three Bermuda vegetables named are not competitive on a production basis, and the following table shows no less clearly that competition from Bermuda vegetables is equally absent on a production costs basis.

|               | Bermuda costs     | United States costs |
|---------------|-------------------|---------------------|
| Carrots.....  | Per bushel \$0.90 | Per bushel \$1.21   |
| Celery.....   | 1.76              | .63                 |
| Potatoes..... | 1.25              |                     |

6. To the foregoing statements that Bermuda carrots, celery, and potatoes are not competitive with similar American vegetables on either quantity or cost basis can be added the fact that competition is also lacking on a price basis. Below are given average prices during the 5-year period 1923-1927:

|               | Bermuda                | United States      |
|---------------|------------------------|--------------------|
| Carrots.....  | \$1.60 per bushel..... | \$0.66 per bushel. |
| Celery.....   | \$8.12 per crate.....  | \$1.90 per crate.  |
| Potatoes..... | \$4.94 per bushel..... | \$1.76 per bushel. |

The prices given above for Bermuda vegetables are New York jobber's prices and for American vegetables are from the United States Department of Agriculture Yearbook.

7. In conclusion I would point out that the foregoing clearly shows that the Bermuda vegetables herein referred to are not competitive with United States vegetables on quantity, costs, or price basis.

E. A. McCALLAN,  
Director of Agriculture.

AGRICULTURAL STATION, BERMUDA, May 30, 1929.

*Schedule of Bermuda and United States import duties on vegetables*

|                            | Bermuda  | United States                                     |                          |
|----------------------------|--|---|--------------------------|
|                            |  | In force  | Proposed                 |
| Beans.....                 | 2d. per pound.....                                     | 1 cent.....                                       | 3½ cents per pound.      |
| Beets.....                 | do.....  | 17 per cent.....                                  | 17 per cent.             |
| Bulbs, Lilliumlongiflorum. | £10 per M.....   | \$2.....  | \$6.                     |
| Cabbage.....               | 2s. 6d. per dozen heads.....                           | 25 per cent.....                                  | 50 per cent.             |
| Carrots.....               | 2d. per pound (about \$1.13 per crate).....            | 25 per cent (about 98 cents (?) per crate).....   | Do.                      |
| Celery.....                | 2s. 6d. per dozen plants (about \$1.60 per crate)..... | 25 per cent (about 90 cents per crate).....       | Do.                      |
| Cucumbers.....             | 2s 6d. per dozen.....                                  | 25 per cent.....                                  | 3 cents per pound.       |
| Lettuce.....               | 5s 6d. per dozen heads.....                            | Do.....   | 50 per cent.             |
| Onions.....                | 2s. per bushel.....                                    | 1 cent (57 cents per bushel).....                 | 2 cents per pound.       |
| Potatoes, Irish.....       | 4s. per bushel.....                                    | 60 cents per 100 pound (30 cents per bushel)..... | 7½ cents per 100 pounds. |
| Potatoes, sweet.....       | 8s. per 100 pounds.....                                | .....   | .....                    |
| Spinach.....               | 2d. per pound.....                                     | 25 per cent.....                                  | 50 per cent.             |
| Tomatoes.....              | do.....  | 1½ cents per pound.....                           | 3 cents per pound.       |
| Turnips.....               | 5s. 100 pounds.....                                    | 12 cents per 100 pounds.....                      | 25 cents per 100 pounds. |
| Watermelons.....           | 7 each.....  | 25 per cent.....                                  | 50 per cent.             |

Rates for Bermuda are for certain months. During remainder of the year the rate is 12¼ per cent, except potatoes which remain at the above rate throughout the year.

DEPARTMENT OF STATE,  
Washington, July 6, 1929.

HON REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copies of notes from the British Ambassador, dated June 20, 1929, inclosing memoranda on the subject of the proposed increase in tariff duties and the effect thereof on the importation into the United States of certain British products.

I have the honor to be, sir,  
Your obedient servant,

W. R. CASTLE,  
*Acting Secretary of State.*

BRITISH EMBASSY,  
Washington, D. C., June 20, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State of the United States,*  
*Washington, D. C.*

SIR: I have the honor to transmit copies of a memorandum submitted by Messrs. British Glues & Chemicals (Ltd.) on the subject of the proposed increase in the duty on imports of glue into the United States, and to beg that you will be so good as to bring its contents to the notice of the Finance Committee of the Senate for its careful consideration in connection with the hearings which are now being held.

2. I would add that the Federation of Hide, Gelatine & Glue Manufacturers (Ltd.) associates itself with the contents of the inclosure.

I have the honor to be, with the highest consideration, sir,  
Your most obedient, humble servant,

ESME HOWARD.

MEMORANDUM SUBMITTED BY BRITISH GLUES & CHEMICALS (LTD.)

HEAD OFFICE, IMPERIAL HOUSE,  
15, 17, 19 Kingsway, London, W. C. 2, May 6, 1929.

Re proposed increase of tariff on glue imported into the United States of America.

An application for an increase in the tariff on glue imported into the United States of America has been submitted by the National Association of Glue Manufacturers for inclusion in the provisions of the bill before Congress.

CHANGED POSITION OF GLUE INDUSTRY

The original application for an increase in the tariff on glues was made in June, 1924. The position of the glue industry in the United States of America at the present time differs very materially from the position at June, 1924. This is shown by the stock and production position, as published by the Department of Commerce, Washington:

|   | Total stocks of bone and hide glues | Stocks of bone glue only |
|---|-------------------------------------|--------------------------|
| Date of original application, June, 1924..... | Pounds<br>51,695,900                | Pounds<br>20,660,900     |
| At end of fourth quarter, 1928.....           | 29,759,400                          | 11,739,400               |

It will be seen that stocks had fallen very materially at the end of the fourth quarter of 1928 as compared with June, 1924 (the date of the original application), whilst at the same time total production increased, the relative figures being: 1924, 99,694,400 pounds; 1928, 103,620,900 pounds.

#### COMPARATIVE COSTS

The comparative cost of production of extracted bone glue in Great Britain and the United States, in Table 16 of the preliminary statement of the Tariff Commission, which was referred to in the brief submitted by the National Association of Glue Manufacturers to the Committee of Ways and Means, House of Representatives, in January, 1929, is too low, and is not representative of the costs in this country. The figures relating to Great Britain given in Table 16 are selected costs which apply only to one small and favorably situated factory. This factory produces glue as a side line, its principal manufacture being soap.

Mr. Harold J. Cotes, joint managing director of this company, and Mr. Norbert L. Lederer, the United States of America representative of the Aktiengesellschaft für Chemische Produkte vormals H. Scheidemandel, Dorotheenstrasse 95, Berlin, Germany, presented a joint brief to the United States Tariff Commission in Washington in April, 1928. This brief showed, inter alia, that when the British figures given in Table 16 were brought to truly comparative basis with the United States figures quoted in the same table, the total British cost amounted to 14.56 cents per pound as against the United States cost of 13 cents per pound. It will therefore be seen that the existing tariff on glue more than equalizes the cost of production between America and England.

An investigation made by the United States Tariff Commission in the second half of 1928 into the costs of production of hide glue in Europe showed that the cost of production of hide glue in Europe is higher than the American cost.

#### IMPORTS INTO UNITED STATES OF AMERICA

The types of glue imported into America are in the majority of cases, special grades and types, which are not produced by the American industry.

These special grades and types are essential to the American industry for blending purposes and to meet the requirements of special trades.

The following comparative tables of production, imports and exports for the years 1926 to 1928—

| Production:                           | Pounds      |
|---------------------------------------|-------------|
| 1928-----                             | 103,620,900 |
| 1927-----                             | 104,168,700 |
| 1926-----                             | 100,173,400 |
| (Department of Commerce, Washington.) |             |
| Imports:                              | Pounds      |
| 1928-----                             | 9,072,601   |
| 1927-----                             | 6,817,802   |
| 1926-----                             | 6,250,912   |
| Exports:                              | Pounds      |
| 1928-----                             | 2,358,256   |
| 1927-----                             | 2,321,780   |
| 1926-----                             | 2,290,584   |
| (American Customs Statistics.)        |             |

considered in conjunction with the markedly improved stock position, evidenced in the table below—

| Total stocks:                         | Pounds     |
|---------------------------------------|------------|
| Fourth quarter 1928-----              | 29,759,400 |
| Fourth quarter 1927-----              | 33,615,900 |
| Fourth quarter 1926-----              | 35,225,600 |
| (Department of Commerce, Washington.) |            |

is an indication that America's production tonnage is inadequate for her consumption. The importation of foreign glue is therefore necessary to meet the demand on her home market.

Although imports of glue into America increased during the second half of 1928, that there was no repercussion on the American industry is shown by the more favorable stock position in 1928 as compared with preceding years, to

which reference has previously been made, and also by the fact that during this period the prices of glues have been advancing steadily, and are now 20 per cent higher than they were in 1924. It is submitted that present prices allow the United States manufacturers to sell their product at a reasonable margin of profit.

Any increased duty on glues, which is used in almost every industry, would have its reflection in enhanced prices to the American consumer, and would especially affect prices of grades of glue which are not produced by United States manufacturers.

It is submitted that the before-mentioned facts and figures show that an increase of the tariff on glue is not necessary for the protection of the American glue manufacturer, and is prejudicial to the interests of the consumer.

We further believe that any increase of duty would not only hamper American home trade, but would, in addition, disturb foreign trade and tend to impede America in her exploitation of foreign markets.

BRITISH EMBASSY,

Washington, D. C., June 20, 1929.

HENRY L. STIMSON,

Secretary of State of the United States, Washington, D. C.

Sir: I have the honor to inform you that I am in receipt of a complaint submitted by the American representatives of Messrs. James Templeton & Co., Glasgow, Scotland, and Messrs. Wm. C. Gray & Sons (Ltd.), Ayr, Scotland, against the proposed increase in the duties on imports into the United States of Chenille carpets and rugs. I inclose copies of a memorandum outlining the case presented by these two houses and venture to request you to be so good as to bring it to the attention of the Senate Finance Committee and other appropriate agencies of your Government, for their careful and sympathetic consideration.

I have the honor to be, with the highest consideration, sir,

Your most obedient, humble servant.

ESMIE HOWARD.

MEMORANDUM

Presented by Messrs. George B. Galbraith & Co. and Messrs. Balfour, Williamson & Co. on behalf of Messrs. James Templeton & Co. and Messrs. Wm. C. Gray & Sons (Ltd.), respectively, June 19, 1929.

Under the House Committee on Ways and Means' new tariff bill it is proposed to raise the duty on Chenille carpets and rugs from the existing 55 per cent ad valorem to 50 cents a square foot, with a minimum of 60 per cent ad valorem.

The minimum of 60 per cent ad valorem may be omitted from consideration, for on the vast majority of Chenille carpets and rugs which come into this country the specific rate of 50 cents a square foot would apply. The average foreign cost of imported British Chenille is less than \$4 a square yard (in the Tariff Commission's publication Textile Imports and Exports issued this spring, the average foreign cost of all Chenille imported during the year 1927 is given as \$3.85). The duty of 50 cents a square foot equals \$4.50 a square yard, so that this proposed rate is the equivalent of 112½ per cent on \$4, or more than double the present duty. If this rate goes into effect it means the shutting out of Chenille carpets and rugs altogether with the exception of a comparatively small amount of expensive goods to which the 60 per cent ad valorem rate would apply.

Chenille is listed in paragraph 1116 of the present tariff along with Oriental, Savonnerie, and other handmade carpets. Chenille, however, is a machine-made fabric, and as the handmade carpets are very much more expensive than Chenille, the rate of 50 cents a square foot is, of course, a much less percentage of their value than it is on Chenille. We do not think the Committee on Ways

and Means perceived that this rate on Oriental and other handmade rugs when applied to machine-made Chenille would mean in actual fact the prohibition of the latter, or otherwise it would be a most discriminatory tax, particularly when it is seen that the duty on other machine-made carpets, such as Wilton, velvet, and spooled Axminster, has been raised from 40 to 60 per cent ad valorem, whereas Chenilles are raised from 55 to 112½ per cent.

It is our belief that in the tremendous press of business that must necessarily exist in the framing of a new tariff bill the Committee on Ways and Means did not see this fact, and we should think that if its obvious injustice and discrimination (however unwitting) were drawn to the attention of the United States administration steps might be taken to rectify matters in the Senate Finance Committee, a subcommittee of which will start consideration of the carpet schedule of the tariff bill on June 24.

It can be clearly substantiated that the present duty of 55 per cent is ample protection for the domestic interests by a study of the wholesale selling prices of the latter as compared with those of the imported article, and what we should like to see, and what we think would be eminently fair to the domestic interests, would be to have a subdivision made of paragraph 1116 for the inclusion of chenille only, with the duty unchanged at 55 per cent, or, if necessary, increased to not more than 60 per cent ad valorem. By so doing the chenille will be taken away from the oriental and other handmade carpets and would thereby be relieved of its extinction which inclusion with the oriental rugs at 50 cents a square foot means.

Many American dealers in carpets and rugs have expressed their disapproval of this discriminatory duty, among them the National Retail Floor Covering Association, which latter association is preparing a brief to submit to the Senate Finance Committee, which brief will advocate that the duty remain unchanged at 55 per cent ad valorem. This action is an indication of the dissatisfaction and disapproval of American floor covering dealers with the proposed new rate.

Respectively submitted.

GEORGE B. GALBRAITH & Co.,

GEORGE B. GALBRAITH, *President*,

*Selling agents for James Templeton & Co., Glasgow, Scotland.*

BALFOUR, WILLIAMSON & Co.,

BERTRAM D. BLYTH, *Partner*.

*Selling agents for Wm. O. Gray & Son (Ltd.), Ayr, Scotland.*

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DEPARTMENT OF STATE,  
*Washington, July 6, 1929.*

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: With reference to communication addressed to you regarding the effect of the proposed changes in the tariff upon the trade of the British West Indian Colonies with the United States, I have the honor to inclose for your information a copy of a note from the British ambassador, dated June 27, 1929, on the same subject.

I have the honor to be, Sir,

Your obedient servant,

WILLIAM R. CASTLE,  
*Acting Secretary of State.*

BRITISH EMBASSY,  
*Washington, June 27, 1929.*

The Hon. HENRY L. STIMSON,

*Secretary of State of the United States.*

MY DEAR MR. SECRETARY: I have had the honor on several occasions during the last few months to present to you the considered views of some of our West Indian colonies on the subject of the changes, detrimental to their trade with the United States, which there seems every reason to fear will be incorporated in the new



United States tariff act. I am loath to approach you again on the subject, but I trust you will permit me to place before you briefly certain considerations which have as their purpose to make clear how large and important a rôle the export of certain fruits and vegetables to this country plays in the prosperity or otherwise of the islands. These islanders are in fact almost wholly dependent on the soil for their livelihood and largely dependent on the United States both as an outlet for their products and as a source of their manufactured imports. If the rates of duty under the new bill are to be raised against them, thereby putting a stop to the entry of their produce into the United States, it is hardly to be considered likely that substitute markets can become available without a great deal of effort, if at all. In addition, the islanders will evidently be more than inclined to turn away from the United States in purchasing the manufactured articles necessary for their agriculture and domestic use, to the obvious detriment of American exports.

2. Let me advert first of all to the case of Bermuda, which, for the purposes of this discussion I hope you will permit me to consider as part of the West Indies. My representations have formed the subjects of three notes addressed to your department on February 1, March 16, and June 17, respectively, of this year. The total population of Bermuda is about 31,000 and by far its largest industry is the trade in fruits and vegetables with the United States. The main crops—viz, potatoes, onions, and green vegetables, consisting mainly of carrots, beets, lettuce, parsley and celery—are planted from August to March and are reaped and shipped from December to June to New York, when the market is comparatively bare of early potatoes and fresh vegetables. The seed for a large proportion of the potatoes is imported from Long Island. On the other hand, owing evidently to the propinquity of the United States and to the excellent steamship communication, two-thirds of the island's imports come from this country. Yet the increases proposed in the new tariff bill as passed by the House of Representatives are 100 per cent on imports of onions, carrots, lettuce, celery, parsley, etc., and 50 per cent on potatoes. The hardship thus placed on the Colony is accentuated by the fact that the amount of Bermudian produce exported to the United States amounts to a negligible percentage of the total amount of any of these vegetables consumed in the United States, moreover, the continuance of the present volume of American exports to Bermuda depends largely on the continuance of the purchasing power of the Bermuda grower, not only on his good will.

3. Similar considerations would apply in the case of fresh limes grown in the islands of Dominica. This island, an administrative part of the Leeward Islands Colony, contains only an area of 304 square miles, with a population of about 40,000 principally dependent on their harvests of limes and other fruits, cocoa, and cocoanuts. In regard to the former, I had the honor to address you in my note of June 17, No. 332, and I need not recapitulate the potent arguments therein advanced on behalf of the producers and shippers of that fruit. If I may venture to be frank, it would seem inexplicable that a handicap of double the present duty should be placed on these humble traders.

4. On June 14 I had the honor to address to you an informal note on the subject of the proposed increase of no less than 600 per cent in the import duty on fresh tomatoes. I took occasion to point out that tomatoes coming from the Bahamas are not competitive with the American-grown product inasmuch as shipments commence about November 15 and continue until the middle of February, when the Florida crop begins to move north. The industry is one of the most important in these small islands. Practically all the capital invested is supplied from United States sources. The necessary fertilizing and crating materials are imported from this country. The complete disappearance of this mutual trade is to be feared if the proposed rate of duty is finally accepted. Another important product of the Bahamas is sponges. As early as last February 18 I was compelled to bring to your attention the fact that these sponges do not compete with the Florida varieties. The food and clothing for the large number of islanders engaged in the industry are imported from this country and shipments are made in American bottoms. Yet the import duty on sponges from the Bahamas is, so far as I can gather, to be raised an additional 10 per cent ad valorem. I would only add that about 80 per cent of the total imports of the Bahamas come from the United States.

5. May I be allowed, in conclusion, to refer to one more case which concerns a vegetable product coming not from our small colonies in the Atlantic but from India? On June 12 I had the honor to lay before you a copy of a letter from a firm in Bombay on the subject of the tariff treatment of cashew nuts. In this particular case where there is, I am informed, no competition from domestic sources in this country, the proposed rate of increase in the duty amounts, if my informant is correct, to the almost unbelievable increase of 1,000 per cent. On such a proposal it seems difficult to put forward any comment.

6. I shall be most grateful for your good offices in bringing this plea to the notice of the Senate Committee on Finance and of other department and agencies of your Government likely to bring sympathetic consideration to bear on the matter.

Believe me, dear Mr. Secretary,

Yours very sincerely,

ESME HOWARD.

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DEPARTMENT OF STATE,  
Washington, July 8, 1929.

The Hon. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the British Ambassador, dated June 17, 1929, with inclosure thereto, concerning the proposed increase in duty, under the new tariff bill, on green limes imported into the United States from the island of Dominica, British West Indies. I have the honor to be, sir,

Your obedient servant,

H. L. STIMSON.

BRITISH EMBASSY,  
Washington, D. C., June 17, 1929.

The Hon. HENRY L. STIMSON,  
Secretary of State of the United States,  
Washington, D. C.

SIR: I have the honor to transmit herewith copies of a short statement prepared by the producers and shippers of green limes in the island of Dominica, British West Indies, in connection with the proposed increase in the rate of duty, under the new tariff bill, to 2 cents per pound on imports of this fruit into the United States.

2. I am further advised by the administrator of Dominica that, as the green lime market is confined to New York, should the additional duty of 100 per cent be brought into operation it will tend to greatly diminish this trade, as the limes will be left to mature for the manufacture of concentrated juice and for equelling and distilling the oil content from ripe limes.

3. I shall be grateful if you will be so good as to cause the information now presented to be laid before the Senate Committee on Finance for their sympathetic consideration in connection with the hearings on the tariff now being held. I have the honor to be, with the highest consideration, sir,

Your most obedient, humble servant,

ESME HOWARD.

STATEMENT BY AND ON BEHALF OF PRODUCERS AND SHIPPERS OF GREEN LIMES  
IN DOMINICA, BRITISH WEST INDIES

(1) Limes are the staple produce of this island aggregating in value about 90 per cent of the total exports of agricultural produce.

(2) A substantial part of the total production now finds a market in the United States of America as green limes.

(3) An increase of 100 per cent in the duty on limes can not fail to have a crippling effect on the industry and therefore on the purchasing power of the people of this island.

(4) A large part of the imports of this island are derived from the United States and any curtailment of the purchasing power of the community is bound to be reflected in reduced imports from that country.

(5) The United States can not within her own borders supply one-tithe of her requirements of green limes.

(6) The West Indian lime does not enter into competition with the lemons produced in the United States.

(Here follow the names of six signatories.)

DEPARTMENT OF STATE.  
Washington, July 23, 1929.

The Hon. REED SMOOT,  
Chairman Finance Committee, United States Senate.

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of note No. 374, dated July 10, 1929, from the British Embassy, transmitting three memoranda submitted by manufacturing and exporting interests in Great

Britain in respect of the duties on bone china, metallic pens, and Axminster chenille carpets.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

BRITISH EMBASSY,  
*Washington, D. C., July 10, 1929.*

No. 374.

SIR: I have the honor to transmit herewith copies of the three following memoranda submitted by manufacturing and exporting interests in Great Britain in respect of the duties which are proposed to be levied in the new tariff bill as passed by the House of Representatives on imports of the articles which form the subject-matter of the memoranda:

(1) Memorandum submitted by the British Pottery Manufacturers' Federation in respect of bone china.

(2) Memorandum prepared by the Association of British Steel Penmakers in respect of metallic pens.

(3) Memorandum submitted by the Axminster Jacquard & Chenille Carpet Manufacturers' Association in respect of Axminster Chenille carpets. (In this connection I refer to my note No. 344 of June 20.)

2. I beg leave to invoke your good offices toward bringing the contents of these memoranda to the sympathetic consideration of the Senate Finance Committee and that of other branches of your Government who may be interested.

I have the honor to be, with the highest consideration, sir,  
Yours most obedient, humble servant,

ESME HOWARD.

The honorable HENRY L. STIMSON,  
*Secretary of State of the United States, Washington, D. C.*

MEMORANDUM IN REGARD TO THE DUTIES ON BONE CHINA SUBMITTED BY THE  
BRITISH POTTERY MANUFACTURERS' FEDERATION, STOKE-ON-TRENT, ENGLAND

(Par. 212)

This federation have followed very keenly the evidence given at the hearings of the Ways and Means Committee in regard to the proposed revision of that portion of the tariff which relates to pottery, and in view of the final recommendations of that committee desire to make the following observations on the subject:

Clauses 211 and 212 of the United States of America customs tariff relate to earthenware and china, and clause 212 is subdivided to define the duties on (a) china and vitrified goods, and (b) on china with a bone content of 25 per cent. It is with the proposed alteration of the duty on the last-named class of pottery that this federation is particularly concerned.

From the evidence given before the Ways and Means Committee it would appear that the American manufacturers, as an associated body, were overwhelmingly in favor of the maintenance of clause 212 so far as regards the ad valorem duties, but that a written application by one isolated manufacturer influenced the committee into recommending the deletion of the last portion of clause 212, which makes a differential in the duties on china in favor of bone china.

The proposed elimination of this bone-china differential causes considerable dismay to the English china manufacturers, and the following facts are set forth for consideration, namely:

1. The bone china imported into the United States of America is exclusively of British origin.

2. There is no bone china produced in the United States of America. Its manufacture was abandoned years ago by the solitary manufacturer who made the written application for the removal of the bone-china clause from the tariff.

3. The withdrawal of the bone-china differential is aimed directly at the British manufacturer. All China made in this country has a bone content, at least 50 per cent in excess of that stipulated in the 1922 tariff.

4. The United States official figures (expressed in dozens) of the imports of bone china into the United States of America differ seriously from the returns made to this federation by its china members, and this difference suggests that there is some foundation for the report that a large amount of continental china has erroneously been entered as bone china at ports other than New York, thereby increasing the official figures of dozens of bone china wares imported, with a corresponding serious decrease in the average value. According to the figures supplied to this federation, the United States official figures give an entered value per dozen which is approximately 50 per cent less than the actual average value of real bone china exported from this district, which is the sole source of supply of bone china imported into the United States of America.

The following figures show comparison between those appearing in the United States official publications and the figures obtained from members of this federation, and in regard to these figures it is desired to say that, so far as the federation figures are concerned, they can be checked by the United States consul on the one hand, or they may be audited by a chartered accountant appointed by the United States Government.

*United States of America official figures*

|                         |             |
|-------------------------|-------------|
| Dozens -----            | 154,757     |
| Value -----             | \$1,017,000 |
| Average per dozen ----- | \$6.50      |

*Federation figures*

|                         |                      |
|-------------------------|----------------------|
| Dozens -----            | 66,220               |
| Value -----             | \$850,631            |
| Average per dozen ----- | <sup>1</sup> \$12.84 |

These figures at once show the serious discrepancy in both the number of dozens imported and the entered average value. The difference in the quantity of dozens, i. e., 88,537, would—if based on the official figures given as being the average value of Continental China—account for the difference in the total entered value, and this confirms the suggestion that a volume of china greatly exceeding the English exports has been erroneously entered as bone china. There is no doubt that this swelling of the imports of bone china and consequent decrease in the average value would have considerable influence with the committee in considering the application for the removal of the bone china differential.

5. The application for the removal of the bone china differential was made on behalf of one manufacturer only. The turnover of this particular factory, i. e., from one pottery, exceeds in value the whole of the bone china exported from this country, and should the export of English china be maintained in spite of the increase in duty, the effect of the withdrawal of the bone china differential would be to raise the retail price of English china to the American retail purchaser by more than \$300,000 per year, or at least one-third the turnover of the aforesaid factory.

This Federation feels very strongly that United States citizens should not have to pay such an increased price for English china merely on the application of one single manufacturer of a different commodity.

<sup>1</sup> This value is net, plus packages. As packages are dutiable roughly, 2½ per cent may be added to the value.

## MEMORANDUM PREPARED BY THE ASSOCIATION OF BRITISH STEEL-PEN MAKERS ON THE UNITED STATES TARIFF PROPOSALS

(Par. 351)

1. Metallic pens form a separate item under the American tariff law and they consist of either the nib by itself or the nib and barrel combined in one piece, the barrel being pushed on or into the penholder.

2. The new duties proposed by the House of Representatives are:

Pens of plain or carbon steel, 15 cents per gross compared with 12 cents per gross at present;

Pens wholly or in part of other metal, 18 cents per gross compared with 12 cents per gross at present; and

Pens with nib and barrel in one part, 20 cents per gross compared with 15 cents per gross at present.

The tariff on nibs was increased as recently as 1921 by 50 per cent and the proposed further increase represents an additional 37½ per cent, making the duty 87½ per cent higher than it was in 1921.

3. Evidence in support of the proposed new tariff has been given before the Committee of Ways and Means—House of Representatives—by persons representing the American Steel Pen Association and the case against an increase has been presented by Mr. F. T. Blakeman on behalf of the importers of steel pens. A print of the evidence given appears on pages 1572 to 1581 of Tariff Readjustment Hearings. Copy of a supplementary brief filed by the American importers is printed on pages 6973-5 of the Tariff Readjustment Hearings.

4. The American manufacturers base their claim for further protection on the ground that the low cost of labor in England and other countries acts unfairly against them. From the evidence of the American pen manufacturers given in 1921 when they were seeking to have the tariff increased from 8 to 12 cents per gross (see pp. 1006 to 1011 of Tariff Information, 1921, Pt. II) it will be seen that they then stated that owing to the low wages in England and other countries they were unable to pay their employees a proper wage and that an increase from 8 to 12 cents would enable them to remunerate their employees properly. They denied any wish to increase profits, but alleged that the English pen manufacturers in spite of a duty of 8 cents per gross were easily able to undersell them and they found that importations from Great Britain were increasing rapidly.

5. Although the American manufacturers apparently feared that exports from abroad would be largely increased such has not been realized as the exports of foreign pens to United States in the past years have shown a very slight increase only, viz: An average yearly increase of 0.09 per cent, the exports being as follows:

|           | Gross    |
|-----------|----------|
| 1922..... | 698, 124 |
| 1923..... | 712, 487 |
| 1924..... | 734, 120 |
| 1925..... | 767, 184 |
| 1926..... | 900, 647 |
| 1927..... | 730, 755 |

The above figures all represent exports from Great Britain excepting less than one-half of 1 per cent.

6. In fact it is our contention that the American manufacturers do not suffer from foreign competition at all in respect of the grade of pen manufactured in Great Britain which commands a higher average selling price than that of American manufacture. American pens are sold at figures considerably below the selling price of English pens as shown in the evidence given on behalf of the importers—page 1576 of the Tariff Readjustment print. On the other hand the exports of the American pen manufacturers chiefly to Great Britain show an average yearly increase of 61 per cent for the period 1922-1927 as shown in the following table:

|           | Gross    |
|-----------|----------|
| 1922..... | 203, 551 |
| 1923..... | 202, 614 |
| 1925..... | 325, 367 |
| 1926..... | 442, 533 |
| 1927..... | 371, 624 |

7. The following figures show the difference between the costs and prices of English pens exported to America and American pens:

|                                 | English pens | American pens |
|---------------------------------|--------------|---------------|
| Average cost of production..... | Cents 32     | 35            |
| Price of trade.....             | 1 50         | 1 57          |
| Price to schools.....           | 1 50         | 1 32          |

<sup>1</sup> Minimum price.

<sup>2</sup> Average price.

The average landed cost per gross of pens imported into the United States from the years 1922 to 1927 was 54 cents per gross 41 cents being the invoice cost and 13 cents being duty and carriage charges and to these costs the importers have to add something for their profit before fixing the selling price. Fifty-four cents is almost double the price at which a large percentage of pens of American manufacture are sold. American manufacturers would therefore be able to raise their prices very considerably before meeting any competition whatever from foreign manufacturers. The evidence given on behalf of the American Manufacturers—p. 1578 of the "Tariff Readjustment" print—is largely based on the fact that the alleged cost of pens in England is about 12 cents per gross as against the American cost of 35 cents per gross whereas the real cost of English pens exported to United States of America is 32 cents.

In any case the average cost of imported pens in New York being 54 cents per gross and the production cost in the United States being 35 cents per gross the American manufacturer already has a margin of 19 cents or nearly 50 per cent of his own production cost without any further increase in the tariff.

8. The American manufacturers assume that English wages still remain at pre-war level and that women's wages remain constant at \$6 whereas in fact the wages in the trade are as follows:

|                     | Per week         |
|---------------------|------------------|
| Women, average..... | \$10. 20         |
| Skilled men.....    | 24. 30 to 38. 50 |
| Unskilled men.....  | 19. 44 to 34. 50 |

Labor costs in England form 70 per cent and materials and overheads 24 per cent of the cost of production.

9. The American manufacturers complain that the English exporters are making rustless steel pens with which they can not compete unless they are further protected and they class these as plated pens (which in fact they are not) and ask for a higher duty accordingly.

In fact only 700 gross of these pens were exported in 1927 and inasmuch as their cost including duty is \$1.25 per gross the sale of these pens will always be small.

10. The proposals also include a discriminatory increase in respect of metallic-plated pens not previously separately dutiable. No reasons are adduced for this discrimination and whereas the evidence proves a large margin between the cost of the American steel pen and the imported steel pen, the difference is still more marked in the case of the metallic-plated pen. Already increased 50 per cent in 1921 the proposals would now add a further 75 per cent, making the total increase on metallic-plated pens 125 per cent.

11. The plea for an increased tariff as put forward by the American manufacturers is based on incorrect information as to English production costs and selling prices.

12. The margin enjoyed by the American manufacturers as shown herein would in fact justify a reduction to the former duty of 8 cents per gross. There is in fact, practically speaking, no competition in the American market between pens of British manufacture and those of American manufacture owing to the disparity in the relative selling price. The import statistics prove the constancy of the call for pens of the grade exported by Great Britain to the United States.

MEMORANDUM IN REGARD TO THE DUTIES ON CHENILLE AXMINSTER CARPETS  
SUBMITTED BY THE AXMINSTER JACQUARD AND CHENILLE CARPET MANUFACTURERS'  
ASSOCIATION, KIDDERMINSTER

(Paragraph 1116)

Under the new United States tariff bill it is proposed (par. 1116) to raise the duty on chenille Axminster carpets and rugs from 55 per cent ad valorem to 60 cents per square foot (with a minimum of 60 per cent ad valorem). This proposed increase is of an extremely discriminatory nature.

Chenille Axminster carpets exported to the United States are valued at from about 1/4d (32 cents) per square foot to higher prices. A fair average value of these carpets would be 1/10d (44 cents) per square foot. The proposed new duty would therefore be about 110 per cent on machinemade chenille Axminster carpets, compared with 60 per cent on other machinemade carpets in Axminster, Wilton, velvet, and tapestry fabrics (par. 1117 a). A duty of 110 per cent would almost certainly kill the trade in chenille Axminster, which has been carried on for probably about 60 years.

The official report of the Ways and Means Committee states that paragraph 1116 of the tariff act "relates to carpets that are mainly handmade." The question naturally arises—why are machinemade chenille Axminster carpets and rugs included among the handmade carpets, while all the other machinemade carpets of Axminster and Wilton (which are approximately of the same value) are placed in paragraph 1117?

A duty of 50 cents per square foot on expensive handmade carpets from Persia, China, etc., represents a much lower percentage of their value than the same duty on chenille Axminster.

It is submitted that a duty of approximately 110 per cent on chenille Axminsters, compared with 60 per cent on other similar carpets, is obviously discriminatory. There is no reason, as far as the methods or costs of manufacture are concerned, why chenille Axminster should be treated in a different way from the others. In view of the fact that carpet wools are imported free of duty into the United States, the duties proposed under paragraph 1117 would amply cover any difference in the cost of manufacture in Great Britain and the United States in the case of chenille carpets as in the case of the other makes specified.

While the import of chenille Axminster is trifling compared with the total production and consumption of high-grade carpets in the United States, there is a certain class of American consumers who have for long been accustomed to purchase these imported goods, and the proposed new tariff would put the price of them to a prohibitive figure. With probably only two or three exceptions, the American carpet manufacturers have not attempted to develop to any extent this fabric which is of a slightly complicated nature.

It is therefore suggested that chenille Axminster carpets and rugs should be transferred from paragraph 1116 to paragraph 1117 and be dutiable at the same rates as other Axminster carpets.

DEPARTMENT OF STATE,  
Washington, July 25, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of note No. 391, dated July 17, 1929, from the British Ambassador, transmitting a memorandum submitted by Messrs. S. Allcock & Co. (Ltd.), of Redditch, commenting upon certain evidence given before the Committee on Ways and Means in regard to the duty on fishing tackle.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.



BRITISH EMBASSY,  
Washington, D. C., July 17, 1929.

HON. HENRY L. STIMSON,  
Secretary of State for the United States,  
Washington, D. C.

SIR: In connection with the question of tariff revision and the hearings now being held by the Senate Finance Committee, I have the honor to transmit copies of a memorandum submitted by Messrs. S. Allcock & Co. (Ltd.), of Redditch, commenting upon certain evidence given before the Committee on Ways and Means in regard to the duty on fishing tackle.

2. I should be very grateful if the good offices of the Department of State could be granted to ensure that this memorandum is brought before the Senate Finance Committee for consideration with other evidence submitted in connection with the proposed readjustment of the duties on fishing tackle.

I have the honor to be, with the highest consideration, sir,  
Your most obedient, humble servant,

ESME HOWARD.

CRITICISMS OF EVIDENCE GIVEN BEFORE COMMITTEE ON WAYS AND MEANS IN REGARD TO THE DUTY ON FISHING TACKLE, ETC.—(MESSRS. S. ALLCOCK & CO. (LTD.), OF REDDITCH)

(Paragraph 1535)

Page 1547 of tariff readjustment hearings:

"Flies, snelled hooks, and leaders requiring 75 per cent to 90 per cent labor and 10 per cent to 25 per cent material should be a separate classification from general fishing tackle, which is more of a material than a labor item." (From Mr. O. L. Weber's evidence.)

*Comments.*—The percentages here given are incorrect. On the manufacture of snelled hooks and leaders the average percentage of labor and material are 30 to 40 per cent labor and 67 to 70 per cent material.

"As to the future importance of this industry, there are many times as many flies, snelled hooks, and leaders imported as there are manufactured in this country due to inadequate protection to United States manufactures. While the bureau of imports does not list flies, snelled hooks, and leaders as a separate commodity, we believe that fully 75 per cent of importations of fishing tackle consists of flies, snelled hooks, and leaders. The balance of 25 per cent being made up of rods, reels, bare hooks, and so forth." (Mr. O. L. Weber's evidence.)

*Comments.*—This statement is certainly incorrect. Redditch, which employs more workers on fishing tackle than any other town in the United Kingdom, has not, all told, more than 1,000 workers employed in making articles which are subsequently imported into the United States of America. It could not possibly be argued, therefore, that there is fishing tackle imported into the United States in excess of that manufactured there. The percentages mentioned by Mr. Weber in this paragraph of his statement are also probably incorrect. It is difficult in the absence of complete statistics to give the actual figures, but 50/50 rather than 75/25 would no doubt be more correct.

Page 1548: "With regard to comparative labour costs of United States with Europe in the fly industry, \$18 pays an average worker for 1 week's work in the United States, \$18 pays an average worker for 4 weeks in England, \$18 pays an average worker for 7 weeks' work in Germany, \$18 pays an average worker for 9 week's work in Spain, and \$18 pays an average worker for 14 week's work in Japan." (From Mr. Weber's evidence.)

*Comments.*—The figures quoted above with regard to the wages of the workers in England are hopelessly incorrect. The pay of the Redditch workers is regulated by a board which is known as the Joint Industrial Council. It consists of an equal number of employers and employees and has through the Whitley Council the official cognizance of the British Government. Rates are fixed by this council and have the same effect almost as rates fixed by the recognized Trade Board.

The minimum rates for female workers in the industry are equivalent to a little over \$7 weekly, and many of the female workers earn as much as \$10 per week. Male workers' wages are considerably higher, of course, the minimum being at least \$15 a week, working up to as high as \$25 to \$30 weekly. The bulk of the workers are female.

Page 1548: "Silk worm gut is grown only in a small area near Murcia, Spain, and is controlled by English fly manufacturers, which insures England and Spain obtaining the best of the crop and the United States takes what they wish to send." (Mr. Weber's evidence.)

*Comments.*—The source of supply of silk worm gut is not controlled by English fly manufacturers. For example, the firm of S. Allcock & Co. (Ltd.), which is the largest buyer of silkworm gut in the United Kingdom, buys in the open market from several of the Murcia firms, and so far as is known no preference whatever is given to English firms; on the contrary, the firm understand that far more silkworm gut is exported to the United States of America than to Great Britain.

Page 1548: Mr. Weber makes many statements on this page with regard to the conditions of labor in the United States of America. It is wholly untrue to say that most of the work in England is done in the home. That condition did probably prevail 25 years ago, but it is not the case to-day. Apprentices are indentured for fly making for a period of at least five years. The best salmon-fly-tyers should serve for a period of seven years. A minimum wage fixed by the joint industrial council has to be paid to all beginners. The average worker is not capable of turning out a reliable fly at anything approaching a profitable speed until after at least nine months' training.

The foregoing is a criticism of only the more important points raised by Mr. Weber in his statement. The English firm can not believe that the information in that statement has been supplied to him recently, and they trust that the committee responsible for dealing with this particular matter will investigate his statements before carrying his recommendations into effect.

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## GREECE

DEPARTMENT OF STATE,  
*Washington, June 29, 1929.*

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Minister of Greece, dated June 19, 1929, with inclosure thereto, in which the minister points out the possible effect of the changes in the tariff on Greek-American trade.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

LEGATION DE GRÈCE A WASHINGTON,  
*June 19, 1929.*

His Excellency Mr. HENRY L. STIMSON,

The Minister of Greece presents his compliments to His Excellency the Secretary of State and has the honor to enclose a memorandum regarding the proposed changes to be made in the tariff.

The Minister of Greece avails himself of this opportunity to point out that the export of American products, agricultural as well as industrial, holds the first place in Greek imports, and whatever

changes occurring in the tariff would necessarily affect the purchasing power of Greece to the detriment of American goods.

The tax already existing on currants is such that our imports have steadily decreased during the last years. On the other hand, a heavier taxation on rugs, the manufacture of which is an exclusive refuge industry, will have a disastrous effect on the well-known efforts of Greece to establish these refugees and make them self-supporting.

The American Government as well as the American people have always manifested the deepest sympathy for the work concerning the establishment of the refugees, and the Minister of Greece should highly appreciate if His Excellency the Secretary of State were kind enough to give his benevolent support to this question and recommend it to the consideration of the proper authorities.

#### MEMORANDUM

Commercial relations between Greece and the United States have steadily developed since the World War. A comparative study shows that these relations exceed those existing between the United States and all the other Balkan States, namely Bulgaria, Rumania, Yugoslavia, and Albania together.

In conformity with American statistics, commerce between Greece and the United States during the last two years amounted to \$44,673,000 for 1927 and \$28,457,000 for 1928. Whereas, during the same period the entire amount of trade with the Balkan States was as follows:

1927: Bulgaria, \$1,557,000; Rumania, \$5,573,000; Albania and Yugoslavia, \$1,989,000; total, \$9,110,000. 1928: Bulgaria, \$1,305,000; Rumania, \$10,107,000; Albania and Yugoslavia, \$3,550,000; total, \$15,022,000.

Therefore, the interest for the stabilization and expansion of sound commercial relations which already exist between Greece and the United States is evident. The importation of American merchandise in Greece holds the first rank in Greek statistics; whereas, for 1928, it represents 17 per cent of Greece's entire importation.

The United States supply wheat and flour to Greece on a yearly average of \$6,000,000 to \$7,000,000. The other American products whose importation increases every year are automobiles, cotton goods, agricultural implements, salted fish, hides and all articles pertaining to tanning of leather. On the other hand, owing to the special advantageous conditions of soil and climate, export to the United States from Greece, especially include agricultural products, the most important of which are fine-leaf tobacco used in the manufacture of cigarettes in the United States under the name of Oriental tobacco. Other products of this class are olives, comestible olives, seed oils, dry raisins, figs, and currants. Another product exported during these last years are Oriental rugs manufactured in Greece.

With regard to the tariff policy of the United States, Greece's point of view is that the revision of the tariff now being considered, should favor a larger expansion of trade between the two countries and not render more arduous Greece's import trade.

Greek goods imported by the United States can by no means be considered as competing with American products of the same class. Despite this fact, the high tariffs placed on these goods as well as the heavy taxes charged on Greek merchandise entering the United States involve great difficulties in the effort toward the expansion of commercial relations between the two countries.

To increase the import duty on Greek goods entering the United States would be equivalent to the restriction of commerce or to the total exclusion of Greek merchandise, and would disturb the equilibrium of the commercial relations existing between the two countries.

The idea prevailing in the United States that the high standard of living can only be safeguarded by the constant increase of import taxation is so deeply embedded in the American mind that any criticism of this idea would be exceedingly difficult. Notwithstanding the arguments advanced in favor of this prohibition policy, it must be admitted that a new reinforcement of this policy will eventually result in considerably restraining the exchange of goods

with foreign countries. It is evidence that as long as the high import taxation continually excludes foreign merchants from the American markets, foreign countries will either not be able to buy American goods, or they will be compelled to borrow from America in order to pay for the value of these goods.

The following points interest Greece particularly with regard to the revision of the tariff now being considered:

#### 1. TAXATION OF RUGS IMPORTED FROM GREECE

In conformity with the provisions of the treaty of Lausanne the refugees of Hellenic extraction who came from Turkey and settled in Greece amounted to one and a half million. To a total population of 5,000,000 was added one and a half million refugees totally without resources. A great number of these refugees are employed in the carpet industry which they brought from Turkey. Under the direction of Mr. Eddy, of New York, chairman, the Refugee Settlement Commission is supporting this industry and is endeavoring to stimulate its activities. One of the principal markets where these carpets are sold is the United States. But this does not signify that the quantity imported is by any means considerable enough to compete with the national rug industry of the United States. This fact is emphasized in the Tariff Commission Bulletin of 1928, page 130, as a conclusion of a long investigation in the country of production, and therefore recommended that the former tariff should be retained.

After a study of the statistics, the place held by Greek rugs is more clearly defined. In 1928 imported rugs, as classified in paragraph 1116, were valued as follows according to the country of origin:

#### DECEMBER

| Country                       | 1927               |          | 1928     |          |
|-------------------------------|--------------------|----------|----------|----------|
|                               | Quantity           | Value    | Quantity | Value    |
|                               | <i>Squareyards</i> |          |          |          |
| Czechoslovakia.....           | 29,238             | \$69,635 | 13,062   | \$55,038 |
| France.....                   | 4,008              | 55,110   | 4,871    | 38,717   |
| Germany.....                  | 14,305             | 56,374   | 7,858    | 33,103   |
| Greece.....                   | 7,027              | 76,330   | 9,588    | 99,894   |
| United Kingdom.....           | 24,603             | 151,059  | 14,194   | 97,031   |
| British India.....            | 40,596             | 20,004   | 19,140   | 167,260  |
| China and Hong Kong.....      | 30,366             | 260,238  | 17,662   | 121,610  |
| Turkey (Asia and Europe)..... | 15,166             | 62,625   | 35,300   | 237,237  |
| Other countries.....          | 14,347             | 107,693  | 15,125   | 120,364  |
| Persia.....                   | 79,952             | 690,145  | 81,018   | 684,940  |

#### TWELVE MONTHS ENDING DECEMBER

|                               |         |           |         |           |
|-------------------------------|---------|-----------|---------|-----------|
| Czechoslovakia.....           | 243,637 | 721,083   | 215,231 | \$690,529 |
| France.....                   | 104,112 | 469,350   | 83,529  | 419,605   |
| Germany.....                  | 184,486 | 611,644   | 184,674 | 686,239   |
| Greece.....                   | 115,574 | 1,147,000 | 129,724 | 1,207,743 |
| United Kingdom.....           | 401,442 | 2,074,028 | 277,154 | 1,633,089 |
| British India.....            | 306,842 | 1,603,991 | 407,769 | 1,955,636 |
| China and Hong Kong.....      | 544,225 | 4,041,546 | 399,891 | 2,959,976 |
| Persia.....                   | 831,050 | 6,845,013 | 958,030 | 8,274,871 |
| Turkey (Asia and Europe)..... | 417,968 | 2,940,167 | 377,237 | 2,470,418 |
| Other countries.....          | 132,425 | 958,605   | 141,838 | 1,153,836 |

In conformity with the former tariff, the duty on rugs was fixed at 55 per cent ad valorem. Greek rugs originally were taxed on the asserted cost of production basis, otherwise foreign value. However, three years ago customs officers fixed the rate of taxation on the basis of the United States market value. Therefore, on the basis of \$1.10 per square foot taxation on rugs at 55 per cent ad valorem amounts to 60½ cents per square foot. According to this appraisal, the importation of Greek rugs has received a severe set-back, and consequently struggles against very great difficulties. At this very time by the proposed tariff modifications, paragraph 1116, the taxation of rugs is appraised at 66 cents per square foot, which means that Greek rugs are in

danger of being totally excluded from the American market. In concluding, this means that the balance of exportation and importation between the two countries would be absolutely to the disadvantage of Greece.

## 2. TAXATION OF OLIVE OIL

Concerning the taxation of olive oil, the increase of tariff would not only be unjustifiable but, according to our opinion, should be lowered. Olive oil is a commodity of prime necessity for those persons originating from the Mediterranean countries who are established in the United States.

It is exceedingly doubtful that the United States of America produces 1 or 2 per cent of the total amount of the oil consumed in this country. Hence there is no native production to be protected by the high tariff, which would have no other result than to reduce the commercial relations between American and the olive-oil producing countries, and overtaxing the American consumer without reason.

## 3. TARIFF ON OLIVES

The tariff on olives proposed by the tariff bill appraisal of taxation on ripe black olives, paragraph 744, from 4 to 5 cents a pound, absolutely concerns Greek olives imported into the United States. Greek olives absolutely constitute a separate commodity which is consumed entirely by Greeks who have settled in the United States.

The justification given in the 1929 report on the tariff readjustment in conformity of which taxation must be increased in order to protect American olives, is not considered by us to be accurate. According to official statistics the value of ripe black olives imported in 1927 from Greece amounted only to \$85,000,000 and are sold in the market at a price much higher than California olives. Consequently, there is absolutely no reason for a higher protective tariff in favor of California olives because the only result would be to overcharge the consumer on the cost of that commodity.

## 4. CURRANTS

It is true that the surtax of 2 to 4 cents a pound which has been proposed before the Ways and Means Committee to be placed on Corinth raisins (currants) was not included in the tariff bill as passed by the House of Representatives. Such an increase would not only be unjustifiable by present conditions but also unjust. At the present time the amount of currants imported into the United States is relatively only a small quantity, and the total amounts of importations of this commodity recently has greatly decreased.

Currants is not a foodstuff which can, in any way, compete with the native product because the cultivation of currants in America is confined only to limited sections of California and the quantity produced is very small. Furthermore, consideration should be given to the fact that currants are sold in the American markets at a rate of 200 per cent higher than other qualities of raisins. Consequently, any increase of the import taxation would, for no plausible reason, render the tax exorbitant, resulting in the gradual exclusion of this commodity from the American market. But currants is one of the most important products of Greek agriculture and although its importation into the United States is decreasing each year, statistics show, on the other hand, that the importation into Greece of American products is increasing continually and developing yearly, so that these American products to-day hold the first place in the products imported into Greece. It is known, however, that of all the Balkan States, Greece is the country which imports the greatest amounts of American goods. The following figures show the amounts of currants imported by 1,000 pounds as quoted from American statistics:

1910-1914, average 32,559; 1923, 23,473; 1924, 13,905; 1925, 14,192; 1926, 13,316; 1927 11,950; 1928, 10,066.

## GUATEMALA

DEPARTMENT OF STATE,  
*Washington, June 19, 1929.*

HON. REED SMOOT,  
*Chairman, Finance Committee, United States Senate,*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a memorandum dated March 9, 1929, communicated to the department by the Chargé d'Affaires ad interim of Guatemala, setting forth the effect upon the economic situation in Guatemala which it is alleged would result were a duty to be imposed upon the importation of bananas into the United States.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, JR.,  
*Acting Secretary of State.*

LEGACIÓN DE GUATEMALA,  
*Washington, D. C., March 9, 1929.*

The chargé d'affaires of Guatemala, ad interim, presents his compliments to his excellency the Secretary of State, and has the honor to inform his excellency that he has received a dispatch from the Government of Guatemala instructing him to communicate the following facts to the Government of the United States relative to the effect which a duty upon the importation of bananas into the United States would have upon the economic situation in Guatemala:

The bananas grown in this country are exported exclusively to the United States. From a total export in 1908 of barely 75,583 bunches, the exportation in 1927 had grown to 6,021,978 bunches. Twenty years ago the principal export of Guatemala was coffee, and in 1927 there were exported 1,146,021.75 quintals of coffee to the value of 28,568,289.12 quetzal, while the 2,014,185.36 quintals of bananas exported in the same year were valued at 3,010,980 quetzal.

From the preceding statistics, it will be observed that the unsatisfactory situation arising from dependence upon the single crop of coffee, which is affected by variations in the world market, is being gradually remedied by the increasing production of bananas. The principal banana plantations on the Atlantic coast of Guatemala are operated by North American capital; while on the Pacific coast there are already large producing areas of banana plantations belonging to Guatemalans, who in the event of an import duty into the United States, would find it difficult to meet the obligation they have assumed in order to cultivate their new plantings.

Moreover, if this duty should result in a decline in the exports of bananas from Guatemala, a serious result would flow from the fact that the freight charges accruing from these exports sustain, to a large extent, the railways of the country as well as the steamship service to and from the United States. Both classes of transport represent North American capital.

A decline in the exports of Guatemala would also affect our import trade. The customs statistics for 1927 give as the total value of all exports, 33,915,225.10 quetzal, of which the United States took 14,460,977.57 quetzal, or 42½ per cent; while imports amounted to a total of 19,785,332.10 quetzal, of which the United States supplied 10,947,122.45 quetzal, or 55½ per cent.

## HONDURAS

DEPARTMENT OF STATE,  
Washington, June 19, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a despatch from the American minister at Tegucigalpa, Honduras, dated March 23, 1929, transmitting a note from the Minister for Foreign Affairs relative to the possibility of levying a duty on bananas imported into the United States from Honduras.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, JR.,  
*Acting Secretary of State.*

LEGATION OF THE UNITED STATES OF AMERICA,  
*Tegucigalpa, March 23, 1929*

The honorable the SECRETARY OF STATE,  
*Washington.*

SIR: I have the honor to transmit herewith a copy and translation of a note from the Minister for Foreign Affairs relative to the possibility of levying a duty on bananas imported into the United States from Honduras.

I have the honor to be, sir,  
Your obedient servant,

GEORGE T. SUMMERLIN.

[Translation]

TEGUCIGALPA, *March 23, 1929.*

Mr. MINISTER: My Government has been informally, but authentically, informed from several sources that the Committee for the Revision of Tariff of the honorable House of Representatives of the United States of America has begun to consider a project of law by which the importation of guineos (bananas) into American territory may be burdened.

Although my Government naturally understands that the American Congress will be able to dictate whatever provisions it likes for the promotion of agriculture in your country, it, nevertheless, considers that if such a provision materializes, the commercial relations between Honduras and the United States of America, which at the present time constitutes our first and principal market of importation and exportation, will be profoundly altered.

In fact, according to the latest data of fiscal statistics, the total value of the products exported from Honduras during the period of from August 1, 1927, to July 31, 1928, was \$23,142,737.79. Of that sum \$18,670,637.12 was for 24,317,543 bunches of bananas. The United States consumed \$17,646,649.24 gold worth of our exported products or 76 per cent of the total value of our exportations. The consumption of bananas in the United States during the above-men-

tioned year was valued at \$14,189,684.21, being the price of the bananas f. o. b. on the Honduras wharves.

The importations in the Republic of Honduras during the same fiscal year were \$12,573,595.50, of which \$10,028,998.25, or 80 per cent of the total foreign importations, came from the United States of America.

In the computation of the importations 78 per cent, or \$7,850,072.72 of the \$9,812,590.90 American gold, the total amount imported into the banana zones, came from the markets of the United States of America.

Undoubtedly the creation of a duty on the importation of bananas into the United States of America would raise the price of that product of tropical agriculture to such extent that the greater part of the American public would not be in a position to consume it, decreasing at once the commerce existing between the two countries, since naturally the producers of bananas in Honduran territory would consider themselves obliged to endeavor to rely immediately upon new markets for their products, as a logical means of defense against the tariff restriction which may be imposed.

As a consequence of the new hardship, the Honduran exporters, who at the same time import principally from the United States, would see themselves in the imperious necessity of attracting commerce from other markets, obliged by necessity to make their purchases where they can realize the sale of their products, as happens now.

Beyond the preceding considerations, I should desire moreover that your excellency's attention be drawn to the fact that the project presented or to be presented by the Committee on Tariff of the House of Representatives of the United States would tend to nullify completely the provisions of the general treaty of friendship, commerce, and navigation just celebrated between our two countries.

For your excellency's better understanding I should like moreover to draw your illustrious attention to the second and third paragraphs of Article VII of the treaty referred to, whose provisions bind the contracting parties to impose no higher or other duties or conditions and no prohibition on the importation of any article, produce, etc., than are imposed on the importation of any like article, the growth, produce, or manufacture of any other foreign country. Although it can be objected that the provision would apply equally to all the other countries, in the spirit of the treaty, it should be remembered that Honduras is the principal banana market of importation of the United States of America and that it would be directly against this country which would derive the consequences of that grievous provision.

Knowing the high equity of your excellency's government, I hope it will be possible that the foregoing considerations can be communicated to the Committee on Tariff of the House of Representatives, before a final resolution, which could be the cause of mutual detriment to the commerce between Honduras and the United States, is reached.

I avail myself of this opportunity to renew to your excellency the assurances of my highest consideration.

JESÚS ULLOA,  
*Minister for Foreign Affairs.*



## IRISH FREE STATE

DEPARTMENT OF STATE,  
Washington, June 19, 1929.

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note, dated May 10, 1929, from the minister of the Irish Free State, in which Mr. MacWhite calls attention to the possible detrimental effect on the commercial relations between the Irish Free State and the United States that, in Mr. MacWhite's opinion, is likely to follow if the tariff bill now before Congress should be enacted into law.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*

IRISH FREE STATE LEGATION,  
Washington, D. O., May 10, 1929.

SIR: I am instructed by my Government to call the attention of the United States Government to some of the features of the new tariff bill now before Congress, and to point out the detrimental effect on the commercial relations between the Irish Free State and the United States that is likely to follow if this bill as it now stands becomes law.

In 1927, the last year for which detailed statistics are available, the value of the direct trade between the Irish Free State and the United States was as follows: Imports from the United States of America, \$23,290,000 (approximately); exports to the United States of America, \$2,284,000.

These figures can not, however, be taken as exhaustive either as regards imports or exports, but, nevertheless, it is apparent that on the basis of the direct trade alone its unbalanced character constitutes a very strong argument for the imposition of less onerous duties on goods exported to the United States from the Irish Free State.

In this connection I would refer to the publication by the United States Department of Commerce entitled "The Irish Free State—An Economic Survey," by the American trade commissioner in Ireland, issued in 1928. On annex A herewith are given details of British reexports to the Irish Free State which include a large proportion of goods of American origin which come to us via Great Britain. For example, the total imports of unmanufactured tobacco in 1927 amounted to \$3,350,000, nearly all of which was of American origin, while our statistics show that only \$415,000 worth was imported direct from the United States in that year.

The same applied to the imports of bacon. On page 79 of the Department of Commerce survey it is stated that "in 1928 direct imports of bacon from the United States amounted to only 60 hundredweight, whereas the total imports of this staple article of Irish diet amounted to 417,502 hundredweight, valued at £2,189,028, most

of which is known to be of American origin, distributed throughout the 26 counties of the Free State by American branch houses and merchants in Great Britain."

The total value of United States agricultural products imported direct into the Irish Free State in 1927 was approximately \$17,000,000, and there is every reason to believe that the value of the indirect imports of these products did not fall very much below this figure, as an inspection of annex A will reveal that many of the articles reexported from Great Britain to the Irish Free State have their source in the United States.

Since the statistics kept by my Government trace goods only to the country of consignment it is probably true that our exports to the United States are in excess of the figures given above, as many articles of Irish origin are reexported to the United States from Great Britain. Nevertheless our indirect exports must fall considerably short of the value of our direct trade with the result that the actual trade balance is very much more against us than is apparent by a comparison of merely the direct exports and imports between our two countries.

It will be seen from annex B that the principal articles directly imported into the United States in 1927 were:

|                       |           |
|-----------------------|-----------|
| Wool.....             | \$798,000 |
| Pickled mackerel..... | 489,000   |
| Woolen tissues.....   | 331,000   |
| Livestock.....        | 207,000   |

and the proposed increase in the new tariff schedules affecting the wool and woolen tissues will, it is feared, have a most serious effect upon our export of these goods to the United States, and still further increase the trade balance which is already heavily overloaded against us.

I am especially anxious to bring to the attention of your Government the case of the pickled mackerel industry, a trade on which depends the existence of a large number of people in the uneconomic districts of Ireland, who have no alternative occupation and to whom the present high duty on these goods is a very serious handicap. My Government wish particularly to urge consideration in this case in the hope that a reduction may be effected.

As regards the wool and woolen tissues, it would appear that any further increase would close the American market entirely to our export of these commodities, and it will follow as a natural corollary that a heavy fall in exports will have a very serious effect on our imports, especially on such articles as bacon products, motor cars, and tobacco, as our buying power, already low, will become still further restricted.

While fully appreciating the difficulties with which the United States Government are confronted regarding the readjustment of tariffs my Government feel that the disproportionate balance of trade between our two countries is a factor that should not be disregarded in determining the new tariff schedules, more particularly those affecting our principal articles of export, such as pickled mackerel, wool, and woolen tissues. It is only by reducing the tariff on these articles that the Irish Free State can hope to increase her

exports to the United States and thereby establish a trade balance of more equitable proportions than that which actually exists.

I have the honor to be,

M. MACWHITE.

The Hon. HENRY L. STIMSON,  
The Secretary of State of the United States.

[Extracts from The Irish Free State—An Economic Survey, issued by the U. S. Department of Commerce, p. 77]

Goods imported direct from the United States were valued as follows: 1924, \$3,708,669; 1925, \$3,162,448; 1926, \$4,955,589. British reexports to the Irish Free State of merchandise imported from all countries in 1924 amounted to £11,215,720; in 1925, £10,963,465; in 1926, £10,407,986. This huge quantity of foreign imported goods reexported from Britain is valued at about one-sixth of the total Irish Free State imports. How many of these consignments are of American origin it is impossible to say, but indications are that more of it is American consigned than from any other country, and possibly more than half represents American goods.

*Certain British reexports to the Irish Free State*

[Includes American merchandise shipped via Great Britain]

| Article  | Quantity in thousands |        | Value in thousands |        |
|--|-----------------------|--------|--------------------|--------|
|  | 1924                  | 1925   | 1924               | 1925   |
| <b>Food, drink, and tobacco:</b>   |                       |        |                    |        |
| <b>Nondutiable—</b>  |                       |        |                    |        |
| Apples, raw..... hundred weight..  | 186                   | 161    | £267               | £243   |
| Bananas, raw..... bunches.....   | 105                   | 102    | 77                 | 72     |
| Oranges, raw..... hundred weight..   | 125                   | 114    | 146                | 139    |
| All other fruit..... do.....   | 75                    | 56     | 188                | 115    |
| <b>Dutiable—</b>   |                       |        |                    |        |
| Raisins..... do.....   | 31                    | 27     | 90                 | 78     |
| Sugar, refined and unrefined..... hundred weight..   | 23                    | 8      | 34                 | 9      |
| Fruit, tinned or bottled (other than fruit liable to duty as such), preserved in sirup..... hundred weight.. | 16                    | 9      | 50                 | 29     |
| Milk, condensed, sweetened..... do.....  |                       |        | 3                  | 1      |
| Grain and flour—   |                       |        |                    |        |
| Wheat..... do.....   | 384                   | 384    | 226                | 269    |
| Maize..... do.....   | 1,214                 | 1,259  | 583                | 635    |
| Wheat meal and flour..... do.....  | 130                   | 79     | 102                | 72     |
| Pig products, bacon and hams..... do.....  | 481                   | 435    | 1,880              | 2,039  |
| Tobacco..... pounds.....   | 9,327                 | 6,736  | 696                | 531    |
| <b>Raw materials, etc.:</b>  |                       |        |                    |        |
| Seeds for expressing oil..... hundred weight..   |                       |        | 23                 | 19     |
| Gums and resins..... hundred weight..  | 7                     | 6      | 9                  | 11     |
| Waxes (other than sealing wax and paraffin wax)..... do.....   |                       |        | 8                  | 5      |
| Tallow..... do.....  |                       |        | 8                  | 14     |
| Wood and timber..... do.....   |                       |        | 77                 | 72     |
| <b>Articles wholly or mainly manufactured:</b>   |                       |        |                    |        |
| Apparel, not of fur.....   |                       |        | 158                | 180    |
| Chemical manufactures and products (other than drugs and dyestuffs).....                                     |                       |        | 48                 | 43     |
| Drugs, medicines, and medicinal preparations containing no dutiable ingredients.....                         |                       |        | 11                 | 14     |
| Cutlery and hardware.....  |                       |        | 23                 | 24     |
| Scientific instruments and appliances.....   |                       |        | 27                 | 46     |
| Leather and manufactures thereof.....  |                       |        | 27                 | 36     |
| Machinery.....   |                       |        | 163                | 172    |
| Iron and steel and manufactures thereof..... tons.....   | 1                     | 2      | 37                 | 46     |
| Nonferrous metals and manufactures thereof.....  |                       |        | 23                 | 24     |
| Oils, refined, petroleum..... gallons.....   | 7,707                 | 10,179 | 461                | 673    |
| Rubber tires and tubes..... number.....  | 104                   | 145    | 142                | 144    |
| Silk manufactures (except apparel).....  |                       |        | 86                 | 84     |
| Cordage, cables, ropes, and twine of hemp and like materials..... hundred weight..                           | 5                     | 3      | 15                 | 12     |
| Motor cars, motor cycles, and parts thereof.....   |                       |        | 303                | 206    |
| Brooms and brushes..... dozen.....   | 38                    | 47     | 18                 | 20     |
| Manufactures of cork..... hundred weight..   | 7                     | 6      | 40                 | 36     |
| Fancy goods.....   |                       |        | 24                 | 32     |
| Toys and games.....  |                       |        | 28                 | 17     |
| <b>All other articles.....</b>   |                       |        | 5,162              | 4,902  |
| <b>Total.....</b>  |                       |        | 11,216             | 10,963 |

Source: Annual Statement Trade of United Kingdom, 1925.

The value of direct imports from the United States increased by 58 per cent as compared with 1925 and by 47 per cent as compared with 1924. As in the two previous years, wheat imports constituted about half the direct imports from the United States, while direct consignments of coal, gasoline, kerosene, hops, and wheat flour accounted for 59 per cent of the remainder.

Direct importation into the Irish Free State of certain types of American goods (see p. 76) occupied an important place in the total import of these commodities. American hops in 1925 amounted to 11 per cent of the total Irish imports, barley amounted to 17, gasoline to 8, kerosene to 44, oat products to 39, wheat to 42, and tobacco 10 per cent. (These figures are given for 1925 because the United States is not expected to hold, in more normal years, all the large increase shown in the direct trade of 1926 resulting from the temporary disorganization in British transport.)

## ANNEX B

TABLE V (A).—Exports consigned from the Irish Free State to countries other than Great Britain and Northern Ireland during the 12 months ended December 31

| Article   | Quantity |         | Value          |                |
|---|----------|---------|----------------|----------------|
|   | 1925     | 1927    | 1926           | 1927           |
| <b>United States of America:</b>                                |          |         |                |                |
| Oatmeal..... hundredweight..                                    | 1,851    | 2,233   | £4,098         | £5,483         |
| Biscuits..... do.....   |          | 245     |                | 2,628          |
| Feeding stuffs for animals..... do.....                         |          | 36,947  |                | 9,782          |
| Bacon and hams..... do.....                                     | 703      | 776     | 5,728          | 5,293          |
| Bladders, casings, and sausage skins..... do.....               | 203      | 234     | 4,022          | 10,075         |
| Mackerel, pickled..... do.....                                  | 42,895   | 68,141  | 44,916         | 93,781         |
| Herrings, pickled..... do.....                                  | 708      | 2,387   | 887            | 2,734          |
| Jewelry and goldsmiths' and silversmiths' wares..... value..... |          |         |                | 4,267          |
| Furniture, secondhand..... do.....                              |          |         | 1,106          | 7,594          |
| Wool..... do.....   | 15,924   | 26,006  | 100,779        | 189,605        |
| Woolen tissues..... square yards.....                           | 299,000  | 247,550 | 67,674         | 66,363         |
| Horses..... number.....   | 144      | 93      | 29,399         | 12,431         |
| Other live animals not for food..... value.....                 |          |         | 12,610         | 28,980         |
| Other articles..... do.....                                     |          |         | 44,487         | 47,729         |
| <b>Total.....</b>   |          |         | <b>306,305</b> | <b>456,855</b> |

## ITALY

DEPARTMENT OF STATE,  
Washington, June 19, 1929.

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a letter, with inclosure thereto, from the Royal Italian Embassy, regarding the possible increase in customs duty on tomatoes and tomato paste.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, JR.,  
*Acting Secretary of State.*

ROYAL ITALIAN EMBASSY,  
Washington, May 27, 1929.

HON. WILLIAM R. CASTLE,  
*Assistant Secretary of State,*  
*Washington, D. C.*

MY DEAR MR. CASTLE: With reference to our conversation of last Saturday, I am inclosing herewith a short mémoire on the question of the increase which it is feared may be decided as to customs duty on tomatoes and tomato paste.

As I told you personally, I believe it would be most advisable to prevent the adoption of the measure which was the object of the appeal to the Tariff Commission, especially because, as I have repeatedly had occasion to inform you, a deep sense of apprehension already exists in Italy concerning the tariff revision now being discussed by the Congress of the United States.

I am, my dear Mr. Castle,  
Very sincerely yours,

MARCHETTI.

CANNED TOMATOES AND TOMATO PASTE

The tariff question relating to the tomatoes and tomato paste imported into the United States was fully studied by the United States Tariff Commission in an exhaustive investigation instituted under the provisions of the tariff act of 1922. In the hearing held before the commission last September it was clearly demonstrated that the Italian canned tomatoes are not competitive with the tomatoes of domestic production; it was also established that the present rate of duty on tomato paste was excessive because of the cost of production of the American product was found to be less than the Italian cost, as most of the tin and other materials used in the production of the cans is imported from the United States. Furthermore, both canned tomatoes and tomato paste imported from Italy are mainly consumed here by residents of Italian origin, and any increase in the duty on these products will not help the American packers, but would only result in an additional burden to the final consumer, which, in this case, is very often a family of limited means.

All the above factors would justify strongly the maintenance of the present rate of duty on the products in question.

DEPARTMENT OF STATE,  
Washington, June 21, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note, with inclosures thereto, from the Italian ambassador, with regard to the effects of the tariff bill as passed by the House of Representatives on Italian-American trade.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

ROYAL ITALIAN EMBASSY,  
Washington, June 11, 1929.

HON. HENRY L. STIMSON,  
Secretary of State, Washington, D. C.

MY DEAR MR. SECRETARY: Herewith inclosed I am sending you two memorandums on the effects of the tariff bill, as passed by the House of Representatives on the Italo-American trade.

I would be very grateful to you for the attention you would kindly give to it and for the use you think advisable to make of it.

Kindly accept, my dear Mr. Secretary of State, the assurances of my highest consideration.

G. DE MARTINO,  
Italian Ambassador.

SCHEDULE I. CHEMICALS, OILS, AND PAINTS

EDIBLE OLIVE OIL

(Par. 54 of the tariff act of 1922)

Olive oil is obtained from the tree-ripened fruit of the olive tree; its chief use is as a salad oil. Olive oil possesses excellent hygienic qualities as well as medicinal properties, the value of which is being recognized more and more by the medical profession. Olive oil is a food of the highest character, used also in the preparation and packing of many other food products, such as fish, mayonnaise dressing, vegetables, etc.

The olive-oil industry is peculiar to the Mediterranean basin, the countries of which produce almost all the olive oil entering into the world's markets. In the United States one State, California, produces practically the entire domestic supply of olive oil. California's total olive-oil output represents but 1 per cent of the total domestic consumption. Any duty imposed upon olive oil, therefore, must be intended as a revenue measure and can not reasonably be interpreted as a stimulation of an industry ever capable of meeting the Nation's consumption requirements.

The world's production of olive oil averages between 700,000 and 800,000 tons per year, as against an amount of less than 1,000 tons produced in California. The American olive growers have devoted their efforts to producing an olive peculiarly suitable to canning, rather than to produce one adapted to crushing purposes and the production of an oil entering into competition with European olive oil. Furthermore, it has been ascertained (United States Department of Agriculture, Bulletin No. 1475) that the olive cultivated for oil in California contains from 12 to 30 per cent of oil, as compared to 30 to 60 per cent often found in the olives grown in Italy. Basically, therefore, there is no competition whatsoever between the olive oil produced in California and the Italian olive oil on the American market.

Olive oil is imported into the United States in tins of various sizes so as to contain one gallon, half a gallon, quarts, pints, and half pints of oil, and is imported also in bulk (drums and other large containers). The packing of olive oil in Italy dates back to centuries, giving birth to a blending industry which has attained world-wide importance and reputation.

It was only during the war, when exceptional exigencies suspended Italian exports of olive oil that the packing and blending of that oil was started in a few consuming countries as an emergency, in order to satisfy the existing demand for such product. The war having ended, Italian producers of olive oil found no difficulty whatsoever in regaining their former markets, for the effected packing in the various countries was found to be most unsatisfactory and was the source of a number of frauds and adulterations. This was also true as regards the United States, which country has increased substantially its purchase of olive oil packed in Italy since the war. With the exception of a very few large firms in California, and three or four in New York, Baltimore, Philadelphia, and Chicago, the packing of olive oil in this country is carried on by small wholesale and retail grocers, which have unimportant capital investment and could not be considered, in a strict sense, as manufacturers. Very often

these people offer the most unfair competition in prices, and conditions, for they are often led to unscrupulous practices, as adulteration with inferior and cheaper oils, a fact which is authoritatively confirmed by the United States Department of Agriculture in its active enforcing of the pure food and drug act.

During the year 1923 the department was successful in seizing and prosecuting about 300 shipments of adulterated olive oil in the State of New York; a former United States assistant attorney for the southern district of New York has recently stated in a public address that between 25 and 40 per cent of the cases of adulteration presented to the office of the district attorney of the city of New York, for prosecution were olive-oil cases, relating to adulteration and misbranding of oil packed locally. During the first six months of 1923, 67 cases of adulteration and misbranding of olive oil packed locally were successfully prosecuted by the authorities of the State of Pennsylvania. Another unfair practice often resorted into by the so-called domestic olive-oil packers is the adoption of names and trade-marks with well known pictures of Italy, where the finest olive oils are produced, some have gone so far as to adopt trade-marks with names of well-known Italian towns and well-known Italian personages and statesmen. All this offers, no doubt, a clear confirmation of the fact above stated, that the production of olive oil is typically a Mediterranean and an Italian industry and that packing of olive oil in this country, being carried on in the most unsatisfactory manner, offers a most unfair competition to the pure and virgin product. Furthermore it represents a real danger for the well-being of the American consumer, who has slight protection against fraud of this character.

Blending of olive oil is a most necessary and difficult operation in order to insure the distribution of a uniform type demanded by the consumer. It is a well-known fact that olive crops vary in their characteristics from year to year and often from region to region, in the same country. It is, therefore, necessary to blend oils from different sections, in order to maintain the type requested by the consumer; thus packing of olive oil in the country of origin offers the best guaranty to the consumer. Packing of olive oil is an operation mainly done by machinery and labor cost represents but a very small percentage of the total cost. For the information of the Finance Committee of the Senate, we give herewith, the average cost of packing olive oil, in Italy during the past season:

*Cost of packing oil in Italy*

| Number in tins in case | Capacity of tin in gallons | Cost in lire per case | Number in tins in case | Capacity of tin in gallons | Cost in lire per case |
|------------------------|----------------------------|-----------------------|------------------------|----------------------------|-----------------------|
| 12.....                | 1                          | 67.20                 | 96.....                | 1 1/2                      | 118.55                |
| 24.....                | 1 1/2                      | 76.65                 | 192.....               | 2 1/2                      | 171.45                |
| 48.....                | 3                          | 93.75                 |                        |                            |                       |

At this point it is pertinent to point out that almost all the tin plate used in Italy for the production of olive-oil tins is bought in the United States.

Two or three large American packers of olive oil, which conduct their business on sound economic principles, have had very favorable results during the past few years, and they have no need for further protection. In considering the claims of the few others which are asking for a higher differential in the duty to be imposed upon olive oil imported into this country, in small containers, it is pertinent to consider that their plants are operated about 4,000 miles distant from the source of supply and that very often these packers purchase their supplies from second and even third hand distributors, instead of purchasing directly from the original producers.

The present duty on olive oil imported in packages weighing less than 40 pounds is 7 1/2 cents per pound, including the weight of the immediate container, and 6 1/2 cents per pound for imported oil in bulk. In the tariff bill passed by the House of Representatives (H. R. 2887) the principles of noncompetition between the foreign and domestic olive oil has been upheld, for no change whatsoever was made upon the basic duty of 6 1/2 cents per pound for oil imported in bulk. On the contrary, an increase from 7 1/2 to 8 1/2 cents per pound was made on olive oil imported in containers weighing less than 40 pounds. This increase

will spell hardships for the Italian producers, who would be subject to a most unfair competition from the small so-called packers of this country, who are undermining their legitimate business, for the packing of olive oil in New York or Baltimore would seem to be as illogical as the growing of tropical fruits in the Arctic Zone. The existing duty on olive oil averages about 45 per cent ad valorem, a very high rate indeed, if one considers that this duty can have no protective character.

In earliest tariff acts Congress provided for the collection of duty per gallon in bulk and small containers alike, the rate differing slightly according to volume. This was much simpler and more equitable than the present proposed method of approaching the question.

ROYAL ITALIAN EMBASSY,  
*Office of the Commercial Counselor.*

#### SCHEDULE 1

#### CHEMICALS, OILS, AND PAINTS—TARTARIC ACID

##### (Par. 1, tariff act of 1922)

Tartaric acid is a compound derived from certain products of the wine industry, soluble in water and possessing a pleasant acid taste. It is principally used in the production of baking powders and pharmaceutical compounds, as Sedlitz powders and Sal Hepatica; other uses are for flavoring in gelatines, jellies, preserves, candies, soft drinks, and soups; it is also extensively used in dyeing and printing of textiles, and in the manufacture of certain dyes.

In the United States tartaric acid is produced by four very important organizations from imported argols, wine lees, and calcium tartrate. One of these firms is a very important manufacturer of baking powder and two produce many other chemical products. Domestic production of tartaric acid has been gradually increasing during the past few years, from 3,928,000 pounds in 1921, to 4,802,510 in 1924 and to 5,781,106 in 1927; on the other hand imports of tartaric acid into this country have been decreasing; from 3,472,252 pounds in 1925, to 2,767,987 in 1927 and 1,810,862 in 1928; these imports come chiefly from Germany and Italy, the largest quantities being supplied by Germany.

The problem of the cost of production and relative competition offered by the foreign product was closely studied by the United States Tariff Commission, which has in progress an investigation for purposes of section 315 of the tariff act of 1922. The results of this investigation were published in a preliminary report on June 14, 1928, causing many serious criticisms, because the investigation was carried on under the most unusual and extraordinary conditions so far as Italy was concerned. At that time the Italian economic system was going through a most difficult period of readjustment, resulting from the monetary stabilization, and the chemical industry was one of those most seriously hit by the readjustment of prices. Furthermore, the report showed that Germany represented the most important competitor of the American industry, but, notwithstanding this, the report in question made a comparison between the American cost of production during 1925 and the combined average cost of production in Germany and Italy in 1925 and 1926. This truly unusual and unfair principle was never before adopted by the commission. A more recent investigation carried on by the Consorzio Italiano Tartarico (Italian Tartaric Acid Association) shows that the present-day average cost of production of tartaric acid in Italy is over 26 cents per pound, and about 28 cents per pound, c. i. f. New York, against a cost of production of about 26.65 cents per pound for the domestic product, as reported by the American producers. Recently the selling price of domestic tartaric acid has averaged somewhat lower than the corresponding quotations for the imported product, which confirms the strong position of the American producers in controlling this market as against European imports. Furthermore, this situation is confirmed by the trend of the imports which has shown a steady decrease during the past years.

A factor of great importance in the competitive possibility of the Italian tartaric industry, just after the war, was the currency depreciation; this factor, however, was of a temporary nature and monetary stabilization recently attained by Italy offers the best safeguard for the American producers in this field. As a matter of fact, all the chemical products, other than the tartars, necessary for the manufacture of tartaric acids, such as coal, equipment, etc.,



can be and are obtained in the United States at a price substantially lower than the corresponding cost in Italy. Labor cost is a very mild factor in the production of tartaric acid, for in Italy it figures at most more than 12.52 per cents and in the United States at not more than 20.83 per cent.

The existing duty on tartaric acid (tariff act of 1922, par. 1) is 6 cents per pound; with the bill approved by the House of Representatives (H. R. 2667) the duty in question has been increased to 8 cents per pound. No doubt such a change would give the four domestic producers a position of complete monopoly in the control and exploitation of this market, assuring a large increase in their substantial profits. The past few years have represented for them a very prosperous period, enabling them to pay large stock dividends in addition to their regular returns. A careful and sincere study of the competitive conditions between the Italian and American tartaric acid industries would rather suggest a reduction and not an increase in the import duty, more so because imported tartaric acid is mainly confined to a few specialized lines that are produced abroad and could not be produced in this country, either because of patent rights (as the granulated process) or because of different equipment in the American plants.

DEPARTMENT OF STATE,  
Washington, June 21, 1929.

Hon. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a memorandum on the subject "Some aspects of the trade between Italy and the United States," which was left at the department by the Italian ambassador.

I have the honor to be, sir,

Your obedient servant,

H. L. STIMSON.

[Royal Italian Embassy, office of the commercial counselor]

**SOME ASPECTS OF THE TRADE BETWEEN ITALY AND THE UNITED STATES**

In her trade relations with the United States, Italy has always experienced an unfavorable balance. While the United States have for years maintained an important place amongst Italy's importing countries, on the other hand, the sale of Italian products on the American market has met, mainly during the post-war period, with increasing difficulties. The bulk of the demand for Italian products consumed in the market of the United States still comes from the so-called Italo-American communities established in the largest cities of the Atlantic coast and of the Middle West. This basic factor was responsible in the past for the continuous nervous fluctuations which have characterized the Italian trade with this country since the beginning of this century, due to recurrent wide variations in the movement of Italian immigrants to and from this country. The adoption of the policy of restricted immigration by this country has had substantial effect on the volume and character of the Italian trade with the United States. The gradual falling off in the demand from the so-called Italian communities and the trade difficulties caused and connected with the post-war period have favored the concentration of this business in the hands of fewer but more experienced and responsible organizations of the highest type. This represents a very important and helpful factor, mainly in connection with the future development of trade relations between the two countries, for it favors the adoption of solid standards and creates a better understanding.

The following table based upon the Italian official statistics (Ministero delle Finanze), shows the variations in the trade relations between the two countries during the past 15 years.

## Trade between Italy and the United States

[Values in thousands of lire]

| Year      | Exports from the United States to Italy |           | Imports to the United States from Italy |           | Excess of American exports |           |
|-----------|---|-----------|---|-----------|----------------------------|-----------|
|           | Values                                  | Index No. | Values                                  | Index No. | Values                     | Index No. |
| 1913..... | 522,722                                 | 100       | 267,892                                 | 100       | 254,830                    | 100       |
| 1922..... | 4,398,231                               | 841       | 1,018,517                               | 380       | 3,379,714                  | 1,326     |
| 1923..... | 4,619,483                               | 884       | 1,512,524                               | 564       | 3,106,959                  | 1,219     |
| 1924..... | 4,647,883                               | 889       | 1,231,804                               | 456       | 3,416,079                  | 1,341     |
| 1925..... | 6,174,816                               | 1,181     | 1,887,828                               | 704       | 4,286,990                  | 1,682     |
| 1926..... | 5,614,399                               | 1,074     | 1,931,500                               | 717       | 3,682,899                  | 1,445     |
| 1927..... | 3,958,378                               | 758       | 1,644,818                               | 614       | 2,313,560                  | 908       |

As the values reported in the table above are expressed in lire, they offer but a relative indication of the real situation, because during the period in question Italian currency registered wide fluctuations.

A more adequate picture of the present status of Italo-American trade, in comparison with the pre-war period, can be gathered in the following table, whose values are expressed in gold lire, at the average rate of gold in Italy, during the various years.

## Trade between Italy and the United States

[Values in thousands of gold lire]

| Year      | Exports from the United States to Italy | Imports to the United States from Italy | Excess of American exports | Year      | Exports from the United States to Italy | Imports to the United States from Italy | Excess of American exports |
|-----------|---|---|----------------------------|-----------|---|---|----------------------------|
| 1913..... | 522,722                                 | 267,882                                 | 254,840                    | 1921..... | 1,076,019                               | 261,578                                 | 824,441                    |
| 1915..... | 1,655,859                               | 268,205                                 | 1,387,654                  | 1922..... | 1,099,091                               | 359,867                                 | 739,224                    |
| 1916..... | 2,916,725                               | 269,208                                 | 2,647,517                  | 1923..... | 1,047,675                               | 277,655                                 | 769,920                    |
| 1917..... | 4,005,869                               | 182,398                                 | 4,828,411                  | 1924..... | 1,276,154                               | 389,868                                 | 886,301                    |
| 1918..... | 4,442,130                               | 113,184                                 | 4,328,946                  | 1925..... | 1,191,251                               | 389,179                                 | 742,072                    |
| 1919..... | 4,414,814                               | 382,340                                 | 4,031,974                  | 1926..... | 1,046,276                               | 434,757                                 | 611,529                    |
| 1920..... | 2,926,617                               | 305,802                                 | 2,620,815                  |           |   |   |                            |

From various points of view the year 1923 could be considered as a representative period upon which to base a fair and sound estimate for the future trend of the trade between Italy and the United States.

During that year this trade was carried on with the lira stabilized on the new gold level, thus eliminating all the so-called unfair competition resulting from currency inflation or depreciation. This is a very important factor to be reckoned with in considering the potential competitive power of Italian products on the American market, for the stabilization of the lira on the new high level, while on one hand it has greatly increased costs in Italy, thus rendering more difficult the sale of Italian products in the United States, on the other it has facilitated the development of American exports to Italy. The percentage variations (based upon the Statistics of the U. S. Department of Commerce) in the trade relations between the two countries during 1923, in comparison with 1927, are the following:

|  | Per cent |
|--|----------|
| Increase in American exports to Italy..... | 23       |
| Decrease in Italian sales to America.....  | 7        |

In considering the nature of the Italian shipments to this country one observes that the bulk is represented by the following products:

a. High-quality foodstuffs (cheese, lemons, dried fruits, fresh fruit and vegetables in brine and olive oil, peeled tomatoes and tomato sauce, olive oil).

- b. Silk, artificial silk, and high-grade textiles (linen, woolen, cotton), hemp.
- c. Hats of the best quality, well known the world over.
- d. Marble and its products.
- e. Raw hides.

Recently has occurred a substantial increase in the shipments of a wide group of small articles, included in the so-called industrial art group.

The detail and the trend of these products (on a quantity basis) during the past year are shown in the following table:

*Most important Italian products exported in the United States*

|  | 1913      | 1925      | 1926      | 1927      |
|--|-----------|-----------|-----------|-----------|
| Cheese.....quintals..  | 122,308   | 148,717   | 148,096   | 136,886   |
| Lemons.....do....  | 1,134,392 | 502,748   | 344,626   | 304,098   |
| Dried fruits.....do....  | 97,741    | 144,917   | 132,053   | 98,636    |
| Fresh fruits, vegetables preserved in brine and olive oil.....quintals.. | 52,180    | 81,272    | 55,384    | 25,065    |
| Tomato sauce.....do....  | 207,393   | 483,891   | 479,354   | 512,646   |
| Olive oil.....do....   | 85,760    | 236,034   | 150,842   | 248,509   |
| Textiles of hemp, linen, and jute.....do....                             | 23,410    | 19,937    | 34,233    | 61,026    |
| Cotton textiles.....do....   | 1,825     | 5,316     | 6,030     | 4,215     |
| Raw silk.....do....  | 10,640    | 7,775     | 4,863     | 1,954     |
| Artificial silk and waste.....kilos..                                    | 26,096    | 2,216,556 | 2,147,601 | 3,217,616 |
| Marble.....quintals..  | 115,509   | 579,243   | 726,823   | 701,331   |
| Rawhides.....do....  | 20,453    | 31,147    | 26,050    | 44,646    |
| Hats.....numbers..   | 1,637,057 | 5,613,268 | 5,988,054 | 7,636,681 |

The group of foodstuffs exported from Italy in the United States are typical of the Italian economic system and not competitive with any domestic products. A brief description of some of these products will confirm this statement. With regards to cheese we shall describe the most important types:

Reggiano, also known as parmesan, is a cheese that is manufactured successfully only in the valley of the Po River. Nature has imparted certain qualities to the pastures in that valley which makes it impossible to produce this type of cheese anywhere else. Argentina spent years of effort and huge sums of money to produce reggiano cheese as a substitute for genuine reggiano, but this cheese, was so unsatisfactory and so much inferior to the original that its manufacture has become economically unprofitable. The quantity and value of reggiano imported into the United States is infinitesimal in comparison to the annual consumption of cheese in the United States. It stands to reason, therefore, that if reggiano cheese can not be produced in demand, and yet represents an unimportant quantity in the total consumption, it should not be heavily assessed.

Pecorino romano is a sheep's milk cheese suitable for grating purposes only. Because of its very pungent odor and decidedly sharp flavor, it is not relished by people unaccustomed to the taste of sheep's milk. To my knowledge, there is no sheep's milk produced in the United States. American sheep are raised for their wool and for slaughter. It would be economically unsound for a highly developed industry, such as the sheep-raising industry of the West, to make use of the milk of the sheep. There is no machine for drawing milk from the sheep's udders, but even if there were, the quantity of milk each individual animal gives, is so small that the returns would not cover the cost of operating. It requires the milk of 200 sheep, drawn morning and evening, to make 20 pounds of pecorino cheese. It is obvious that such labor is not suited to the psychology of the American grazer. Furthermore, if milk is to be an economic factor in the sheep raising, care must be taken of the type of pasture given the animals. Green, rich pastures are necessary for the production of milk. Sheep raised for their milk will not grade as first class for the slaughterhouse.

These reasons may explain why sheep's milk is produced only in mountainous countries, by people living under primitive conditions and still using the archaic methods of their ancestors. A modern American farmer, possessing all the facilities that science and invention have given him would be wasting time and money in such an enterprise. There would be no objection to lowering the duty of pecorino cheese. Furthermore, pecorino is sold to people of Mediterranean origin who like the sharp, pungent flavor of the sheep's milk, or go without rather than accept a substitute. These consumers use millions of dollars worth of American macaroni, meats, vegetables, etc., which they flavor

with pecorino cheese. These industries also are anxious to retain their present prosperous conditions.

The above observation applies also to other types, as caciocavallo and provolone, made of cow's milk, whose manufacture requires laborious working; to the vacchino romano, another hard cheese made from cow's milk and sheep's rennet; the gorgonzola, a soft cheese made from unskimmed cow's milk, one of the richest flavored cheeses known; and to the bel paese, an Italian creamy cheese.

Considering the Italian tomatoes, it is to be noted that quite an exhaustive study was made by the United States Tariff Commission this past summer, covering the comparative costs of production of canned tomatoes and tomato paste. Investigations 71 and 73 of the commission show the exact situation in regard to the competition of foreign canned tomatoes. It was proven that the Italian tomato was a tomato distinct and apart from the American tomato; that the Italian tomato showed characteristics which were not found in the domestic product; that it would be economically unsound to grow the Italian type of tomato in America, and, further, that the Italian canned tomato is more expensive than the domestic. The domestic canner of tomatoes can not point to the imports of Italian canned tomatoes as a cause for his difficulties, but rather to his lack of foresight in overpacking a tomato of very low standards in certain years of glut; because the record shows that during these years of glut, the imported tomato found a market which paid nearly twice as much as it did for the domestic article. In this past year, when the domestic production was not abnormal, the domestic canner reaped fat profits from his pack because it was of the proper standard of quality and because there was not an oversupply.

The records of the Tariff Commission show that a high protective tariff will not change the ingrained habits of certain foreign elements of the population of the United States.

Therefore, if the domestic production is not hampered by the imported article, if the imported article supplies trade that is not approached by the domestic article, if the demand for the domestic article does not vary in proportion to the quantity of imports but rather to the quantity and quality of home production, there should not be any plausible reason for a high protective tariff on tomatoes.

As regards tomato paste, the investigation of the Tariff Commission proves that it is cheaper to manufacture tomato paste in America than in Italy, and that a high protective tariff on this item does not exclude the imported product, which is demanded by the foreign element of the population.

Another Italian product which does not compete in any manner with domestic articles is the edible olive oil. Almost the entire production of olives in this country is sold in the form of canned or preserved olives. A very small part is pressed into oil, domestic production of olive oil represents but 1 per cent of the total consumption. There is no doubt that the consumption of olive oil is bound to increase. This movement should be encouraged on account of the excellent hygienic and medicinal properties of this oil, fully recognized by the medical profession the world over.

The per capita consumption of olive oil in the United States, which in 1920 was 8.19 fluid ounces, in 1927 had increased to 12.44, about 50 per cent, while the increase of population was of 18 per cent. In order to assure the consuming public of the genuine quality of the product, packing at the country of origin should be encouraged by a reduction in the differential of duty on olive oil packed in small containers.

Considering the importation of Italian lemons in the United States, it is to be noted that this product is already being assessed with a duty of 2 cents per pound, as against a duty of one-half cent per pound prior to 1922. This existing high duty is really responsible for the complete arrest in the shipment of Italian lemons to this market during last summer, a period which in the past used to be the most active for the importation of this fruit.

The group of Italian textile products imported into this country includes woven silk fabrics, velvets, plushes and chenilles, high-grade tapestries, and other Jacquard-woven upholstery cloths, drapery fabrics of novel design and construction, linen and high-grade woolen products of high quality, for which there is a steady increasing demand in this country. There are, however, some other products, like the Italian hemp, which represents an indispensable raw material for the American industry producing high-grade yarns and twines.

In considering the alleged competition of the Italian artificial silk (rayon) it is pertinent to indicate the tremendous growth of the similar American industry, whose production increased from 1,500,000 pounds in 1913 to 89,500,000 pounds in 1928 and an estimated production of 135,500,000 pounds during 1929. Besides, it is to be noted that most of the Italian rayon imported into this country is made of grades which have been found most suitable in mixture with cotton textiles.

The merit and quality of the Italian fur-felt hats is well recognized the world over. The bulk of the imports into the United States is the production of a large well-known Italian concern and is represented by hats paying a duty at the rate of \$10 per dozen, a rate which should satisfy any plausible demand for adequate protection. The Italian fur-felt hat is not a competitive article, with the product of the American industry, it follows specific styles, possesses individuality, and has peculiar earmarks and characteristics different from the ordinary run of domestic hats.

Italian marble is a high-grade product, considered the best in the world, for specific sculptural and ornamental works. The marble quarries of Italy have been operated for centuries, and their unique product is exported to every civilized country. Italian white marble (Carrara) for statuary, or the colored types such as the Verona, the Siena, the Portofino can not be duplicated in this or any other country. The same is true for certain types of monumental and building stones, such as the Italian travertine. Marble manufactures are products of artistic conception and endeavor, offering, very often, educational benefit for the public in general. They should be considered as works of art and be assessed with a tariff intended only for revenue purposes.

A detailed and more adequate statement of the viewpoint of Italian producers and traders is contained in the attached Brief presented to the Honorable Committee on Ways and Means of the House of Representatives by the Italian Chamber of Commerce of New York.

In considering American exports into Italy we see that the bulk of the trade is made up by the following three main groups:

- a. Raw agricultural products (wheat and cotton).
- b. Coal and oils.
- c. Copper.

A clear confirmation of the great importance played by the United States in the life and activity of Italy since the war is offered by the substantial increase in America's share in the Italian import trade. During the period 1909-1913 Germany occupied the first place in this commerce, furnishing about 16 per cent of the aggregate total, followed by Great Britain with 15 per cent, United States with 13 per cent, and France with 9 per cent. In 1927 the situation showed a remarkable change in favor of this country, whose share had increased to about 20 per cent, followed by Germany and Great Britain, with about 9 per cent each and France, with a little more than 8 per cent.

A detailed account of the variations in the most important products sold by the United States to Italy during the past few years is shown in the following table (on a quantity basis).

*Most imported American products in Italy*

|                          | 1913      | 1925      | 1926      | 1927      |
|--------------------------|-----------|-----------|-----------|-----------|
| Fish.....quintals..      | 9,314     | 60,301    | 31,244    | 16,719    |
| Sugar.....do.....        |           | 14,622    | 6,042     | 13,761    |
| Wheat.....tons..         | 153,553   | 1,235,461 | 944,118   | 990,627   |
| Tobacco.....quintals..   | 207,715   | 61,230    | 23,069    | 21,536    |
| Fats.....do.....         | 31,004    | 22,226    | 12,355    | 16,758    |
| Cotton.....do.....       | 1,458,583 | 1,614,885 | 1,722,370 | 1,614,006 |
| Copper.....do.....       | 242,552   | 444,410   | 379,675   | 383,276   |
| Machinery.....do.....    | 81,262    | 68,231    | 83,930    | 83,376    |
| Coal.....tons..          | 95,528    | 538,782   | 645,285   | 449,913   |
| Oil.....quintals..       | 834,559   | 3,584,017 | 3,066,161 | 2,665,274 |
| Paraffin wax.....do..... | 84,962    | 215,968   | 213,852   | 210,854   |

Since the war the United States has enjoyed a privileged position in Italy's import trade. This was in part due to economic and political disorganization in other nations rich in raw materials and foodstuffs but mainly as a result of the rapid and effective Italian industrial development during the last decade.

Somewhat different is the trend in the sale of Italian products on the American market. During 1909-1913 the Italian shipments to the United States represented about 12 per cent of the aggregate total Italian export trade; in 1927 they were a little more than 10 per cent. This reveals a situation in need of readjustment, particularly if considered in the light of the new obligations assumed by Italy toward this country, resulting from the war-debt settlement and for the repayment of the capital borrowed in the New York market.

A more satisfactory economic relation between the two countries would undoubtedly result from a gradual increase in Italian exports to this market. In the preceding remarks there has been noticed a distinct contrast in the nature of the goods exchanged between the two nations; viz, while American exports raw agricultural products, mineral, and fuels, Italy sells to this country high-grade quality products to satisfy the growing needs of the American people. Basically the two trades are not competitive in character; on the contrary, they possess a marked degree of integration, to satisfy the demand and needs of two economic systems totally different. In considering the reasons responsible for the slow development of Italy's trade with this country, it is pertinent to note that while in 1910-1914 about 34 per cent of Italian imports were free from duty, in 1927 the free duty was only 18.6 per cent; furthermore, the average rate paid by dutiable goods was somewhat higher than in the previous period. In the American economic system mass production rules supreme. On the contrary Italian industry, having a relative abundance of labor, coupled with a relative scarcity of near-by raw materials, will retain a high character of individuality, thus offering a product of quality and distinction, peculiarly suited to satisfy the higher consumption standards of this country.

DEPARTMENT OF STATE,  
Washington, June 25, 1929.

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copies of memoranda with regard to the American tariff on certain Italian commodities which the Italian ambassador recently left at the department.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

ROYAL ITALIAN EMBASSY,  
Office of the Commercial Counselor.

SCHEDULE 2

TRAVERTINO STONE

(Par. 235, tariff act of 1922)

Travertino stone is a typical product of the Italian quarries, generally used for interiors, it is beautiful in appearance and is meeting with increased favor with architects and builders. Italian travertino is mainly imported into this country for use in a few large cities of the Atlantic seaboard, because the cost of hauling the domestic stones, which could be used for similar purposes, would be prohibitive. The cost of travertino in rough is very small (from 8 to 12 cents per square foot) as against the ultimate cost of the finished product, which is finally determined by the amount of labor employed for its finishing. Travertino is practically a noncompetitive material in the United States; any duty imposed upon it then must be only as a revenue measure. The small increase in shipments of this stone to the United States during the past few years should be

interpreted as the result of greater activity in the building industry, rather than a keener competition with domestic stone.

The existing tariff law (par. 235, tariff act of 1922) fixes a rate of duty of 15 cents per cubic foot of unmanufactured monumental and building stone, under which group travertine was included. The tariff bill passed by the House of Representatives (H. R. 2687, par. 235) has increased the existing duty to 25 cents per cubic foot, an increase which would ultimately prohibit any further shipments of travertine from Italy to the United States. This would mean a manifest loss, also, to the American worker, to whom it has, in the past, offered large possibilities of earnings, on account of the favor gained by this beautiful stone in the building trade.

A reconsideration of the matter by the Finance Committee of the Senate will no doubt bring about a reduction in the existing rate.

#### SCHEDULE 7

#### CHERRIES, SULPHURED OR IN BRINE

(Par. 737, tariff act of 1922)

Italy is the most important producer of cherries in the world, and the Italian cherry has held for years a distinctive position in the most important consuming centers of Europe and America.

Cherry production is very susceptible to wide fluctuations as a result of weather conditions during the early growth of the crop. This is true in the United States as it is abroad and explains the highly fluctuating production in this country, which varied from 17,000 tons in 1923 to 12,000 in 1925, 20,000 in 1926, and 17,000 in 1928. These peculiar characteristics of production and growth of cherries explain also the undecided and nervous trend of imports to this country, which have varied from 20,289,612 pounds for cherries in their natural state, in 1923, to 3,431,501 pounds in 1923, 17,765,265 in 1927, and 2,351,335 in 1928. Imports of maraschino and other prepared or preserved cherries show similar nervous variations during the same period, changing from 2,332,107 pounds in 1923 to 15,320,513 in 1926, 2,533,169 in 1927, and a little more than 10,000,000 pounds in 1928.

During 1927 the United States Tariff Commission conducted an investigation under section 315 of the tariff act of 1922, on the cost of production of cherries, sulphured or in brine, stemmed or pitted in the United States and in Italy. During this investigation the United States Tariff Commission admitted the existence of difficulties and complications in determining the true cost of production in Italy, on account of the exchange rate of the Italian exchange. In spite of this the duty on stemmed or pitted cherries, which went into effect January 7, 1928. Last year the investigation was conducted on by Italian producers, have closed the doubts then existing on the United States Tariff Commission regarding the soundness of the determination of Italian costs, which was shown as substantially lower than American costs, while the recent investigation was quite the opposite.

Furthermore, the Tariff Commission showed that the American cherry growers from the eastern States had been largely displaced by the western growers. Witnesses appearing before the commission stated that the production of cherries is much larger than the production of cherries, which is brought out in difficulty to confectionery cream, which was then the manufacturer of producer of cherries was to be compared with the Italian cherry. In the production of manufactured cherries in the United States and in Italy, the production of 21,000 tons, while in 1925 and in 1928 the total production of that figure.

While the existing tariff law (par. 737, tariff act of 1922) has increased the duties as follows: (1) natural state or dried, 2 cents per pound; (2) sulphured, stemmed or pitted, 5½ cents per pound.

pound; with stems or pits removed, 8½ cents per pound; (3) maraschino candied, crystallized, or glacé, or prepared, or preserved, in any manner, 5½ cents per pound and 40 per cent ad valorem.

There is no doubt that the tremendous increase in duty will completely destroy this trade from Italy to the United States. In this connection it is opportune to point out that for several seasons past the wholesale price of cherries in the New York market was in itself somewhat lower than the new duty fixed in the House bill. The complete destruction of this legitimate Italian trade would cause, moreover, losses and inconveniences to a large part of the domestic confectionery and ice-cream trade, and, incidentally, it would not benefit the domestic growers of cherries, because they do not produce the type, kind, or size of cherry required by manufacturers in the Eastern States, where most of the manufacturing is done. Domestic cherries are obtained from trees which have been selected and cultivated for the main purpose of producing large and soft cherries for the canning trades and the consuming markets. These characteristics make domestic cherries unsuitable for use as maraschino cherries, for which Italian cherries are most desirable.

Therefore the new duty proposed in the House bill would completely destroy Italian cherry trade with the United States, causing losses and inconvenience to the large and important domestic confectionery trade. To retain the existing duty would be more equitable and just.

A reconsideration of this matter by the Finance Committee of the Senate is deemed most desirable and pertinent and is respectfully urged.

#### FILBERTS

(Par. 755, tariff act of 1922)

The filbert is a small round, edible nut, which is not produced, commercially, in this country. Shelled filberts are mainly consumed by confectioners, bakers, biscuit manufacturers, and for sale as salted nuts. This country is entirely dependent from the Italian production for the supply of filberts. Any duty imposed upon filberts, therefore, must be intended as a revenue measure, and can not reasonably be interpreted as a stimulant of an industry ever capable of meeting the nation's consumption requirements. A few years ago a determined effort to grow filberts was made in Oregon and in Washington, obtaining a total output of 15 tons, a result which did not compensate in any manner the substantial investment of capital made for the purpose.

The existing tariff law (par. 755 tariff act of 1922) imposes a duty of 2½ cents per pound on unshelled filberts and 5 cents per pound on shelled filberts. The new tariff bill passed by the House (H. R. 2067, par. 755) has increased the existing duties as follows: Filberts, not shelled, 5 cents per pound; shelled, 10 cents per pound. Such an extraordinary increase in duty will, no doubt, react very unfavorably upon the trend of filbert trade to this country, for filberts represent a raw material for the above indicated industries and the price at which they are sold has a direct influence on the volume of sales. The new duty would correspond to a computed ad valorem rate of more than 50 per cent, a rather high rate which is imposed upon a product which offers no direct competition whatsoever to the domestic production, which does not exist. It seems that a reconsideration of this matter by the Finance Committee of the Senate so as to have a more equitable decision would be more than justified.

#### ALMONDS

(Par. 754, tariff act of 1922)

A large part of the almonds imported in the United States come in shelled, originating from Italy, Spain, and other Mediterranean countries. The trend of these imports since 1922 has shown a marked tendency to a slow contraction, from 23,798,465 pounds in 1923 to 17,493,470 pounds in 1928. Production in the United States is limited to California, whose attempt to dominate this field has met with limited success, for domestic production can not compete with the well-known fancy grades of imported almonds, which generally command higher prices. The great bulk of the shelled almonds imported into the United States is consumed by the confectionery and bakery industries, representing one of the most important raw material for the former industry. There is no



doubt that the domestic industry can satisfactorily compete with the foreign products, as it is shown by the continuous increase in the total output, from 7,000,000 pounds in 1923 to 27,400,000 in 1928, coupled with the gradual increase in prices, from an average of 14.5 cents per pound in 1922 to 17 cents per pound in 1928.

The existing tariff law (par. 754, tariff act of 1922) imposes a duty of 4½ cents per pound on almonds not shelled; shelled, 14 cents per pound; almond paste, 14 cents per pound. The tariff bill passed by the House of Representatives (H. R. 2667, par. 754) has increased the existing duties as follows: Almonds, not shelled, 5½ cents per pound; shelled, 16½ cents per pound; blanched, roasted, or otherwise prepared or preserved, 18½ cents per pound; mandaloras or imitation almonds, 16½ cents per pound; almond paste, 18½ cents per pound. These increases will, no doubt, strike a serious blow to an important branch of the Italian trade with this country. Besides, the increased duty could not be justified by any difference in the costs of production between the domestic and Italian almond industries. While in California the production of almonds is on a truly commercial basis, in Europe it is carried on in a rather unscientific manner, with resulting higher cost of production. A reconsideration of this matter in a more equitable manner would, no doubt, advise the retention of the existing level of duties, which have sufficiently protected the domestic industry or would instead justify a reduction.

#### CANNED TOMATOES AND TOMATO PASTE

(Tariff act of 1922, par. 770)

The Italian tomato is a product of a variety entirely different from the tomato generally produced in the United States. It is plum-shaped, and somewhat richer in solids and sugars and lower in acids than most domestic tomatoes. This basic important difference has been ascertained by the United States Department of Agriculture and confirmed by the United States Tariff Commission. The United States leads in the production of canned tomatoes and Italian imports represent but a small percentage of the total consumption in the domestic market, averaging around 10 to 12 per cent. Various attempts have been made from time to time to grow the Italian type of tomatoes in the United States, but they were all unsuccessful. This is probably due to the difference in growing conditions and to the greater amount of labor required in growing, picking, and the other operations necessary for the processing of the plum tomato. The consumption of imported tomatoes is mainly by people of Italian extraction, who prefer the Italian product for its flavor and color. Important is the fact that the consumers of Italian tomatoes are a class distinct and apart from the consumer of the domestic product, as is confirmed by the trend of the imports of Italian tomatoes just after the war. As is known, during the war, on account of the embargo against Italian tomatoes, in place of the imported article California standard tomatoes with puree were used. After the war, with the return to a more normal state in the trade relations between the two countries, these consumers reverted immediately to the imported article, notwithstanding the higher prices commanded by the Italian product, which they consider better and more desirable.

To make any comparison of the trend of the import trade of tomatoes in the United States, tomato paste should be included, for while a slight increase is noted in the import of peeled tomatoes there is a noticeable contrary movement in the trend of tomato paste imports during recent years. The United States Tariff Commission in its investigation on cost of production in the United States and Italy, has clearly recognized that the price paid for the Italian tomatoes is much higher than that paid for the domestic product, a fact which in itself gives ample protection to domestic manufacturers.

The existing tariff law (tariff act of 1922, par. 770) imposes a duty of 15 per cent ad valorem on tomatoes in their natural state, and 40 per cent ad valorem for tomato paste. The new bill passed by the House (par. 770, H. R. 2667) has increased the existing duty on tomatoes in their natural state to 3 cents per pound, while the duty on tomatoes prepared or preserved in any manner has been increased to 40 per cent ad valorem. The substantial increase in the duty on peeled tomatoes seems most unjustified, for the Italian product does not compete with the domestic product. Furthermore, the consumers of Italian tomatoes are a distinct and separate class from the consumers of the

domestic product. The additional duty on imported canned tomatoes will hamper very seriously the Italian industry and work further hardships on a large group of laborers in this country who constitute the great mass of consumers of the imported article.

Considering further the tariff problem relating to tomato paste, it is pertinent to call the attention of the Finance Committee that the preliminary report of the United States Tariff Commission dealing with the investigation on cost of production of tomato paste in the United States and in Italy, showed that the Italian cost is somewhat higher than the domestic. At present, domestic tomato sauce is selling at a price which is about 70 per cent below the selling price of imported tomato paste, a very eloquent confirmation that there is no real competition between the Italian and the domestic product.

A reconsideration of this important matter by the Finance Committee is earnestly requested, for a more adequate solution would recommend the continuation of the present duty on canned tomatoes and a reduction on that now imposed on tomato paste, as it was indicated in the investigation carried out by the United States Tariff Commission.

#### CHEESE

(Par. 710, tariff act of 1922)

The varieties of cheese imported from Italy into this country are not competitive in character with the American cheese industry. The United States Tariff Commission in its study on the subject, has specifically admitted that the Italian types of cheese are difficult to produce in the United States, because of the requirements in their production of specialized knowledge, painstaking handwork and peculiarly suitable conditions of production. The domestic production of these varieties is small indeed, amounting to less than 3 per cent of the total production of cheese in the United States. A striking confirmation of the noncompetitive character of the Italian cheese in the American market is offered by the fact that the selling price of the cheapest Italian cheese is more than double the cost of the average domestic type.

A brief description of the varieties of Italian cheese imported into the United States will show conclusively that the Italian product does not in any manner come in competition with the domestic. Let us consider first the hard-cheese varieties.

#### HARD CHEESE

Roman cheese, obtained entirely from sheep's milk, and including such varieties as the Sardinian and Tuscan, also made entirely from sheep's milk. This cheese is a hard and somewhat grained cheese with a strong, piquant, salty flavor. It is used principally for grating, as a condiment for macaroni, soups, and other dishes. It is manufactured in the Roman and southern provinces of Italy, in Sardinia, and in Tuscany. The Sicilian type of "Incanestrato," although made from a mixture of cow's and goat's milk, belongs to this class of hard cheese.

All these varieties require about one year's aging before they are ready for market.

Reggiano or parmesan cheese is obtained entirely from cow's milk, hard and granular in character, sweet and savory to taste, used mostly for grating, as a condiment for macaroni, soups and other foods, and other food preparations. It requires from about two to four years' ripening before it is ready for market. It costs at its origin from about 30 cents to 39½ cents per pound.

Caciocavallo and provolone: Both are cheeses of the same type, differing only in shape, made of cow's milk, although occasionally there is an addition of sheep's, goat's, or even buffalo's milk.

Their manufacture requires laborious working of the curd in a plastic filamentous mass, which is afterwards pressed into a consistent, uniform, whole form, to which is given a specific club-shape in the case of caciocavallo, and oval-shape in that of provolone. Both are semihard cheeses, characterized by savory, palatable but somewhat salty and piquant taste. Such cheese requires nine months' aging before it is ready for market, and its present market value at the origin is of about 27 cents per pound.

Vacchino romano is another hard cheese made from cow's milk and sheep's rennet. Its taste resembles that of Roman cheese, but the piquancy is less pronounced. It ripens within nine months to one year, and is used for the same purpose as the Roman cheese. It is now quoted in Italy at about 31 cents per pound.

A brief description of the soft types will be also pertinent and useful.

#### SOFT CHEESE

Gorgonzola is, of all Italian soft cheese, the most sought for. It is made from unskimmed cow's milk; it is one of the richest flavored cheeses known. Gorgonzola cheese is characterized by its mottled appearance, caused by blue molds purposely developed within it, and by its buttery piquant taste, delicate and appetizing. Its quality depends upon the skill with which it is cured in the natural caves especially adapted to the purpose to be found near the city of Lecco, and which can not be reproduced elsewhere. It requires about nine months for maturing, and costs in Italy to-day about 24 cents per pound.

Bel paese is an Italian creamy cheese, made from cow's milk, which has won recognition on the American market, whose quality is due to the aromatic pasture of the Alpine Valleys, where it is manufactured. It costs at the origin about 24 cents per pound.

The existing law (par. 710, tariff act of 1922) fixes a duty of 5 cents per pound, but not less than 25 per cent ad valorem on cheese and substitutes thereof. The new tariff bill passed by the House of Representatives (par. 710, H. R. 2667) has increased the existing duty to 7 cents per pound, but not less than 35 per cent ad valorem. With reference to its application to the Italian cheese, whose value is about 30 cents per pound, the new duty which would apply would be 35 per cent ad valorem. Such an increase is not justified by any difference in the cost of production between the Italian and domestic industry, as any comparison would be impossible, for they are two different types of production. Italian cheese is mainly consumed by that large part of the population of Italian extraction of modest means, to whom cheese is a necessary part of their daily ration. The heavy proposed duty besides hampering the Italian industry, would tend to place an additional burden on these consumers.

A reconsideration of the matter by the Finance Committee of the Senate will no doubt bring about a reduction in the existing rate.

#### WALNUTS

[Par. 758, tariff act of 1922]

The production of walnuts in the United States is restricted to southern California, due to climatic requirements for the growing of this popular food-stuff, which is also largely consumed in the confectionery, bakery, and ice-cream trades. The trend of the domestic production of walnuts has shown a decisive increase during past years, from 54,000,000 pounds in 1922 to 72,000,000 in 1925, reaching a bumper crop of 102,000,000 pounds in 1928. Also the tendency of prices has been for the increase from an average of 18 cents per pound in 1922 to 22 cents in 1925 and 21 cents in 1928. Domestic production and growing of walnuts is very efficiently organized by a powerful association, which controls the bulk of the crop and has adopted efficient methods of grading, selection, and distribution, so that the California walnut is easily identified by the consumer on account of its neat appearance and also because each nut is stamped with the brand of the grower. The attained superiority of California walnuts is such that it can command its own price, without any interference whatsoever from the foreign products, which are not so well bleached, selected, and graded. For these reasons foreign walnuts command lower prices. The growing of walnuts in California, as it is with other fruit crops of that State, is on a most scientific and efficient basis and domestic costs of production are undoubtedly lower than the corresponding costs in the European producing countries, mainly in Italy.

The existing tariff law (par. 768, tariff act of 1922) imposed a duty upon walnuts of all kinds, not shelled, of 4 cents per pound and on shelled walnuts of 12 cents per pound. The new tariff bill passed by the House (H. R. 2667, par. 753) has increased the existing duties to 5 cents per pound if not shelled and 15 cents per pound if shelled, an increase which is not justified because, actually, the domestic and foreign product do not come in competition on this market. The Finance Committee of the Senate is kindly asked to reconsider this matter.

## HEMP

[Tariff act of 1922, par. 1101]

Domestic production of hemp very efficiently controls the domestic market, as is shown by the trend of imports. Since 1920 imports of hemp in the United States have shown a continuous decrease; in 1920 they were 7,117 tons; in 1921, 5,563; in 1923, 3,108; in 1925, 2,445; and in 1928, 1,356 tons. Italy contributes very largely to the supply of hemp imported to this country. The great skill with which hemp is cultivated in Italy, and the methods adopted for the preparation of the fiber are responsible for its higher grade and the reputation of superiority it bears in the world's markets.

The existing duty (par. 1001, tariff act of 1922) of 1 cent per pound for hemp and hemp tow, and 2 cents per pound for hackled hemp has been increased in the bill passed by the House (par. 1001, H. R. 2667) to 1½ cents per pound on hemp and hemp tow, and 3 cents per pound on hackled hemp. Such an increase is fully unjustified, particularly in view of the fact that production cost of Italian hemp, which represents a better product, is higher than the corresponding domestic cost. The increasing difficulties encountered by the Italian producers in this market are clearly confirmed by the trend of imports which, as reported, have shown a continuous contraction during the past few years.

The increased duty passed by the House would completely destroy this important branch of Italian trade in this country.

The Finance Committee of the Senate is kindly requested for a fair reconsideration of this matter.

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DEPARTMENT OF STATE,  
Washington, July 5, 1929.

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note from the Royal Italian ambassador, dated June 27, 1929, together with copies of three memoranda transmitted therewith on the effects of the tariff bill, as passed by the House of Representatives, on the Italo-American trade.

I have the honor to be, sir,

W. J. CARR, *Acting Secretary.*

ROYAL ITALIAN EMBASSY,  
Washington, June 27, 1929.

MY DEAR Mr. SECRETARY: Herewith inclosed I am sending you three memoranda on the effects of the tariff bill, as passed by the House of Representatives, on the Italo-American trade.

I would be very grateful to you for the attention you would kindly give it and for the use you may deem it advisable to make of the information it contains.

Accept, my dear Mr. Secretary, the assurance of my highest consideration.

G. DE MARTINO,  
*Italian Ambassador.*

HON. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

ROYAL ITALIAN EMBASSY,  
*Office of the Commercial Counselor.*

## SCHEDULE 12

## ARTIFICIAL SILK

(Par. 1213, tariff act of 1922)

The development of the artificial-silk industry in the United States has been very rapid during the past few years, running from a total of 9,800,000 pounds in 1920 to 99,500,000 pounds in 1928 and to an estimated production of more than 135,000,000 pounds for the current year. To-day the American rayon industry occupies a privileged position in the world markets and can compete most successfully with the foreign productions. The adoption by this industry of modern and most efficient methods has contributed considerably to reduce costs of production in this country and to control more efficiently the domestic market, as is clearly confirmed by the recent substantial reduction in prices made by the most important American mills.

All this finds a clear confirmation in the trend of imports, which are showing a very marked and serious decline, from about 19,000,000 in 1927 to about 16,000,000 pounds in 1928; a larger contraction is noticeable during the first months of the current year. It must be remembered that the manufacture of artificial silk (rayon) is essentially a chemical and mechanical process, and labor costs represent an item of very small importance indeed. Furthermore, artificial silk is in itself a raw product which is used with other textiles, such as cotton and woolen and knit goods. Some of the Italian grades of rayon are most suitable for these combinations. Therefore an increase in the duty on rayon, with the resulting reduction of imports, will no doubt affect most unfavorably the activities of these allied industries, with manifest loss and difficulties for the American industrial system.

Artificial silk has found a notable place of its own in the textile industry to-day and has somewhat stimulated and bettered both the output and consumption of textiles in general. The firms producing artificial silk in the United States belong to very powerful groups and have shown the most satisfactory financial results during the past few years. This, we think, is the most eloquent confirmation of the strong position which the domestic producers enjoy in the control of the domestic market against foreign competition.

The existing law (par. 1213, tariff act of 1922) assesses on yarns, threads, and filaments or artificial silk or imitation silk by whatever name known and whatever process made, if single, 45 cents per pound; if advanced beyond the condition of singles, by grouping or twisting two or more yarns together, 50 cents per pound, but not less in any case than 45 per cent ad valorem. In the tariff bill passed by the House of Representatives (H. R. 2607) a new schedule has been created for the rayon manufacturers (Schedule 13) and paragraph 1301 has added to the existing duty an assessment of 5 per cent ad valorem.

Such an increase in the tariff would, no doubt, cause a serious contraction in the volume of exports of Italian rayon to this market, for the Italian industry is having, as it is, ever-increasing difficulties in meeting the competition of the domestic industry, as it is confirmed by the serious falling off in Italian exports of rayon to this market during the past months.

The United States stands supreme in the production and the development of the rayon industry; a serious and sincere comparison of costs between the American and the Italian production would, no doubt, justify a decrease in the existing high level of protection. To that end a reconsideration by the Finance Committee of the Senate is therefore earnestly requested.

## SCHEDULE 14

## FUR-FELT HATS

(Par. 1427, tariff act of 1922)

The domestic fur-felt hat industry has experienced a very rapid development during the past few years, the total production increasing from \$38,000,000 in 1914 to about \$100,000,000 in 1927. To-day the domestic industry controls about 99 per cent of the demand in the domestic market. Coupled with increasing production is a noticeable concentration in the adoption of more efficient and profitable methods of production, shown by the gradual reduction in the number of individual establishments, from 224 in 1914 to 146 in 1927, and the reduction in the workmen employed in these establishments from 21,318 in 1914 to 15,927 in 1927. Another eloquent confirmation of the strong position enjoyed by the domestic fur-felt hat industry is found in the tremendous increase in exports from the United States to almost all the markets of the world. The exports from the United States of fur-felt hats for men and boys increased from \$544,983 in 1924 to \$2,046,631 in 1928; the fur-felt hats for women and children increased from \$78,182 to \$84,456 during the same period. On this point it is pertinent to quote an interesting statement contained in the American Hatter (p. 46, February, 1929) in which one of the most important domestic producers, while describing the successful results obtained in a new foreign drive, affirms that the lots of shipments during the month covered 500,000 dozens, equal to a value of \$2,500,000, sent to every corner of the earth, from England to Australia, from France to China and Africa, etc.

It is clear, therefore, that the domestic industry is more than able to compete with any foreign industry, especially with the Italian, whose production is mainly concentrated in turning out a product of the highest quality, without regard to quantity, and which has deservedly gained the highest reputation in all the most important markets of the world.

At the hearing before the Ways and Means Committee of the House of Representatives for consideration of the tariff revision, a representative of the domestic industry, in order to obtain a further unnecessary aid to his already well protected industry, made statements regarding conditions of the Italian fur-felt hat industry which deserve correction. As a witness, in trying to emphasize the alleged difference in wages paid to the American and to the Italian workmen, he made a comparison between the wages paid in Italy in 1918 and the wages paid in this country in 1929, without even taking the trouble to inform the American legislators that since 1918 Italian costs and money values have witnessed a tremendous increase, as a result of the monetary stabilization, which was carried out at the end of 1927. On the contrary, a sincere and honest investigation of costs and competitive conditions between the Italian and the domestic industry on the American market would show that the American manufacturer enjoys a most favorable position. As a matter of fact neither Italy nor the United States produce the raw material (rabbit fur) which comes from Australia and is sold on the London market. Very little difference exists, if any, in the purchase by the two industries of silk trimmings and colors (which are generally bought in Germany), etc. On the contrary, this country produces some of the best morocco leather, which the Italian industry buys from this market for its needs. Much higher than in this country are Italian costs for coal, power, credit costs, etc., all items which will tend, in the end, to eliminate the slight advantage which the Italian manufacturers might enjoy over the domestic competitor for labor costs, but which at any rate now is no higher than 25 to 30 per cent.

On this point this embassy would be very glad to furnish reliable and authoritative statistics fully upholding this statement.

The superiority of the Italian fur-felt hat is mainly resulting from the higher specialization attained by the Italian industry for its long experience, which dates back to several decades. In considering, further, the competitive conditions of the products on the American market it is pertinent to point out that Italian hats always retail at a price substantially higher than the similar or better domestic hats, an eloquent confirmation that Italian fur-felt hats do not offer any serious competition to the domestic production. The limited sale of Italian hats on this market represents, more than anything else, the result of energetic efforts and shrewd advertising on the part of importers,

emphasizing the beautiful styles of the Italian hats, which possess a marked individuality and are different from the ordinary run of domestic hats.

The tariff bill passed by the House of Representatives (H. R. 2687, par. 1523) has increased substantially the existing duty, as indicated in paragraph 1427 of the tariff act of 1922. Such an increase does not seem to be justified by the prosperous conditions of the domestic industry and by the trend in the imports of this product, which show a definite contraction. The tariff increases included in the House bill would undoubtedly result in a complete stagnation of Italian exports of fur-felt hats to this country, with a serious injury to the trade relationship between the two countries, for it represents a very important branch of Italian exports to this market.

A fair reconsideration of this matter in the light of information and factors which have been presented would, no doubt, justify a reduction in the existing high tariff rates. The Finance Committee of the Senate is kindly prayed for a reconsideration of this important matter, so as to assure the above-indicated equitable readjustment.

#### SCHEDULE 14

##### MEN'S STRAW HATS

[Par. 1406, tariff act of 1922]

The trend in the imports of trimmed straw hats has shown a marked decrease during the past few years, for while in 1922 blocked or trimmed hats represented 30 per cent of the total imports of straw hats into this country, in 1927 they represented only 11 per cent of the corresponding total. As a matter of fact, the importation of a popular type (16-18 Flatfoots) has dwindled down to practically nothing during the past season. This was, no doubt, due to the keen competition offered by the domestic finished hats, for several domestic manufacturers can produce the same hat at a lower cost than the Italian product. A very important domestic producer located in Baltimore has recently offered a type, well trimmed and well made, for early business, at a price which could never be met by the Italian producer, even with the present tariff duty. Regarding the so-called rustic type, it is to be noted that domestic manufacturers can also very effectively compete with the Italian product, notwithstanding their maintaining rather old methods of production. This represents a serious and potential danger to the Italian industry, which would be easily displaced should these firms adopt more efficient and modern methods of production, as is to be expected.

Generally speaking, the above-described conditions apply also to other similar types of straw hats. It is a matter of record that wholesale prices for Italian straw hats of the better variety are fully one-third higher than the corresponding American hat on the New York market. The marked trend of reduction in imports of Italian hats to this country is due to the inability of Italian producers to meet the existing local competition on account of the already excessive tariff.

In considering the trade in chip hats, we notice that in 1928 the imports of this special product have shown a little increase, which represents, however, the development of a sudden strong demand for soft straw hats on the part of the American consumers. These so-called chip straw hats represent a typical hat made by the Italian producers, as the raw material is only to be found in Italy. Confirmation of this is found in the fact that chip hats have not been produced in this country for many years past. Therefore, this sudden increase in the purchase of this special type of Italian hat was the direct result of the sudden change in the straw-hat fashion, a movement which is already showing signs of a rapid contraction. Another authoritative confirmation of the temporary possibilities for the sale of this special hat is offered by the fact that several domestic manufacturers have put on the market a patented Milan soft hat, costing about \$7.50 to \$8 net, which seems to be so superior to the chip hat that it has seriously hurt the sale for the medium and better grades of Italian chip hats. The chip hat temporary demand was mainly due to a sudden desire for soft straw hats by the American consuming public.

Considering briefly costs of production of straw hats in Italy and in the United States it is to be remembered that the United States Tariff Commission conducted an investigation during 1926, pursuant to section 315 of the existing tariff act of 1922. After completion of the investigation the duty on

men's sewed straw hats valued at \$9.50 or less per dozen was increased from 60 to 88 per cent ad valorem. Italian producers had objected to the methods employed by the commission in determining costs, and the justice of their criticism was clearly recognized by Commissioner E. P. Costigan, who found it necessary to file a minority report, with which he differed most completely with the conclusions reached by the majority. Furthermore, the majority report admitted that both domestic and foreign straw-hat factories are characterized by a lack of standardization in production; that wide variations exist in the quality of the hats manufactured by different establishments; that there is a considerable difference in the quality of the braids used and in the quality of the material, such as leather sweats and silk bands used in the finishing process. Because of these variations the commission deemed it inadvisable to compare the average costs of production of all domestic hats with that of the foreign hats, a method which could be subject to legitimate, sound criticism.

A sincere and honest investigation of the cost of production of straw hats in Italy would compare most favorably with that in the United States. While American labor receives higher wages, seemingly an advantage to the Italian manufacturers; this is greatly discounted by the fact that labor in Italy is much less efficient because it lacks adequate machinery. American labor, by more intensive and most efficient use of machinery, is able to produce much more than the Italian laborer, a fact which tends to eliminate any advantage resulting from lower wages paid in Italy.

Usually bands and tips used in Italian straw hats are of an inferior quality. When leather bands and satin tips are used the cost in Italy is much higher than in the United States, because these two products must be imported into Italy.

Considering the packing costs, it is pertinent to point out that the hat trade now uses almost exclusively cartons of corrugated paper, which is imported into Italy from the United States. Since the investigation carried out by the United States Tariff Commission, labor and other costs have substantially increased in Italy, as a result of monetary stabilization. This is the reason why the existing duty is having such an unfavorable effect on the trend of the imports of Italian straw hats into this country.

The new tariff bill passed by the House of Representatives (par. 1505, H. R. 2667) has substantially increased the existing high duty on straw hats, as indicated in paragraph 1406 of the existing tariff act of 1922. If the new duty is enacted, it is easy to predict a complete destruction of this long-established trade between the two countries. This new duty, besides wiping out entirely the sale of Italian hats in the American market, would result in a substantial increase in the price of chip-straw hats, which can not be produced advantageously in this country and which are mainly used in the rural sections.

The Finance Committee of the Senate is therefore prayed to reconsider this important matter, making a sincere comparison of costs and relative competition possibilities, which would no doubt justify a reduction in the existing high duty, which offers more than adequate and sufficient protection to the domestic manufacturers.

DEPARTMENT OF STATE,  
Washington, July 11, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Italian ambassador, dated June 25, 1929, transmitting two memoranda concerning the effects of the proposed tariff changes on Italo-American trade.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.



ROYAL ITALIAN EMBASSY,  
*Washington, June 25, 1929.*

Hon. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

MY DEAR MR. SECRETARY: Herewith inclosed I am sending you two memoranda on the effects of the tariff bill, as passed by the House of Representatives, on the Italo-American trade.

I would be very grateful to you for the attention you would kindly give them and for the use you may deem it advisable to make of them.

Accept, my dear Mr. Secretary, the assurance of my highest consideration.

G. DE MARTINO,  
*Italian Ambassador.*

ROYAL ITALIAN EMBASSY,  
*Office of the Commercial Counselor.*

#### SCHEDULE 9

ARTICLES MADE OF COTTON, OR OF WHICH COTTON IS THE COMPONENT MATERIAL OF CHIEF VALUE

(Tariff act of 1922, par. 921)

Under this classification a large number of miscellaneous articles have been imported to the United States during the last few years. They include cloths which, though containing wool, have cotton as a component material of chief value. Italian manufacturers have been able to develop a low grade of men's wool fabric, which is rather coarse spun, but not to be compared with the fine cotton fabric which is subject to a much lower duty. The wool used in the manufacture of these fabrics is also of a lower grade, representing 20 to 33½ per cent of shoddy, which generally costs less per pound than cotton. The cotton used by the Italian manufacturers is imported from the United States, so that any reduction of their sales to this country will cause a corresponding decrease in their purchase of American cotton.

Very often the price element of these Italian fabrics is of no considerable importance, for they are chiefly purchased here for their style and beautiful combination of colors and ingenious designs. The pieces which find the largest demand are copied by the domestic producers who are in a condition to produce and sell them at prices much lower than the imported article; therefore these fabrics actually supply the basis and means for the business of the American mills.

The existing duty offers the domestic manufacturers ample protection. It is clearly demonstrated by their practice of copying the best Italian designs each season, which they sell at prices substantially lower than those practiced for the Italian products.

The existing law (tariff act of 1922, par. 921) imposes a duty of 50 per cent ad valorem on the products in question. The tariff bill passed by the House (H. R. 2067) has somewhat changed the above paragraph by specifically covering these fabrics by a new paragraph, viz:

"Par. 906. Cloth in chief value of cotton, containing wool, 60 per centum ad valorem."

As about 90 per cent of these fabrics are imported from Italy, it would appear that the new paragraph is a manifest discrimination against this Italian product, the demands for which is the result of the existing need of this market for new combinations of design and color. This Italian product is considered a leader in the fashion trend each season.

A reconsideration of this matter by the Finance Committee of the Senate is kindly requested, for this embassy feels that a careful study of all the factors concerned would justify the retaining of the existing classification and rate of duty which offers ample protection to the domestic manufacturers.

## TAPESTRIES AND OTHER JACQUARD-WOVEN UPHOLSTERY CLOTHS

(Par. 909, tariff act of 1922)

The bulk of the upholstery fabrics imported into this country is composed of goods having a character of marked novelty. The trend of imports of this textile product to the United States during the past few years was more governed by the rapid and successful development in the movement promoting better homes, than by any other single factor. Very often price, as an element of sale, has secondary importance, for the Italian product is purchased for its style, the beautiful combination of colors, and the ingenious designs. Domestic furniture producers and other consuming industries have preferred certain types of this Italian fabric, as linen friezes, because these are not produced at all in this country. Furthermore, a large number of these fabrics imported from Italy are afterwards copied by domestic manufacturers, either in identical or in similar qualities, a fact which clearly proves that the existing duty offers to the domestic producers a more than ample protection.

The unsatisfactory situation existing in some branches of the domestic upholstery fabrics industry is mainly due to unbalanced conditions in the industry itself or in some lines of the American cotton and furniture industries. During the past few years the bulk of the domestic production of cotton tapestries was produced in Pennsylvania, chiefly in the Philadelphia district. More recently, however, a large number of firms have transferred their activities to the Southern States, where it seems that their cost of production is substantially lower. Competition from these southern mills is proving to be more detrimental to the old established factories around Philadelphia than the importing of foreign products.

In considering domestic and Italian costs for the production of these fabrics it is necessary to keep in mind that, while in Italy this industry is more or less on a limited family basis, in this country, on the contrary, it is carried out on the most economical and effective methods of mass production, which have been developed to the highest degree.

A careful and honest comparison between domestic and Italian costs would show very conclusively that the existing duty of 45 per cent ad valorem is more than sufficient to protect the domestic industry. The tariff revision bill passed by the House of Representatives (H. R. 2667, par. 909) has increased the existing duty to 55 per cent ad valorem.

The Finance Committee of the Senate is kindly prayed for a reconsideration of the matter so as to reach an equitable adjustment.

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DEPARTMENT OF STATE,  
Washington, July 11, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Royal Italian ambassador, dated July 2, 1929, inclosing a memorandum in further reference to the effect of the tariff bill, as passed by the House of Representatives, on Italo-American trade.

I have the honor to be, sir,

Your obedient servant,

H. L. STIMSON.

ROYAL ITALIAN EMBASSY,  
Washington, July 2, 1929.

HON. HENRY L. STIMSON,  
Secretary of State, Washington, D. C.

MY DEAR MR. SECRETARY: Herewith inclosed I am sending you a memorandum on the effects of the tariff bill, as passed by the House of Representatives, on the Italo-American trade.

I would be very grateful to you for the attention you would kindly give it and for the use you may deem it advisable to make of the information it contains.

Accept, my dear Mr. Secretary, the assurance of my highest consideration.

G. DE MARTINO,  
Italian Ambassador.

REGIA AMBASCIATA D'ITALIA.  
Ufficio Del Consigliere Commerciale.

SCHEDULE 14

LEATHER GLOVES

(Par. 1433 of the tariff act of 1922)

Paragraph 1433 of the present tariff levies the following duties on gloves:

Men's gloves not over 12 inches in length, \$5 per dozen pairs; women's and children's gloves not over 12 inches in length, \$4 per dozen pairs; for each inch in length in excess thereof, 50 cents per dozen pairs. Provided that, in addition thereto, on all of the foregoing there shall be the following cumulative duties: When lined with cotton, wool, or silk, \$2.40 per dozen pairs; when lined with leather or fur, \$4 per dozen pairs; when embroidered or embellished, 40 cents per dozen pairs: *Provided*, That all the foregoing shall pay a duty of not less than 50 per cent nor more than 70 per cent ad valorem: *Provided further*, That glove trunks, with or without the usual accompanying pieces, shall pay 75 per cent of the duty provided for the gloves in the fabrication of which they are suitable.

Gloves made wholly or in chief value of leather made from horse hides or pig skins, whether wholly or partly manufactured, 25 per cent ad valorem.

The high rates on men's gloves as well as the fact that this line of consumption is supplied chiefly by domestic production, which is an important American industry, have practically put out of the American market imported men's gloves, the importation of which did not reach 140,000 pairs in 1922 and scarcely surpassed this figure in 1927.

The less exorbitant rates on women's and children's gloves as well as the quality of lighter and finer leather from which they are made and the required labor in their finishing have maintained the importation of this line of wearing apparel, which the European manufacturers, prior to the enactment of prohibitive rates in 1922, supplied in the proportion of about four-fifths of the total consumption of the country.

Women's kid gloves are an actual necessity and in no sense a luxury, but the rates of duty now assessed on women's gloves, by adding greatly to the selling price, have made gloves almost a luxury and the cost unreasonably burdensome.

The American women need the imported lightweight kid glove by reason of its greater delicacy of texture, style, and finish. Being an essential part of her apparel, required for comfort and personal appearance, they can not be dispensed with, especially the imported glove, which is of superior style and finish.

These gloves, which are manufactured principally in France, Italy, Czechoslovakia, and Germany where the workmanship has, through generations and years of training, acquired the skill necessary for the making, and where the work is done mostly at home, could not be produced in this country, except

at a prohibitive price, which would put them beyond the reach of the average purchaser.

Thus, the advantages of careful making and convenient price are secured to consumers in this country. The importation of gloves in this country would otherwise be confronted with prohibitive prices. This explains why practically 95 per cent of the imported leather gloves in the United States are represented by women's and children's gloves.

Because of the lack of this condition, as well as of the required training and skill, the manufacture of these gloves, whenever attempted in this country, has been as unsuccessful as that of men's gloves has been successful, and what few women's and children's gloves are made in the United States, consist of novelties and specialties as are occasionally evolved by American glove makers, for temporary, rather than stable, demand.

Any attempt to establish the manufacture of women's and children's gloves in this country would meet with failure, even in the hypothesis that the rates of duty were prohibitively increased, as the conditions for this line of production are entirely lacking in this country, and no tariff, however high, could alter them. This, aside of the fact that excessive prices for such a necessity would be intolerable and certainly curtail the demand.

Domestic manufacturers to-day are making gloves of dipped leather, which do not in any way compete with the foreign light-weight brushed leather glove.

The new tariff bill passed by the House of Representatives (H. R. 2867, par. 1532) has substantially increased the existing high duties to really prohibitive levels.

The Finance Commission of the United States Senate is kindly prayed to reconsider the matter, so as to avoid such a serious setback to an important branch of Italy's trade with this country.

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DEPARTMENT OF STATE,  
Washington, July 15, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Royal Italian Ambassador, dated July 2, 1929, transmitting a memorandum concerning the effects of the proposed changes in the tariff on Italo-American trade.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

ROYAL ITALIAN EMBASSY,  
Washington.

Hon. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

MY DEAR MR. SECRETARY: Herewith inclosed I am sending you a memorandum on the effects of the tariff bill, as passed by the House of Representatives, on the Italo-American trade.

I would be very grateful to you for the attention you would kindly give it and for the use you may deem it advisable to make of the information it contains.

Accept, my dear Mr. Secretary, the assurance of my highest consideration.

G. DE MARTINO,  
*Italian Ambassador.*

REGIA AMBASCIATA D'ITALIA WASHINGTON

In her trade relations with the United States, Italy has always experienced an unfavorable trade balance. While the United States has for years maintained an important place among the countries from which Italy imports a good deal, on the other hand, the sale of Italian products on the American market has met, mainly during the postwar period, with increasing difficulties. The bulk of demand for the Italian products consumed in the market of the United States still comes from the so-called Italo-American communities established in the largest cities of the Atlantic coast and the Middle West. This basic factor was responsible in the past for the continuous nervous fluctuations which have characterized Italian trade with this country since the beginning of this century, due to recurrent variations in the movement of Italian immigrants to and from this country. The adoption of the policy of restricted immigration by this country has had substantial effect on the volume and character of the Italian trade with the United States. The gradual falling off in the demand from the so-called Italian communities and the trade difficulties caused and connected with the postwar period have favored the concentration of this business in the hands of fewer but more experienced and responsible organizations of the highest type. This represents a very important and helpful factor, mainly in connection with the future development of trade relations between the two countries, for it favors the adoption of solid standards and creates a better understanding.

The following table, based upon the Italian official statistics (Ministero delle Finanze) shows the variation in the trade relations between the two countries during the past fifteen years:

*Trade between Italy and the United States*

(Values in thousands of paper lire)

| Year      | Exports from United States into Italy |           | Imports into United States from Italy |           | Excess of American exports |           |
|-----------|---------------------------------------|-----------|---------------------------------------|-----------|----------------------------|-----------|
|           | Values                                | Index No. | Values                                | Index No. | Values                     | Index No. |
| 1913..... | 522,722                               | 100       | 267,892                               | 100       | 254,830                    | 100       |
| 1922..... | 4,398,231                             | 841       | 1,018,317                             | 380       | 3,379,914                  | 1,326     |
| 1923..... | 4,619,493                             | 884       | 1,512,524                             | 564       | 3,106,969                  | 1,219     |
| 1924..... | 4,647,883                             | 889       | 1,231,804                             | 459       | 3,416,079                  | 1,341     |
| 1925..... | 6,174,816                             | 1,181     | 1,887,826                             | 704       | 4,286,990                  | 1,682     |
| 1926..... | 5,614,399                             | 1,074     | 1,981,500                             | 717       | 3,632,899                  | 1,455     |
| 1927..... | 3,968,378                             | 758       | 1,644,818                             | 614       | 2,313,560                  | 908       |
| 1928..... | 4,015,168                             | 768       | 1,523,489                             | 569       | 2,491,679                  | 978       |

As the values reported in the table above are expressed in lire, they offer but a relative indication of the real situation, because during the period in question Italian currency registered wide fluctuations.

A more adequate picture of the present status of Italo-American trade, in comparison with the pre-war period, can be gathered from the following table, whose values are expressed in gold lire, at the average rate of gold in Italy, during the various years:

*Trade between Italy and the United States*

(Values in thousands of gold lire)

| Year      | Exports from United States to Italy | Imports to United States from Italy | Excess of American exports | Year      | Exports from United States to Italy | Imports to United States from Italy | Excess of American exports |
|-----------|-------------------------------------|-------------------------------------|----------------------------|-----------|-------------------------------------|-------------------------------------|----------------------------|
| 1913..... | 522,722                             | 267,882                             | 254,840                    | 1922..... | 1,076,019                           | 251,678                             | 824,441                    |
| 1915..... | 1,655,659                           | 288,205                             | 1,287,454                  | 1923..... | 1,099,091                           | 359,867                             | 739,224                    |
| 1916..... | 2,916,725                           | 299,208                             | 2,647,517                  | 1924..... | 1,047,675                           | 277,655                             | 769,920                    |
| 1917..... | 4,005,809                           | 182,398                             | 4,823,411                  | 1925..... | 1,276,154                           | 389,853                             | 885,301                    |
| 1918..... | 4,442,130                           | 113,184                             | 4,328,946                  | 1926..... | 1,131,251                           | 389,179                             | 742,072                    |
| 1919..... | 4,414,314                           | 382,340                             | 4,031,974                  | 1927..... | 1,046,296                           | 434,767                             | 611,529                    |
| 1920..... | 2,929,617                           | 305,802                             | 2,523,815                  | 1928..... | 1,093,992                           | 415,097                             | 678,895                    |

The trend shown in the preceding table is fully confirmed by the following tabulations, based upon statistics of the United States Census Bureau:

*Trade between Italy and the United States*

[Values in millions of dollars]

| Year (average) | Exports from United States to Italy | Imports in United States from Italy | Excess of American exports | Year (average) | Exports from United States to Italy | Imports in United States from Italy | Excess of American exports |
|----------------|-------------------------------------|-------------------------------------|----------------------------|----------------|-------------------------------------|-------------------------------------|----------------------------|
| 1910-1914..... | 66                                  | 51                                  | 15                         | 1925.....      | 205                                 | 162                                 | 108                        |
| 1922.....      | 181                                 | 64                                  | 87                         | 1926.....      | 187                                 | 103                                 | 54                         |
| 1923.....      | 168                                 | 92                                  | 76                         | 1927.....      | 132                                 | 109                                 | 23                         |
| 1924.....      | 187                                 | 75                                  | 112                        | 1928.....      | 162                                 | 102                                 | 60                         |

From various points of view, the year 1928 may be considered as a representative period upon which to base a fair and sound estimate for the future trend of the trade between Italy and the United States.

During the last year this trade was carried on with the lira stabilized on the new gold level, thus eliminating all unfair competition resulting from currency inflation or depreciation. This is a very important factor to be reckoned with in considering the potential competitive power of the Italian products on the American market, for the stabilization of the lira on the new high level, while on one hand it has greatly increased costs in Italy, thus rendering more difficult the sale of Italian products in the United States, on the other it has facilitated the development of American exports to Italy. The percentage variations (based upon the statistics of the United States Census Bureau) in the trade relations between the two countries during 1928, in comparison with 1927, are the following: Increase in American exports to Italy, 23 per cent; decrease in Italian sales to the United States, 7 per cent.

In considering the nature of the Italian shipments to this country one observes that the bulk is represented by the following products:

(a) High-quality foodstuffs (cheese, olive oil, lemons, dried fruits, fresh fruits and vegetables in brine and olive oil, peeled tomatoes and tomato sauce, walnuts, chestnuts, etc.);

(b) Silk, artificial silk and high-grade textiles (linen, woolen, cotton), hemp;

(c) Hats of the best quality, well known the world over;

(d) Marble and its products;

(e) Raw hides and gloves.

The details and the trend of these imports (on a quantity basis), during the past years, is shown in the following table:

*Most important Italian products exported in the United States*

|  | 1913      | 1927      | 1928      |
|--|-----------|-----------|-----------|
| Cheese.....  | 122,308   | 136,586   | 169,068   |
| Lemons.....  | 1,134,392 | 304,099   | 332,714   |
| Dried fruits.....  | 97,741    | 98,635    | 103,023   |
| Fresh fruits, vegetables preserved in brine and olive oil..... | 52,130    | 25,085    | 35,080    |
| Tomato sauce.....  | 207,393   | 512,546   | 431,386   |
| Olive oil.....   | 85,760    | 248,509   | 88,232    |
| Textiles of hemp, linen, and jute.....                         | 23,410    | 61,028    | 80,930    |
| Cotton textiles.....   | 1,625     | 4,215     | 3,747     |
| Raw silk.....  | 10,640    | 1,954     | 3,212     |
| Artificial silk and waste.....                                 | 26,096    | 3,217,616 | 2,083,300 |
| Marble.....  | 115,509   | 701,331   | 131,865   |
| Rawhides.....  | 20,453    | 44,646    | 40,839    |

The series of memorandums presented by this embassy to the State Department contained a detailed exposition of the present status of the most important Italian products imported in this country, with special reference to the degree of competition offered by them to similar domestic products. The un-

favorable repercussions from the increases contained in the tariff bill passed by the House of Representatives in reference to the Italian products were also carefully considered.

In the group of oils, it was pointed out that the total domestic production of olive oil represents but 1 per cent of the total domestic consumption, so that any duty imposed upon olive oil could be only intended as a revenue measure and could not reasonably be interpreted as a stimulant to an industry ever capable of meeting the Nation's consumption requirements. It was also clearly demonstrated that any differential in the duty between olive oil imported in barrels and that imported in small containers should be abolished, for such a differential would facilitate frauds and adulterations.

In the case of canned tomatoes and tomato paste it was pointed out that the consumption of the Italian product is limited to the demand for communities of Italian extraction, which have been accustomed to this Italian product, which has marked characteristics totally different from the domestic tomato. Furthermore, Italian tomatoes and tomato paste have always commanded a price substantially higher than the domestic product, a clear and important factor which demonstrates the nonexistence of competition between the two products. In the matter of tomato paste, it was also pointed out that a recent investigation carried out by the United States Tariff Commission has shown that cost of production of the Italian paste is somewhat higher than that for the similar domestic product; a fact which would justify a substantial reduction in the present level of duty.

With reference to cheese, a detailed description of the most important types of Italian exports into this country, was made in order to point out the marked differences between the Italian and the American product, which control different markets and have no relationship whatsoever in prices, or other sale conditions, the price of the Italian product being generally much higher than that for the best variety of American cheese. Italian cheese is mainly consumed by people of Italian extraction in this country, who have been accustomed to the peculiar flavor of this product, which to them represents a most necessary food, largely used in Italian cooking, for seasoning and as an ingredient in the preparation of their meals.

Considering the imports of cherries, it was pointed out that Italy is the most important producer in the world and that even the United States Tariff Commission, in carrying out an investigation on the costs of production of cherries in Italy and in the United States, admitted the existence of marked differences between the American and the Italian cherry, which is much smaller and particularly acceptable to the confectionery and the ice cream trades, while the domestic product is generally used in the canning trade and for direct consumption.

The group of Italian textile products imported into this country includes woven silk fabrics, velvets, plushes and chenilles, high-grade tapestries and other jacquard woven upholstery cloths, drapery fabrics of novel design and construction, linen and high-grade woollen products of high quality, for which there is a steadily increasing demand in this country. There are, however, some other products, like Italian hemp, which represent an indispensable raw material for the American industry producing high-grade yarns and twines. In considering the alleged competition of the Italian artificial silk (rayon) it is pertinent to indicate the tremendous growth of the similar American industry, whose production has increased from 1,500,000 pounds in 1913 to 99,500,000 pounds in 1928, and an estimated production of 135,500,000 pounds during 1929. Besides, it is to be noted that most of the Italian rayon imported into this country is made of grades which have been found most suitable in mixtures with cotton textiles.

The merit and quality of the Italian fur-felt hats is well recognized the world over. The bulk of the imports into the United States is the production of a large, well-known Italian concern and is represented by hats paying a duty at the rate of \$10 per dozen, a rate which should satisfy any plausible demand for adequate protection. The Italian fur-felt hat is not a competitive article, with the product of the American industry, it follows specific styles, possesses individuality, and has peculiar earmarks and characteristics, different from the ordinary run of domestic hats.

Italian marble is a high-grade product, considered the best in the world for specific sculptural and ornamental works. The marble quarries of Italy have been operated for centuries and their unique product is exported to every civilized country, Italian white marble (Carrara) for statuary, or the colored types,

in this or any other country. The same is true for certain types of monumental and building stones, such as Italian travertine. Marble manufactures are products of artistic conception and endeavor, offering, very often, educational benefit for the public in general. They should be considered as works of art and be assessed on the basis of duties intended only for revenue purposes.

Since the war the United States has enjoyed a privileged position in Italy's import trade. This was in part due to economic and political disorganization in other nations rich in raw materials and foodstuffs but mainly as a result of the rapid and effective Italian industrial development during the last decade. Somewhat different is the trend in the sale of Italian products on the American market. During 1909-1918 the Italian shipments to the United States represented about 12 per cent of the aggregate total Italian export trade; in 1927 they were a little more than 10 per cent.

Italian economic problems were carefully studied by the American Funding Commission in 1925 during the negotiations for the settlement of the Italian debt. Senator Reed Smoot, the distinguished chairman of that commission and now the able chairman of the Finance Committee of the Senate, made an admirable report to the Senate, in order to explain the equitable adjustment arrived at between the representatives of the two countries. This embassy feels it to be pertinent to call the attention of the State Department upon a few statements made by Senator Smoot, while describing the Italian economic situation and its possibilities for improving the existing conditions, so as to meet her new foreign obligations. Dealing with the problem of Italy's foreign trade he stated: "As I have already indicated and as everyone knows, Italy is almost totally lacking in natural resources. The country can not feed its present population, which is increasing at an alarming rate. Her total resources of coal are less than 200,000,000 tons, or much lower than a single year's production in this country.

"It is estimated that Italy has less than 40,000,000 tons of iron ore, which is again less than the annual production of iron ore in the United States. She has no copper or cotton and practically no oil. She does produce some silk. Her chief asset is her water power, which is being developed chiefly through the aid of foreign capital. It is only through her export of fruit and agriculture specialties and the development of her textile and manufacturing industries, importing raw materials, manufacturing them and shipping them abroad in competition with other nations of the world that Italy has been able to find means to purchase the food to feed her people and to buy the basic materials needed for her industries."

"Italy has never had a favorable trade balance. The permanent cause of her position is in her lack of raw materials and the necessity of importing a large amount of food. The relations between exports and imports is to-day substantially as it was during the pre-war period. Imports are still greatly in excess of exports. Most of the imports consist of commodities essential to the operation of Italy's industries. Anything which makes it more difficult for Italy to provide the means to buy raw materials from the outside world impairs her capacity not only to make external payments on her obligations held abroad but also endangers her internal economic situation. Her industry must be maintained to enable her to live."

Dealing furthermore with Italy's balance of payments he clearly intimated that: "In its essence the problem resolves itself into Italy's ability to lay apart and save an annual surplus above its essential requirements and to transfer this surplus from Italy to the United States. Not only must there be a margin of saving within the country, but Italy's balance of international payments must be such that she can convert the necessary amounts into foreign currencies without endangering the stability of her own internal situation."

"Italy has to-day practically no assets abroad available for payment of her obligations. Nearly all her foreign investments were exhausted during the war paying for food and munitions. Such investments as she does have are more than counterbalanced by heavy foreign investments within Italy. She gained no substantial territory as a result of the war; no colonies with natural resources. She has remained as she was before the war, a debtor country."

"The two chief items to offset the adverse trade balance are remittances from Italian emigrants abroad and expenditures of foreign tourists in Italy. It is difficult to estimate exactly what these aggregate in any year. Emigrant remittances are probably in the neighborhood of \$100,000,000. Foreign tourists' expenditures have been estimated at approximately the same figure. Without



these two important sources of income Italy would be unable to maintain its present position. While the Italian Commission raised no protest regarding our immigration policy, it is pointed out that restrictive immigration laws over a period of years would tend to reduce the emigrant remittances and also bring about a reduction in the exports of Italian products finding a natural market among Italians living abroad."

This reveals a situation in need of readjustments, particularly if considered in the light of the new obligations assumed by Italy toward this country, resulting from the war-debt settlement and for the repayment of the capital borrowed in the New York market.

A more satisfactory economic relation between the two countries would undoubtedly result from a gradual increase in Italian exports to this market. In the preceding remarks it has been noticed a distinct contrast in the nature of the goods exchanged between the two nations, viz, while the United States exports raw agricultural products, mineral and fuels, Italy sells to this country high grade quality products to satisfy the growing needs of the American people. Basically, the two trades are not competitive in character, on the contrary, they possess a marked degree of integration, to satisfy the demands and needs of two economic systems totally different. In considering the reasons responsible for the slow development of Italy's trade with this country, it is pertinent to note that in 1910-1914 about 50 per cent of Italian imports were free from duty, but in 1927 only 18.6 per cent; furthermore, the average rate paid by dutiable goods was somewhat higher than in the previous period.

After all, the products exported by Italy into the United States are mainly consumed by the so-called Italian communities, residing in this country; their price is generally higher than that of the corresponding domestic products and any increase in the tariff would hardly benefit the consumption of domestic goods, for there is no competition between the two groups of products.

The total imports from Italy to the United States hardly reach 2 per cent of the aggregate imports of the latter; such a small percentage would hardly justify any claim of unbearable competition. The prices of the Italian products are higher than the corresponding domestic products and offer no real competition whatsoever.

In short, it must be apparent that if the Congress of the United States adopts a new tariff act in the form in which it has passed the House of Representatives (so far, at least as relates to the products exported from Italy to the United States), the direct effect of this measure can but only diminish Italy's purchase of agricultural products and other raw materials, in this market, and consequently impair Italy's international economic position; and the direct result is likely to be a reduction in the standard of living of Italy, to some extent, and eventually a weakening of the economic relations between the two countries.

WASHINGTON, D. C., July 1, 1929.

DEPARTMENT OF STATE,  
Washington, July 20, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: With reference to my letter of July 11, 1929, transmitting copy of a note from the Italian ambassador, dated June 25, 1929, inclosing two memoranda concerning the effects of the proposed tariff changes on Italo-American trade, I have the honor to inclose copy of a further note from the ambassador, dated July 16, 1929, calling attention to a clerical error in the memorandum dealing with Schedule 9. I have the honor to be, sir,

Your obedient servant,

WILBUR J. CARR,  
*Acting Secretary of State.*

ROYAL ITALIAN EMBASSY,  
Washington, July 16, 1929.

MY DEAR MR. SECRETARY: I beg to refer to my letter of June 25 last, attached to which I sent you two memoranda dealing with the tariff bill as passed by the House of Representatives and beg to inform you that in the memorandum dealing with Schedule 9 (articles made of cotton or of which cotton is the component material of chief value) it has incurred a clerical error when in the second paragraph of the second page it was stated that the existing law (par. 921, tariff act of 1922) imposes a duty of 50 per cent instead of 40 per cent, as it is the case.

May I take this occasion for pointing out to you that the new duty proposed for the products in question (par. 906, H. R. 2667) represents the maximum increase contained in the House bill for all woolen or cotton products.

I will be very grateful to you if you will kindly call the above to the attention of the interested departments.

Accept, my dear Mr. Secretary, the assurances of my highest consideration.

G. DE MARTINO.

HON. HENRY L. STIMSON,  
Secretary of State, Washington, D. C.

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## JAPAN

DEPARTMENT OF STATE,  
Washington, July 25, 1929.

HON. REED SMOOT,  
Chairman Finance Committee, United States Senate.

SIR: I have the honor at the oral request of the Japanese Ambassador to inclose for your information copies of memoranda prepared by Japanese merchants containing comments on the effect of the tariff law now being discussed by Congress on Japanese trade.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

### TRADE BETWEEN THE UNITED STATES AND JAPAN

(Statistics: From the Reports of the Department of Commerce of the United States)

Japan ranks the fourth among the nations to which the United States exports, and the second among the nations from which the United States imports.

The United States exports to Japan in 1927 amounted to \$257,600,000, i. e., 5.3 per cent of the total United States exports and about 30 per cent of Japan's imports. The United States imports from Japan in 1927 amounted to \$402,100,000, i. e., 9.6 per cent of the United States total imports and about 40 per cent of Japan's total exports.

The list of commodities traded between these two countries indicates plainly the fact that each country's exports consist mostly of the goods that the other is in need of. The exchange of American cotton with Japan raw silk is a striking instance. If the supply of one's demand from other's surplus is the ideal status of international commerce, it can truthfully be said that the foreign trade between these countries is the nearest approach to the perfect trade relations, and that any hindrance to the ready exchange of goods would be harmful to the economic life of both countries.

Further to illustrate this point, it is to be noted that raw materials imported from Japan are those needed by various American industries on account of their domestic production being insufficient or inconvenient. Of manufactured goods, some are articles of Japanese specialty and can not be feasibly produced in the United States, while others are inexpensive goods that yield no attractive return to American manufacturers but are much in popular demand by the consuming public, including farmers.

Japan's purchasing power is in a large measure derived from her exports, especially from that to the United States. Any decrease in her exports to the United States, therefore, can not but reduce her demand for American products—a situation not quite agreeable to the foreign trade of both countries.

#### THE EFFECT OF THE PROPOSED UNITED STATES TARIFF ON JAPAN

The proposed increase in the House tariff bill affects Japanese products of many varieties. Examination of a score or more of representative articles thus affected indicates advances of 5 per cent to 200 per cent. For instance, the addition of specific duty of 10 cents per dozen on china and earthenware results in an increase of 74 per cent on cups and saucers and 185 per cent on salt and pepper shakers; duty on lily bulbs is to be advanced from \$2 to \$6 per 1,000, an increase of 200 per cent; menthol will be assessed 75 cents per pound instead of the present rate of 50 cents, or an increase of 50 per cent; celluloid dolls and toys will be subject to a duty of 100 per cent higher than the present one; while canned clams are to be removed from free list and assessed at 35 per cent ad valorem.

Thus on a closer analysis it can be seen that several proposals have the effect of closing the American market to many Japanese products. This is particularly true with respect to inexpensive goods of more or less Japanese specialty, which in total value reach no large proportion of United States imports. Such advances seem neither to benefit the American industries nor add to the revenue of the United States. On the contrary, they appear to mean increased burden on large number of American consuming public, especially of smaller means.

Engaged in producing these articles, chiefly designed for export to the United States, there is a large number of workers throughout Japan. To them prohibitive American tariff spells loss of livelihood; to American labor no added employment.

Another feature to be considered is the proposed section 402. Were it enacted into law, administrative authorities would have an arbitrary power of determining the basis of valuation, subject to no judicial review. This would put importers in constant uncertainty as to the amount of duty and act as a hindrance to foreign trade.

The so-called "flexible provisions" in the proposed act, made more effective than those in the tariff act of 1922, would similarly place the trade—long-term contracts in particular—in uncertainty, and can not but hamper the free exchange of goods.

#### United States imports from Japan

[000 omitted]

|   | 1927     |         | 1928     |         |
|---|----------|---------|----------|---------|
|   | Quantity | Value   | Quantity | Value   |
| Tea.....lbs.                                      | 26,403   | \$5,689 | 23,421   | \$5,250 |
| Material for hats, bonnets of straw, etc.....yds. | 726,941  | 1,823   | 174,247  | 562     |
| Hats of straw or fiber.....                       | 4,034    | 1,074   | 918      | 431     |
| Silk, raw.....lbs.                                | 61,796   | 334,160 | 64,111   | 318,123 |
| Silk, fabrics.....lbs.                            | 1,982    | 7,855   | 2,039    | 6,724   |
| Silk, wearing apparel.....                        |          | 834     |          | 1,155   |
| Decorated china and porcelain.....doz.            | 4,973    | 3,662   | 5,409    | 3,377   |
| Decorated earthenware.....doz.                    | 503      | 334     | 1,064    | 579     |
| Crab meat.....lbs.                                | 8,699    | 3,703   | 12,886   | 4,600   |
| United States total.....lbs.                      | 8,984    | 3,784   | 12,775   | 5,057   |
| Rape oil.....gals.                                | 2,368    | 1,422   |          |         |
| United States total.....gals.                     | 2,547    | 1,570   | 2,250    | 1,504   |
| Camphor-natural crude.....lbs.                    | 1,621    | 778     |          |         |
| United States total.....lbs.                      | 1,689    | 810     | 4,364    | 1,648   |
| Refined.....lbs.                                  | 1,480    | 822     | 1,170    | 563     |
| Total United States exports to Japan.....         |          | 257,559 |          | 288,054 |
| Total United States imports from Japan.....       |          | 402,105 |          | 384,346 |
| Total excess of imports from Japan.....           |          | 144,536 |          | 96,292  |

## Exports from the United States to Japan for 1927 and 1928

[Quantity and value in thousands—000 omitted]

| Articles                            | 1927     |           | 1928     |           |
|-------------------------------------|----------|-----------|----------|-----------|
|                                     | Quantity | Value     | Quantity | Value     |
| <b>EXPORT TO JAPAN</b>              |          |           |          |           |
| Total.....                          |          | \$257,570 |          | \$288,054 |
| Cotton, raw..... bales..            | 1,437    | 122,912   | 1,225    | 120,272   |
| Petroleum products:                 |          | 20,862    |          | 21,200    |
| Crude oil..... barrels..            | 1,633    | 1,905     | 2,066    | 2,234     |
| Gas and fuel oil..... do..          | 4,419    | 4,032     | 5,114    | 4,256     |
| Gasoline..... do..                  | 356      | 2,788     | 738      | 4,780     |
| Kerosene..... do..                  | 1,608    | 8,013     | 998      | 5,600     |
| Lubricating oil..... do..           | 250      | 2,896     | 248      | 2,804     |
| Paraffin wax..... pounds..          | 0,701    | 390       | 14,154   | 760       |
| Iron and steel products:            |          | 20,633    |          | 20,165    |
| Merchant products..... tons..       | 278      | 17,099    | 407      | 18,155    |
| Wood and wood products:             |          | 19,240    |          | 23,393    |
| Douglas fir..... feet..             | 463,725  | 9,143     | 520,714  | 10,181    |
| Cedar..... do..                     | 202,678  | 4,657     | 365,483  | 6,640     |
| Hemlock..... do..                   | 195,496  | 3,323     | 200,729  | 4,000     |
| Machinery and electrical equipment: |          | 14,725    |          | 13,383    |
| Electrical equipment.....           |          | 6,525     |          | 5,010     |
| Automotive products:                |          | 9,041     |          | 8,491     |
| Automobile and trucks..... number.. | 3        | 2,882     | 10       | 7,726     |
| Wheat..... bushels..                | 4,114    | 5,339     | 5,600    | 7,023     |
| Tobacco, leaf..... pounds..         | 9,991    | 4,259     | 15,441   | 5,622     |
| Copper, refined..... do..           | 24,475   | 3,198     | 32,395   | 4,662     |
| Ammonia sulphate..... tons..        | 31       | 1,467     | 24       | 1,064     |
| Leather.....                        |          | 2,109     |          | 2,192     |
| Rubber manufactures.....            |          | 1,079     |          | 1,972     |
| Automobile tires..... number..      | 156      | 916       | 219      | 1,500     |
| Other.....                          |          | 31,776    |          | 31,193    |

## Japan's trade with the United States by principal commodities (Japan proper)

| Commodity                                 | Quantity |         |         |         | Value (thousands of dollars) |         |         |         |
|---|----------|---------|---------|---------|------------------------------|---------|---------|---------|
|   | 1913     | 1925    | 1926    | 1927    | 1913                         | 1925    | 1926    | 1927    |
| <b>IMPORTS FROM THE UNITED STATES..</b>   |          |         |         |         | 60,617                       | 272,913 | 320,504 | 319,394 |
| Wheat..... 1,000 bushels..                | 4,827    | 6,260   | 7,182   | 5,751   | 4,700                        | 10,498  | 11,918  | 8,707   |
| Leather..... 1,000 pounds..               | 1,642    | 2,083   | 4,212   | 2,571   | 537                          | 1,551   | 1,979   | 1,462   |
| Cotton, raw..... do..                     | 227,527  | 602,597 | 598,206 | 841,236 | 31,802                       | 147,813 | 149,572 | 162,883 |
| Wood.....                                 |          |         |         |         | 623                          | 24,823  | 39,913  | 35,798  |
| Petroleum, benzine..... 1,000 barrels..   | 7        | 182     | 312     | 265     | 63                           | 2,290   | 3,786   | 2,615   |
| Illuminating oil..... do..                | 824      | 537     | 516     | 664     | 3,752                        | 4,045   | 4,093   | 7,047   |
| Iron and steel..... 1,000 pounds..        | 112,275  | 270,701 | 350,530 | 371,485 | 3,188                        | 12,313  | 14,381  | 15,082  |
| Lead..... do..                            | 447      | 7,480   | 27,554  | 41,202  | 16                           | 540     | 1,829   | 2,542   |
| Zinc..... do..                            | 1,243    | 5,203   | 19,730  | 15,949  | 70                           | 411     | 1,525   | 1,213   |
| Machinery and parts.....                  |          |         |         |         | 4,484                        | 15,497  | 19,825  | 14,750  |
| Automobiles and parts.....                |          |         |         |         | 241                          | 3,787   | 6,175   | 7,597   |
| Sulphate of ammonia, crude..... tons..    |          | 51,671  | 67,630  | 40,097  |                              | 3,671   | 4,601   | 2,461   |
| <b>EXPORTS TO THE UNITED STATES..</b>     |          |         |         |         | 91,351                       | 412,966 | 405,647 | 395,307 |
| Food in tin and bottle.....               |          |         |         |         | 841                          | 3,224   | 4,029   | 4,184   |
| Tea..... 1,000 pounds..                   | 28,473   | 21,297  | 18,762  | 17,774  | 4,381                        | 5,025   | 4,784   | 4,096   |
| Silk, raw..... do..                       | 17,647   | 55,951  | 56,564  | 64,958  | 62,350                       | 348,629 | 334,259 | 331,340 |
| Silk, waste and floss..... do..           | 746      | 4,667   | 3,023   | 3,702   | 497                          | 4,767   | 3,505   | 2,619   |
| Silk tissues.....                         |          |         |         |         | 2,667                        | 8,634   | 12,378  | 8,624   |
| Plats for hat making..... 1,000 bundles.. | 18,589   | 7,947   | 9,488   | 7,819   | 3,352                        | 1,493   | 1,772   | 1,365   |
| Hats, caps, and bonnets.....              |          |         |         |         | 1,840                        | 858     | 2,031   | 1,210   |
| Pottery.....                              |          |         |         |         | 1,550                        | 4,934   | 6,572   | 5,805   |
| Campers..... 1,000 pounds..               | 680      | 1,974   | 1,798   | 2,069   | 215                          | 1,303   | 1,150   | 1,078   |
| Menthil crystals..... do..                | 55       | 306     | 427     | 324     | 837                          | 2,859   | 2,890   | 1,170   |
| Brushes.....                              |          |         |         |         | 619                          | 1,271   | 2,165   | 1,546   |

*Japan's trade in merchandise with principal countries (Japan proper)*

| Country of origin of destination | General imports (thousands of dollars) |           |           |           | General exports (thousands of dollars) |         |         |         |
|----------------------------------|--|-----------|-----------|-----------|--|---------|---------|---------|
|                                  | 1913                                   | 1925      | 1926      | 1927      | 1913                                   | 1925    | 1926    | 1927    |
| Total.....                       | 361,216                                | 1,055,819 | 1,120,271 | 1,033,137 | 313,194                                | 946,214 | 963,476 | 944,558 |
| United States.....               | 60,017                                 | 272,913   | 320,504   | 319,394   | 91,351                                 | 412,066 | 405,647 | 395,307 |
| Canada.....                      | 15,239                                 | 15,239    | 30,123    | 26,393    | .....                                  | 8,552   | 11,664  | 12,991  |
| Great Britain.....               | 60,779                                 | 93,281    | 80,233    | 72,666    | 16,277                                 | 24,508  | 28,033  | 30,788  |
| France.....                      | 2,897                                  | 13,698    | 11,566    | 12,948    | 29,826                                 | 24,154  | 10,984  | 25,623  |
| Germany.....                     | 33,869                                 | 50,815    | 68,428    | 62,292    | 6,503                                  | 4,861   | 3,831   | 5,031   |
| Belgium.....                     | 4,679                                  | 4,900     | 6,710     | 6,788     | 1,835                                  | 3,760   | 551     | 1,046   |
| Italy.....                       | 534                                    | 1,390     | 3,179     | 3,000     | 14,567                                 | 3,366   | 2,475   | 1,833   |
| Switzerland.....                 | 859                                    | 8,526     | 10,281    | 8,579     | 160                                    | 150     | 233     | 671     |
| China.....                       | 30,318                                 | 88,066    | 112,810   | 107,163   | 76,688                                 | 192,247 | 198,781 | 158,436 |
| Kwantung Province.....           | 15,291                                 | 72,475    | 73,994    | 62,794    | 14,775                                 | 41,716  | 46,935  | 43,271  |
| Hong Kong.....                   | 641                                    | 195       | 672       | 759       | 10,650                                 | 30,217  | 24,961  | 31,541  |
| British India.....               | 85,756                                 | 235,391   | 184,303   | 128,288   | 14,793                                 | 71,169  | 73,484  | 79,450  |
| The Straits Settlements.....     | 2,578                                  | 15,187    | 18,788    | 17,007    | 5,022                                  | 18,429  | 19,554  | 17,380  |
| Netherland East Indies.....      | 18,515                                 | 42,424    | 48,570    | 49,200    | 2,550                                  | 35,113  | 35,224  | 39,162  |
| French Indo-China.....           | 12,231                                 | 19,995    | 11,554    | 15,730    | 523                                    | 1,653   | 2,925   | 2,875   |
| Asiatic Russia.....              | 372                                    | 6,024     | 11,254    | 11,628    | 2,115                                  | 1,277   | 2,497   | 3,687   |
| Philippine Islands.....          | 3,787                                  | 6,854     | 8,816     | 8,459     | 3,112                                  | 12,027  | 13,109  | 16,567  |
| Australia.....                   | 7,400                                  | 61,547    | 60,500    | 58,239    | 4,278                                  | 19,492  | 24,319  | 23,973  |
| Egypt.....                       | 3,537                                  | 13,392    | 15,059    | 11,670    | 679                                    | 10,369  | 10,884  | 13,762  |
| Per cent of total:               |  |           |           |           |  |         |         |         |
| United States.....               | 16.6                                   | 25.8      | 28.6      | 30.9      | 29.2                                   | 43.6    | 42.1    | 41.9    |
| Great Britain.....               | 16.8                                   | 8.8       | 7.2       | 7.0       | 5.2                                    | 2.6     | 2.9     | 3.3     |
| Germany.....                     | 9.4                                    | 4.8       | 6.1       | 6.0       | 2.1                                    | 5       | 4       | 5       |
| China.....                       | 8.4                                    | 8.3       | 10.1      | 10.4      | 2.5                                    | 20.5    | 20.6    | 16.8    |
| British India.....               | 23.7                                   | 22.3      | 16.5      | 12.4      | 4.7                                    | 7.5     | 7.6     | 8.4     |

**CHEMICALS AND OILS—UNITED STATES TARIFF SCHEDULE No. 1—PRINCIPAL ARTICLES IN WHICH JAPAN IS INTERESTED—CAMPHOR MENTHOL**

(Shigeji Tajima representing Japanese importers in New York, July, 1929)

**NATURAL REFINED CAMPHOR**

The United States import in 1927: Total, 1,387,443 pounds, \$781,919; all from Japan.

Present duty, 6 cents per pound (par. 52). Proposed duty, no change.

Remarks: There is no actual production of natural camphor in the United States. Natural refined camphor is the only camphor recognized by the United States pharmacopeia for medicinal purpose. About 20 per cent of refined camphor imported into this country is distributed directly to the ultimate consumers; about 80 per cent is absorbed chiefly by pharmaceutical manufacturers who are using this gum as one of the raw materials for various medicinal preparations. A small percentage is used by film and pyroxolin plastics manufacturers.

Conclusions: (1) Refined camphor is not produced in the United States.

(2) Refined camphor is used for making medicine, duty on which is a tax on the sick.

(3) It is a raw material of United States industry that has very close relations with the Nation's well-being.

(4) The House passed the bill which provides the reduction in tariff on synthetic camphor from 6 cents to 1 cent per pound. If this reduction is to be made by reason of its being a raw material for pyroxolin plastics industry, the same theory might well apply to refined camphor, as about 80 per cent of refined camphor is being used as a raw material for medicines, films, and even pyroxolin plastics.

(5) Synthetic camphor is not being produced at present in the United States, but plans are under way to manufacture this material in the near future. There is no immediate prospect of producing natural camphor in this country.

**MENTHOL**

The United States import in 1927: Total, \$1,331,987; from Japan, \$1,141,825.

Proposed duty, 75 cents per pound (par. 52).

Present duty, 50 cents per pound (par. 52).

Increased by 50 per cent.

Remarks: American-grown peppermint leaves yield only a negligible percentage of menthol crystals even if extraordinary efforts and expenses are applied to the process, whereas years of experiment have proved the impossibility of growing the Japanese peppermint in this country on a commercially profitable basis.

Synthetic menthol is nothing more than a very poor imitation of the genuine and not allowed to be used for pharmaceutical and edible purposes. The United States draw the supply of menthol mostly from Japan. Menthol is used mostly by the manufacturers of medicinal preparations in the form of ointments, lotions, antiseptics, inhalating substances, and the like, and to a small extent by the manufacturers of candies.

Conclusions: (1) Menthol is not produced in this country on a commercial scale.

(2) Neither American peppermint nor synthetic menthol can be a substitute for the natural menthol.

(3) Menthol is a raw material of United States industry.

(4) Increased duty would not benefit domestic mint growers.

(5) Increased duty penalizes both manufacturers and consumers of this country. In most cases it is a tax on the sick.

#### EARTHS, EARTHENWARE, AND GLASSWARE

#### UNITED STATES TARIFF SCHEDULE 2, PRINCIPAL ARTICLES IN WHICH JAPAN IS INTERESTED. EARTHENWARE, CHINA, AND PORCELAIN

##### *Earthenware, decorated and undecorated*

|                                     |   |            |
|-------------------------------------|---|------------|
| The United States, import for 1927: | Total   | From Japan |
| Table wares.....                    | \$5,589,793   | \$334,417  |
| Others.....                         | 1,783,679   | 367,209    |
| Proposed duty (par. No. 211).....   | 10 cents per dozen pieces and 45 per cent ad valorem for the undecorated; 10 cents per dozen pieces and 50 per cent ad valorem for the decorated. |            |
| Present duty (par. No. 211).....    | 45 per cent ad valorem for the undecorated; 50 per cent ad valorem for the decorated.   |            |
| Increased by.....                   | 10 cents per dozen (i. e., equivalent to 45 per cent—70 per cent increase).   |            |

Remarks.—Facts which might be considered in connection with the proposed specific duty in addition to the present ad valorem duty affecting earthenware imported from Japan.

1. Earthenware imported from Japan is dissimilar both in decoration and in use to that produced in United States and is not in any way competitive with domestic pottery.

2. The wares produced in United States are such wares as are usually termed "table and kitchenware," such articles as are ordinarily used in preparation and service of food and beverages in the home and are decorated usually in simple patterns such as borders and spray in decalcomania work.

3. Those articles imported from Japan are chiefly decorative in character and used for ornamental purposes. In the small portion of importation that consists of articles similar in use to the domestic articles, it will be found that the decoration employed is more elaborate and results in landed cost in United States, based on the present ad valorem duty (act of 1922) of 50 per cent, so high that the serious price competition is eliminated.

This fact is made evident by reference to the statistics compiled by the United States Government for 1927 (1927 record is taken because no figures for domestic production for 1928 are available).

|                             |           |                            |
|-----------------------------|-----------|----------------------------|
|                             | Japan     | Domestic production        |
| Table and kitchen ware..... | \$334,417 | \$31,692,083—1.05 per cent |

In this connection it may be further stated that a considerable portion of the importation from Japan which has been classified as tableware and included in the above amount is really fancy articles such as salt and pepper shakers, condiment sets, etc., which are dissimilar to the United States products.

4. The proposed specific duty of 10 cents per dozen pieces in addition to the existing ad valorem duty would only result in prohibiting the import without benefiting the domestic producers, as this class of merchandise is not manufactured in the United States. The compound duty of 50 per cent ad valorem and 10 cents per dozen pieces will make equivalent ad valorem duty ranging from 95 per cent to 120 per cent.

*China and porcelain, decorated and undecorated*

(Table, toilet and kitchen wares)

| The United States import in 1927: | Total   | From Japan  |
|-----------------------------------|---|-------------|
| Undecorated.....                  | 359, 670  | 82, 336     |
| Decorated.....                    | 10, 497, 615  | 3, 662, 178 |
| Proposed duty (par. No. 212)..... | 10 cents per dozen and 60 per cent ad valorem for the undecorated; 10 cents per dozen and 70 per cent ad valorem for the decorated. |             |
| Present duty (par. No. 212).....  | 60 per cent ad valorem for the undecorated; 70 per cent ad valorem for the decorated.   |             |
| Increased by.....                 | 10 cents per dozen (equivalent to 85 to 145 per cent increase).   |             |

*Remarks.*—Facts which might be considered in connection with the proposed specific duty in addition to the present ad valorem duty affecting china or porcelain, imported from Japan.

1. There is practically no china or porcelain tableware made in United States of class or kind ordinarily used in the private home. The implied exception being bone china or Belleek ware made by Lenox (Inc.), Trenton, N. J., which is of such high price as to prohibit its use in the home of the masses. There are one or two others who are making china tableware in small quantities but whose main products are hotel and restaurant china, entirely different from the home use tablewares.

2. In determining the extent of the competition due to the importation of chinaware from Japan, careful consideration should be given to the proper segregation of the ware which has been classified as tableware for statistical purpose. In this general classification has been included a great variety of highly decorated fancy china articles of a class or kind not made in the United States at all, and not included within a term of tableware as used in preparation and service of food and beverage in private homes. While this can not accurately be determined, it is fair a estimate to say that it constitutes fully 50 per cent or more of the total value of import and over 60 per cent of the volume counting by dozens.

If these percentages are applied to the total importation of chinaware from Japan it will be found that the actual amount of tableware comparable in use to domestic earthen tableware (as practically no china tableware is made in United States) would not exceed \$1,800,000 out of the gross total \$3,662,176 (1927).

In as much as there is no chinaware produced in the United States for use in ordinary homes, imported chinaware is necessary to supply the needs of people who desire something better than the simple decorated earthenware and who can not afford to buy bone china or Belleek ware produced by Lenox (Inc.).

3. Price competition. The present rate of 70 per cent (act of 1922) ad valorem makes a landed cost of Japanese china higher than the retail selling price of domestic earthen tableware. To increase the present rate of duty would only result in increasing the difference in the prices without any benefit to the domestic manufacturer but add burden on the purchasing public.

4. Effect of the proposed new rate of duty.—The proposed rate of 10 cents per dozen pieces in addition to the present 70 per cent ad valorem duty when applied to the smaller fancy articles erroneously tabulated as tableware, will increase the duty to an equivalent ad valorem ranging from 85 to 145 per cent. This would result in prohibiting the import for a large class of merchandise without any corresponding benefit to domestic industry as it is not produced in this country.

Coming now to its effect on tableware, which already has a higher landed cost than the selling price of domestic earthen tableware, the effect will be that the adding of 10 cents to every dozen pieces will mean, to the final consumer, through the retailer, by allowing for the usual profit for importers and retailers, a burden ranging from 20 to 24 cents per dozen.

## AGRICULTURAL PRODUCTS AND PROVISIONS

## UNITED STATES TARIFF SCHEDULE 7—PRINCIPAL ARTICLES IN WHICH JAPAN IS INTERESTED

*Canned crabmeat*

|  | Total                   | From Japan    |
|--|-------------------------|---------------|
| The United States, import in 1927..... | \$3, 784, 233           | \$3, 703, 159 |
| Proposed duty (par. No. 721).....      | 15 per cent ad valorem. |               |
| Present tariff (par. No. 721).....     | 15 per cent ad valorem. |               |

*Remarks.*—There is practically no crab meat canning industry to protect in the United States, and Japanese canned crab meat is not competing with American crab meat or other marine products. Moreover, the importation of foreign crab meat helps to conserve the supply of American crabs, which has been declining rapidly in past years.

An import duty on crab meat only increases the cost to American consumers, particularly in rural districts where wholesome sea foods are required at moderate cost.

The Japanese crab meat is wholesome, palatable, contains more albumen and is richer in nourishment, even compared with beef or pork. Furthermore, it is authoritatively stated that because of its high percentage of iodine contents the Japanese crab meat has a therapeutic value in cases of goiter, which disease is prevalent in localities where water and chief foods are deficient in iodine contents. In the interest of public health the use of Japanese crab meat might therefore be encouraged by placing it on the free list. It is an interesting fact that Japanese canned crab meat industry purchases all its machineries and tinplate from the United States.

*Clams, canned*

The United States, import in 1927:

|                                   | Total                   | From Japan                 |
|-----------------------------------|-------------------------|----------------------------|
| Pounds.....                       | 1, 171, 400             | Estimated pounds, 300, 000 |
| Approximate.....                  | \$299, 500              | \$150, 000                 |
| Proposed duty (par. No. 721)..... | 35 per cent ad valorem. |                            |
| Present duty (par. No. 1662)..... | Free.                   |                            |
| Increased by.....                 | 35 per cent.            |                            |

*Remarks—Specimens of Japanese clams.*—These clams are entirely different from the domestic and are classified as follows:

(a) Hokki: About one-third of the importation of Japanese clams are Hokki, same being consumed among the Japanese population of Hawaii and at the Pacific coast due to its peculiar taste. There is no competition whatever with domestic clams.

(b) Hamaguri and Asari: These are consumed largely by the American people, but are rather different from the domestic variety.

*Domestic supply of clams.*—The supply of domestic clams is getting rather limited. It is reported that the clam beds in California are long exhausted and there is the same possibility for the other States. Unless domestic supply is supplemented by importation, the American beaches may soon be incapable of meeting the future demands of the public.

*Food value.*—Clams are one of the most valuable foods for human consumption because of the large percentage of iodine contained. Especially in the Middle West where there is a shortage of iodine in the water, canned clams are an important food item and within the means of the minimum wage earner. The Japanese canned clams are very sanitary, being packed by fine, up-to-date canning machinery (imported from the United States together with tinplate for the cans), under the strict inspection of the Government.

Since such shell foods as lobster, shrimp, oysters, etc., are on the free list, it would appear logical to leave clams in that same list.



*Lily bulbs*

|   |  |            |
|---|--|------------|
| The United States import in 1927 (including tulip and narcissus)----- | Total  | From Japan |
|   | \$4, 969, 743                                | \$755, 415 |
| Proposed duty (par. No. 751)-----                                     | \$6 per 1,000.                               |            |
| Present duty (par. No. 751)-----                                      | \$2 per 1,000.                               |            |
| Increased by-----   | \$4 per 1,000 (i. e. 200 per cent increase). |            |

*Remarks.*—Lily bulbs growing is peculiarly fitted to the Japanese on account of their horticultural skill and the mild climate of Japan. The Society of American Florists and Ornamental Horticulturists and the American Seed Trade Association, in order to serve the American public's interests, are understood to desire importation from Japan of lily bulbs which can not be commercially produced in the United States. They insist there should be no change in duty on such bulbs; while they think a change in duty on cut flowers may be desirable. For, if the United States discourage the importation of bulbs by raising duty, the neighboring countries advantageously importing the Japanese lily bulbs would produce cut flowers, and would destroy American horticultural industry in general.

*Mushrooms*

|                                       |                         |            |
|---------------------------------------|-------------------------|------------|
| The United States import in 1927----- | Total                   | From Japan |
|                                       | \$2, 034, 678           | \$236, 705 |
| Proposed duty (par. No. 766)-----     | 60 per cent ad valorem. |            |
| Present duty (par. No. 766)-----      | 45 per cent ad valorem. |            |
| Increased by-----                     | 15 per cent ad valorem. |            |

*Remarks.*—Japanese mushrooms are dried "Shiitake," a species altogether different from other mushrooms sold in the American market, and not produced in the United States. Their high nutritious value is specially noted by the discovery of Doctor Shiomi, of Japan, recently confirmed by Doctor McCollum of Johns Hopkins University, that they are rich in characteristic contents of ergosterol to produce vitamin D, an efficacious preventive of rickets. This fact will invite an increasing American demand of this important food for the prevention of the widely prevailing suffering from the disease in this country, though it has heretofore been primarily used only for special cuisine for the oriental populace. Moreover, as they are imported in a dried state, and not competitive with other fresh mushrooms, the duty on the dried mushrooms might reasonably be expected to be kept at the present rate or less for reasons of public health.

*Dried beans*

|                                       |                     |            |
|---------------------------------------|---------------------|------------|
| The United States import in 1927----- | Total               | From Japan |
|                                       | \$3, 009, 973       | \$862, 443 |
| Proposed duty (par. No. 763)-----     | 2½ cents per pound. |            |
| Present duty (par. No. 763)-----      | 1¾ cents per pound. |            |
| Increased by-----                     | 43 per cent.        |            |

*Remarks.*—Japanese dried beans are of species not grown in the United States. They are, as are other imported beans, rich in protein and carbohydrates and form an inexpensive substitute for milk and meat. They are, therefore, consumed principally by the industrial workers and people of limited means. The total amount of imported beans retained for domestic consumption is insignificant when compared to the average production of dried, edible beans in the United States, because most of the imported dried beans are reexported to the West Indies and Central and South American countries as canned beans, which give a profitable industry to this country as well. Therefore it would be reasonable to lower rather than to raise the duty.

*Dried peas*

|                                       |                     |            |
|---------------------------------------|---------------------|------------|
| The United States import in 1927----- | Total               | From Japan |
|                                       | \$318, 050          | \$65, 284  |
| Proposed duty (par. 767)-----         | 1¾ cents per pound. |            |
| Present duty (par. 767)-----          | 1 cent per pound.   |            |
| Increased by-----                     | 75 per cent.        |            |

*Remarks.*—Dried peas are nutritious food and are consumed by the industrial workers or the people of moderate means for inexpensiveness in getting a great victual value through them. This case is similar to that of dried beans.

## COTTON MANUFACTURES

## UNITED STATES TARIFF SCHEDULE 9—PRINCIPAL ARTICLES IN WHICH JAPAN IS INTERESTED

*Cotton floor coverings*

|                                       | Total  | From Japan |
|---------------------------------------|--|------------|
| The United States import in 1927..... | \$1,027,391  | \$667,672  |
| Proposed duty (par. No. 921).....     | 55 per cent ad valorem for rag rugs commonly known as "hit and miss"; 45 per cent ad valorem for chenille rugs; 35 per cent ad valorem for all other cotton floor coverings. |            |
| Present duty (par. No. 1022).....     | 35 per cent ad valorem.  |            |
| Increased by.....                     | 20 per cent on rag rugs commonly known as "hit and miss"; 10 per cent on chenille rugs.  |            |

*Remarks.*—Rag rugs, commonly known as "hit and miss," and chenille rugs are both special products of Japan. They have been singled out for advance, while other cotton floor coverings remain at 35 per cent ad valorem. It would appear logical that they receive the same treatment as other floor coverings.

## SILK AND SILK GOODS

## UNITED STATES TARIFF SCHEDULE 12—PRINCIPAL ARTICLES IN WHICH JAPAN IS INTERESTED

*Broad silks*

|                                       | Total                   | From Japan  |
|---------------------------------------|-------------------------|-------------|
| The United States import in 1927..... | \$17,861,546            | \$7,855,792 |
| Proposed duty (par. No. 1205).....    | 55 per cent ad valorem. |             |
| Present duty (par. No. 1205).....     | 55 per cent ad valorem. |             |

*Remarks.* Facts which might be considered in connection with the movement for increasing the rate of duty on broad silks:

1. Silk fabrics imported from Japan consist of only such goods that are peculiarly fit to the Japanese weavers, looms, and the climatic conditions of the country, but are not well adaptable to the American manufacturing conditions and in no way compete with the domestic silk fabric.

2. Japanese habutai silk and pongee are popular among the consuming public of moderate means, particularly rural populations, for their practical uses, and habutais are required and preferred by numerous American industries on account of their characteristic constructions and nature.

3. The effect of the tariff act of 1922 has been such as to drive more than 65 per cent of importers out of business and to reduce the proportion of goods imported from Japan to the present level of about 1½ per cent of the total production of broad silks in America. The following statistics show the comparison in value of total importation of Japanese silks into the United States during the 10 years from 1918, with the total production of broad silks in America:

| Year      | Japanese imports | American production | Percentage | Year      | Japanese imports | American production | Percentage |
|-----------|------------------|---------------------|------------|-----------|------------------|---------------------|------------|
| 1918..... | \$10,896,720     |                     |            | 1923..... | \$12,028,765     | \$456,082,819       | 2.6        |
| 1919..... | 26,012,691       | \$391,735,902       | 6.6        | 1924..... | 8,456,128        |                     |            |
| 1920..... | 28,050,665       |                     |            | 1925..... | 7,637,593        | 529,121,611         | 1.4        |
| 1921..... | 17,987,083       | 341,056,767         | 5.2        | 1926..... | 10,028,935       |                     |            |
| 1922..... | 13,522,550       |                     |            | 1927..... | 7,855,792        | 495,615,404         | 1.6        |

<sup>1</sup> U. S. currency.

4. The tariff now in force has already proved to be high enough, while the suggested specific duty by some of the domestic manufacturers, if adopted, would establish a rate entirely inproportionate to the value of goods and would forbid their popular consumption.

5. It is reported that the American silk industry has been suffering from overproduction. It appears that less prosperous conditions of the domestic silk

industry is accountable much more for by overproduction and less efficient management in some cases, than the competition with the imported goods which were merely 4½ per cent of the domestic production in 1925 and may be less in later years.

*Silk wearing apparel*

|                                       | Total                   | From Japan |
|---------------------------------------|-------------------------|------------|
| The United States import in 1927----- | \$3,789,988             | \$672,187  |
| Proposed duty (par. No. 1210)----     | 65 per cent ad valorem. |            |
| Present duty (par. No. 1210)-----     | 60 per cent ad valorem. |            |
| Increased by-----                     | 5 per cent.             |            |

*Remarks.*—Imported silk-wearing apparel, being mostly of foreign originality, hardly reproducible in a true sense, is not competitive with American-made clothing. “Japanese coolie coats,” in particular, are the products of Japanese craft and there is no industry of this kind in the United States requiring protection. The prevailing rate of duty is believed to be high enough.

**SUNDRIES—TARIFF SCHEDULE 15—PRINCIPAL ARTICLES IN WHICH JAPAN IS INTERESTED**

**IMITATION PEARL**

The United States import in 1927: Total, \$2,086,684; from Japan, \$1,179,526. Proposed duty (par. No. 1503):

- (a) For imitation solid pearl beads valued at not more than 5 cents per inch, 2 cents per inch and 20 per cent ad valorem.
- (b) For valued at more than 5 cents per inch, 60 per cent ad valorem.
- (c) For iridescent imitation solid pearl beads, valued at not more than 10 cents per inch, 4 cents per inch and 40 per cent ad valorem.
- (d) For valued at more than 10 cents per inch, 60 per cent ad valorem.
- (e) For beads composed in chief value of synthetic phenolic resin, 75 per cent ad valorem.

Present duty (par. No. 1403): 60 per cent ad valorem.

Increased by an equivalent of 85 to 165 per cent.

*Remarks.*—Japanese imitation pearls are chiefly for children and the poorer class of people. They are imported loosely strung and are clasped in America. Some of them are reworked in this country for export. About 5,000 people are engaged in this work around New York. The proposed specific duty will be a severe blow to the trade, especially in cheap grade. For example, the proposed duty on (a) imitation solid pearl beads valued at not more than 5 cents per inch, of 2 cents per inch and 20 per cent ad valorem would be equivalent to 145-165 per cent ad valorem. About 80 per cent of the imports from Japan would be affected thereby. The remaining 20 per cent of the import from Japan would be levied under the item marked (c) for iridescent imitation solid pearl beads, valued at not more than 10 cents per inch, at the proposed rate of 4 cents per inch and 40 per cent ad valorem which, would be practically equivalent to 85-120 per cent ad valorem duty. These examples will serve not only to show how the proposed advance will in effect work to the disadvantage of Japanese products, but also to indicate that it will destroy the popular American chain-store business in such goods. The proposed specific duty of 2 cents per inch itself will cost 30 cents for duty alone on lower grade beads of 15 inches. This proposed specific duty will drive Japanese manufacturing concerns out of existence, besides placing the numerous American chain stores in a position where it is no longer profitable for them to handle this business.

**MATERIALS FOR HATS**

The United States import in 1927: Total, \$4,830,321; from Japan, \$1,823,143. Proposed duty (par. No. 1505 a):  
For the materials not bleached, dyed, colored, or stained, 15 per cent ad valorem.

For the materials bleached, dyed, colored, or stained, 25 per cent ad valorem.

Present duty (par. No. 1406):

For the materials not bleached, etc., 15 per cent ad valorem.

For the materials bleached, etc., 20 per cent ad valorem.

Increased by no change for the materials not bleached, etc; 5 per cent on the materials bleached, etc.

*Remarks.*—According to available information these raw materials for hats are not produced in the United States. The kind of straw needed for this purpose does not grow in the United States owing to climatic conditions. Nor are there experienced workers for the curling in the manner demanded by fashion.

*Hats, bonnets and hoods of straw, chip, grass, palm leaf, etc.*

|  |               |
|--|---------------|
| The United States import in 1927:      |               |
| Total not blocked or trimmed.....      | \$4, 004, 738 |
| Blocked or trimmed.....                | 2, 017, 158   |
| From Japan not blocked or trimmed..... | 685, 496      |
| Blocked or trimmed.....                | 986, 103      |

Proposed duty (par. No. 1505 (b)):

- (1) 25 per cent ad valorem for not blocked or trimmed and not bleached, dyed, colored or stained.
- (2) 25 cents per dozen and 25 per cent ad valorem for not blocked or trimmed if bleached, dyed, colored or stained.
- (3) \$4 per dozen and 50 per cent ad valorem for blocked or trimmed.
- (4) \$4 per dozen and 60 per cent ad valorem if sewed.
- (5) 25 per cent ad valorem for any of the foregoing known as harvest hats, valued at less than \$3 per dozen.

Present duty (par. 1406): 35 per cent ad valorem for not blocked or trimmed; 50 per cent ad valorem for blocked or trimmed; 25 per cent ad valorem for straw hats known as harvest hats, valued at less than \$3 per dozen; 60 per cent ad valorem for all other hats, composed wholly or in chief value of any of the foregoing materials, whether wholly or partly manufactured, not blocked or blocked, not trimmed or trimmed, sewed.

Increased by \$4 per dozen on the blocked or trimmed; \$4 per dozen on the sewed (i. e. an equivalent of 160-200 per cent increase).

*Remarks:* Japanese straw hats are imported into this country for the popular demands of the public of smaller means. Japan can produce them more efficiently owing to the geographic advantage in growing the raw materials. They are entirely different from the American products in quality and not competitive. Most of the imports from Japan are to be classified under the item (3) or (4) and the proposed specific duty on both items would result in an increase equivalent to 160-200 per cent ad valorem.

*Dolls and toys of celluloid*

|                                   |             |            |
|-----------------------------------|-------------|------------|
| The United States import in 1927: | Total       | From Japan |
| All kinds of dolls.....           | \$999, 412  | \$122, 577 |
| All kinds of toys.....            | 3, 598, 258 | 220, 633   |

Proposed duty (par. No. 1513)..... For those having any movable member or part: 1 cent each and 60 per cent ad valorem.  
For those not having any movable member or part: 1 cent each and 50 per cent ad valorem.  
For parts of dolls and toys of celluloid: 1 cent each and 50 per cent ad valorem.

Present duty (par. No. 31)..... 60 per cent ad valorem.

Increased by an equivalent of 100 per cent at least on dolls, and more than 730 per cent in an extreme case on celluloid pins.

*Remarks.*—Japanese celluloid dolls and toys are made more economically by reason of local convenience in acquiring raw materials and they are mostly retailed in 5-and-10-cent trade in this country. Because of the smallness of margin, the proposed specific duty would remove these articles from such counters.

It appears reasonable that dolls and toys of celluloid be classified under the general item of dolls or toys at the rate of 7 per cent ad valorem without addition of specific duty.

*Tooth brushes*

|                                       |            |            |
|---------------------------------------|------------|------------|
| The United States import in 1927..... | Total      | From Japan |
| Proposed duty (par. No. 1506).....    | \$325, 151 | \$248, 373 |

2 cents each and 50 per cent ad valorem on tooth brushes of celluloid handles or backs (i. e. equivalent to 125 per cent ad valorem).

1 cent each and 50 per cent ad valorem on celluloid handles or backs for tooth brushes (i. e. equivalent to 106 per cent ad valorem).

Present duty (par. No. 31)..... 60 per cent ad valorem.

Increased by an equivalent of 65 per cent on celluloid brushes; an equivalent of 46 per cent on celluloid handles.

*Remarks.*—These brushes are of cheap grade and sold largely in chain and drug stores. The proposed specific duty will result in driving them entirely out of 10-cent range, particularly out of reach of children who are great users of inexpensive Japanese tooth brushes. The tooth brushes of celluloid handles or backs might reasonably be classified together with other tooth brushes at the rate of 50 per cent ad valorem, without addition of specific duty.

*Cotton wiping rag*

|  | Total              | From Japan |
|--|--------------------|------------|
| The United States, import in 1927..... | \$1, 622, 722      | \$412, 260 |
| Proposed duty (par. No. 1555).....     | 2 cents per pound. |            |
| Present duty (par. No. 1550).....      |                    | Free.      |

Increased by 2 cents per pound, or equivalent to 33 per cent ad valorem.

*Remarks.*—These are cotton wastes used as wipers of all kinds of machinery and are of considerable importance to all engineering industries. The American production is insufficient to meet the demands. Therefore it would seem to be reasonable that they be kept on the free list, together with other cotton wastes.

## MEXICO

DEPARTMENT OF STATE,  
*Washington, July 1, 1929.*

HON. REED SMOOT,

*Chairman, Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished with this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy, in translation, of a note from the chargé d'affaires ad interim of Mexico, concerning the proposed changes in the tariff and the effect thereof on certain Mexican agricultural products.

I have the honor to be, sir,  
Your obedient servant.

H. L. STIMSON.

[Translation]

EMBASSY OF MEXICO,  
*Washington, D. C., June 20, 1929.*

HON. HENRY L. STIMSON,

*Secretary of State, Washington, D. C.*

MR. SECRETARY: I have the honor to advise your excellency that my government is aware of the proposed law now awaiting the approval of the Congress of the United States, the object of which is to modify existing duties by increasing, among others, the import duties on cattle and certain specified agricultural products such as tomatoes, rice, chicory, and other vegetables.

As your excellency knows, in the commercial relations between the United States and Mexico, my country, figures prominently as an exporter of live cattle and the said agricultural products, occupying in so far as tomatoes are concerned first place as exporter of this product to the United States.

My government is of the opinion that the tariff duties which it is desired to place on the said agricultural products as well as on cattle

are of a prohibitive character, and should they become effective, will practically prevent the Mexican exportation of these commodities.

Furthermore, rendering difficult the exportation of the said commodities will have an untoward effect upon the Mexican national economic situation and, as a result, the purchasing power of Mexico as an importing country will be reduced greatly to the disadvantage of the export trade of the United States, since the large market which Mexico offers for the manufactured products of that country will be without any doubt greatly restricted. It is not inopportune to mention in this connection that according to export statistics of the United States, Mexico occupies third place among the countries of Latin America.

In accordance with instructions which I have received from my Government, I have the honor to appeal to your excellency, requesting your valuable aid to the end that the proposed increases in tariff will not affect the aforementioned Mexican export products. My Government will greatly appreciate the good offices of your excellency since should the proposed increases become effective, commerce between the two countries will suffer to a notable degree.

Accept, excellency, etc.,

P. CAMPOS ORTIZ,  
*Chargé d'Affaires ad interim.*

JULY 1, 1929.

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy, in translation, of a note from the Chargé d'Affaires ad interim of Mexico, concerning the proposed changes in the tariff and the effect thereof on certain Mexican agricultural products.

I have the honor to be, sir,  
Your obedient servant,

H. L. STINSON.

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## THE NETHERLANDS

DEPARTMENT OF STATE,  
*Washington, June 19, 1929.*

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Netherland Legation, dated June 12, 1929, with inclosures thereto, regarding the possible effect which the new tariff bill may have upon Dutch-American trade relations.

I have the honor to be, sir,  
You obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*

ROYAL NETHERLAND LEGATION,  
*Washington, D. C., June 12, 1929.*

It was brought to the attention of Her Majesty's Government, that a new tariff bill, known as H. R. 2667, providing a revision of many rates in the tariff act of 1922, has been passed by the House of Representatives of the United States, introduced in the United States Senate and referred to its Committee on Finance.

Interested firms, trade associations, chambers of commerce have remarked that these new rates, if enacted, will hamper considerably the mutual trade relations between our two countries. That these relations are even more important to the American farms, factories, and mines than to the Netherland producers, is clearly shown by the fact that the "imports for consumption from the United States" into the Netherlands are nearly four times as high as the domestic exports from the Netherlands to the United States. On pages 458 and 459 of Commerce Yearbook, 1928, published by the United States Department of Commerce, statistical information is given with regard to the trade between the United States and the Netherlands.

From this tabulation it appears that imports for consumption from the United States during the years 1924-1927 inclusive had an average value of \$106,345,000 per year, whereas the domestic exports from The Netherlands to the United States during the same period averaged \$27,210,000 per year.

The American exports to The Netherlands consist largely of agricultural products, the majority of which are not subject to any duty whatever upon importation in The Netherlands. More than 60 per cent of the import value of American products enters free in The Netherlands, and the remainder is imposed with flat rates of 5 or 8 per cent ad valorem, respectively, for semimanufactured products and manufactures, while on automobiles a duty is levied of 12 per cent ad valorem.

Under the tariff act of 1922 from 75 to 80 per cent of the value of domestic exports from The Netherlands to the United States are dutiable. This proportion will further be increased materially whenever hides and leather are taken from the free list, as is proposed in H. R. 2667, passed by the House of Representatives. Because of the fact that the rates in the American tariff act are partly specific, partly ad valorem, it is rather difficult to compute the average ad valorem duty on the imports.

However, experts of the United States Tariff Commission have computed the equivalent ad valorem rate on all imports for consumption, for several years, which computation is printed in the Congressional Record of May 24, 1929, pages 1901 and 1902.

It appears that the equivalent ad valorem rates on dutiable articles imported for consumption in the United States, during the years 1923-1928, inclusive, i. e., under the present tariff act of 1922, amounted to an average of 37.84 per cent. Under the tariff bill (H. R. 2667), as it passed the House of Representatives, these rates will still be increased.

So it will be found that on the one side relatively large exports take place of American products to the Netherlands with none or very low duties upon these articles, and on the other hand relatively small

exports of Netherland products to the United States with generally high duties upon those commodities.

Taking into account these facts, it will be easily understood that the American farmers and manufacturers have even a greater interest in maintaining and developing the trade relations between the United States and the Netherlands, than the Netherland producers.

In view of the importance of profitable trade relations between the two countries and wishing to promote the good will among nations in general and especially between the United States and Holland, the Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State with the request to transmit the attached memoranda of N. V. Glasfabriek "Leerdam" and N. V. Kristalunie "Maastricht" of May 24, 1929, and N. V. de Groningsche Steenhandel of May 6, 1929, to the appropriate United States authorities.

The Royal Netherland Legation would feel greatly obliged if those authorities and especially the Senate Finance Committee would give to said memoranda all the attention the important subjects they refer to seem to deserve.

NOTE CONCERNING THE REVISION OF THE TARIFFS OF IMPORT-DUTIES OF THE UNITED STATES OF AMERICA

GENTLEMEN: We are doing business with clients in the United States of America for a long series of years and we had the experience that our products found their way into that country. Our clients were always highly satisfied with our shapes as well as with quality and finish and we therefore were of opinion that our deliveries to the United States of America supplied a want.

The proposed revision of the tariffs, however, which is also to include our table glassware, will in all probability make it very difficult for the American buyers to continue obtaining our articles.

As our products in general can be said to be much neater and as regards shape differ absolutely from the American manufacture, we beg to say that we don't think it desirable to increase the import duties on these products in such a way that they will become too dear for consumption in the United States of America.

There being great differences between the greater part of our glassware, as far as it is exported to the United States of America and the American home product, we may state that our products do not compete with the American industry. And even if the cost of production of these articles in Holland should be somewhat less than the cost of production of similar articles in America, one must not forget that the American buyers have to pay in addition a rather high percentage for freight, so that the price delivered free on quay American harbour will on no account be less than the price for such articles, when they have been manufactured in the United States of America.

In connection with this we venture to insist energetically upon it that the tariffs for the said table glass will not be increased.

Trusting that you will comply with our request, we remain, gentlemen,

Yours faithfully,

N. V. GLASFABRIEK LEERDAM,  
V. H. JEEKEL MIJNSSEN & Co.,  
*President Directeur.*  
N. V. KRISTALUNIE, Maastricht.

GRONINGEN, May 6, 1929.

To the Government of the United States of America, Washington.

DEAR SIR: The undersigned, the N. V. de Groningsche Steenhandel, Groningen, Holland, representing the entire brick industry in the north of the Netherlands, beg to state:

That they import to the city of New York a small quantity of face bricks (about 5,000,000 or 6,000,000 a year) which quantity compared with the absorptive capacity of this city (about 1,000,000,000 a year) is in fact so small as to be



absolutely insignificant, whilst the entire importation has a worth of only about \$150,000 a year.

That in the tariff readjustment 1929, "Hearings before the Committee on Ways and Means, House of Representatives, Schedule 2 and Schedule 15" arguments were mentioned which do not apply at all to Dutch face bricks,

That petitioners take the liberty of drawing your attention to these inaccuracies and refer to: Schedule 2, pages 692, 693, and 695, on which these erroneous statements are to be found. The wages paid on an average in Holland are \$2.50 to \$3.00 per day and the work time in Holland is 50 hours a week for the brickyards and in the United States of America 54 hours a week. The selling price for the face bricks sent by the undersigned to America is \$11 per 1,000 at the factory. We have to add for selling expenses and carriage as follows: \$1 freight to the Dutch port of Delfzyl, \$7 freight from Delfzyl to New York, \$1 warehousing in New York, and \$4 selling expenses in New York, so that \$24 per 1,000 is our cheapest price for delivery from the brickyard in New York.

The freight of \$7 per 1,000 is the lowest freight rate ever paid for Groningen bricks, so that these bricks can not be imported as "ballast." (See Mr. Dickinson's question.)

Instead of being cheaper, Dutch bricks are dearer in New York than the American make, whilst the former are not so well-finished as the American ones.

That the undersigned are nevertheless able to export the bricks to New York, is due to the better quality. In order to prove this, official documents of the Columbia University, which tested the Groningen bricks at the request of the New York building policy, are available.

That the undersigned beg to refer to the aforesaid Schedule 15, pages 7469, 7470, and 7471. The assertion of Mr. Murphy that 50,000,000 tons of coal are required to burn 100,000,000 bricks must be an error; Mr. Murphy means 50,000 tons, that is, one thousand times fewer. Moreover the exportation of bricks to the interior, for example, Chicago, is quite out of the question on account of the high carriage. It is only possible to export bricks to New York, which will be clear if you take into consideration that from the price of \$24 per 1,000 (in New York) \$9 must be deducted on account of the freights; how would this be in Chicago?

That generally the objections to the importation of bricks refer to the importation of Belgian bricks and not to Dutch bricks.

That petitioners fear that you are confounding these two kinds of bricks.

That they believe that they have demonstrated that the importation of Dutch bricks is of no importance for the New York market, and that this importation does not in any case spoil the prices and that the undersigned therefore take the liberty of urging that no import duties be levied on Dutch face bricks.

Yours faithfully,

N. V. DE GRONINGSCH E STEENHANDEL.

DEPARTMENT OF STATE,  
Washington, June 27, 1929.

HON. REED SMOOT,

*Chairman Committee on Finance, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign Governments to this Government touching tariff questions, I have the honor to inclose for your information copies of memoranda from the Netherlands Legation regarding the pending revision of the tariff bill and its possible effect on various products of the Netherlands entering the United States.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to submit to the kind consideration of the Department of State the following wishes of interested Dutch subjects, with regard to the pending tariff revisions. The bill, H. R. 2667, as passed by the House of Representatives, and as referred to the Committee on Finance of the United States Senate, provides for an increase in the duty on tulip bulbs from \$2 per 1,000 to \$6 per 1,000 (tariff act, par. 751).

This increase of 200 per cent, if enacted, is felt by the bulb growers and bulb exporters in the Netherlands as very detrimental to the exportation of tulip bulbs to the United States; this increase is looked upon by the above-mentioned interested producers and exporters as a special hardship imposed on the Netherland industry, because this commodity is practically only imported from the Netherlands.

The Royal Netherland Legation has the honor to inclose herewith a brief, drawn up at the request of the national organizations of bulb growers and bulb exporters in the Netherlands, stating their wishes with regard to a reconsideration, if possible, of the tariff rates on tulip bulbs.

The Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the inclosed brief to the appropriate United States authorities and to recommend it to their kind consideration, especially to the attention of the Senate Finance Committee.

WASHINGTON, D. C., *June 13, 1929.*

**A BRIEF DRAWN UP AT THE REQUEST OF THE NATIONAL ORGANIZATIONS OF BULB GROWERS AND BULB EXPORTERS IN THE NETHERLANDS**

Flower bulbs are one of the most important items among the commodities exported from the Netherlands to the United States. In 1928 the value of the bulbs exported from the Netherlands to the United States amounted to \$3,500,000, which seems to be comparatively modest in relation to American imports but which is in fact of great importance when we consider that the total value of domestic exports from Holland to the United States amounts to about \$27,000,000.

On account of sanitary embargoes and restrictions, importation of bulbs is already greatly handicapped; an increase of the duty on tulips from \$2 to \$6 per 1,000, provided in the House bill (H. R. 2667) would undoubtedly be very harmful to the bulb trade between the United States and the Netherlands, because tulips are by far the most important and most popular bulb species now being shipped to this country. It may be added that practically all the tulips imported in the United States come from the Netherlands.

It is common knowledge that in the Netherlands good land, suitable for bulb growing, is sold at very high prices. Land values are as high as \$4,000 per acre. On this land more bulbs can be grown per acre than in the United States where on account of scarcity of labor a grower has to rely more or less on machinery and therefore rows of bulbs have to be plated wide apart. In the Netherlands, where almost all work is done by hand, the costs per acre are much higher, but so is the yield. The expenses per acre of tulips are approximately \$700, and with a normal crop the yield of salable bulbs is 60,000 to 65,000.

Comparing the factors which enter in the costs of production, it is obvious that a duty of \$2 per 1,000, as provided in the tariff act of 1922 is high enough to protect the American grower.

We feel over here strangely surprised that, considering the fact that in the United States so much is done through conferences and institutions to promote good understanding among nations for the benefit of international trade and commerce the duty on tulips, known all over the world as the most typical and popular product of the Netherlands, will be increased three times. Such a considerable increase creates the impression that practical exclusion of our bulbs from the American market is aimed at.

High rates on tulips will work a hardship on the American flower-loving public, on the American florist, who use millions of bulbs annually as raw material in the forcing industry, and on the Netherland growers, whereas American agriculture will not receive any appreciable relief from such protection.

Therefore, the Netherland growers and exporters of tulip bulbs beg to request the appropriate United States authorities to reconsider, if possible, the tariff rates on flower bulbs, especially on tulip bulbs, as written in paragraph 761 of the House bill (H. R. 2667), in order that this very important trade between the Netherlands and the United States will not be destroyed.

ROYAL NETHERLAND LEGATION,  
*Washington, D. C., June 14, 1929.*

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to recur to the kind intermediacy of the State Department in order to transmit the attached memorandum of the Vereeniging van Nederlandsche Oliefabrikanten (Association of Netherland Oil Crushers) with regard to the pending revision of the tariff act of 1922, to the appropriate United States authorities.

The legation would feel greatly obliged if these authorities, especially the Senate Finance Committee, would give to said memorandum all the attention it seems to deserve.

HAARLEM, May 23, 1929.

*To the competent authorities of the United States of America, Washington.*

DEAR SIR: The undersigned, the Association of Dutch Seedcrushers, representing the whole of the linseed crushing industry of Holland, beg leave in connection with the proposed alteration of the tariffs, also for linseed oil, to bring the following before the notice of your Government.

The linseed-oil industry, in the United States as well as in Holland, crushes linseed, from which are obtained as products, linseed oil and linseed cake. The crusher in the United States has the advantage of being able to get a considerable part of his raw material from his own country, the Dutch crusher has to import nearly all linseed from the Argentine, from which country also America completes its requirements. The American industry is able to put off the linseed oil in its own country and exports 40 per cent of its linseed cakes, principally to Holland. On the contrary the Dutch crusher puts his cakes off in Holland and exports 70 per cent of his linseed oil.

The conversion cost of linseed in both countries does not show any difference worth mentioning. According to the report of the United States Tariff Commission of November, 1928, it amounted in 1926 for the United States of America to \$6.65 per 2,000 pounds, and for Holland to \$6.64. On the basis of these data the conclusion is allowed to be drawn that a protection of the American linseed-oil producer on the ground of higher conversion cost, can not be motivated.

It could be asked whether apart from that, there are circumstances which bring the American crusher in a less favorable position as compared with his Dutch colleague. This question is answered sharpest when ascertaining how is the position of both producers when delivering linseed oil in the United States (the cakes being sold by both in Holland and the raw material equally being imported from the Argentine). It may be taken for granted that they are able to buy their seed at the same price, which we shall fix at \$X per short ton of 2,000 pounds, a price which has to be increased for America by the duty on seed on the basis of the new tariff of 56 cents per bushel, i. e., \$20—and lowered by the drawback when exporting the cakes of one-fourth of \$20—is \$5. Consequently the linseed price in the United States of America is \$X+\$15. From this short ton are produced 650 pounds linseed oil and 1,350 pounds cake. The proceeds of that cake in Holland we shall fix in both cases at \$Y. However the crusher in America has to pay the expenses of shipping the cake oversea, which according to the report of the United States Tariff Commission dated February 2, 1924, page 49 amount to \$5.50 per ton or \$3.71 per 1,350 pounds. On the contrary the Dutch crusher has to pay freight on linseed oil; according to the same report (page 36) this freight amounts to 8.667 cents per gallon, or \$7.52 per 650 pounds.

Consequently these 650 pounds linseed oil crushed out of one short ton and delivered in the United States cost the American crusher the following:

Cost of linseed+conversion cost—proceeds of cakes in Holland+shipping expenses of the cakes, or expressed in figures:

$$$(X+15+6.25-Y+3.71)$$

or

$$$(X-Y+25.36)$$

For the Dutch crusher these 650 pounds. oil cost:

Cost of linseed+conversion cost less the proceeds of the cakes+oil shipping expenses, or in figures:

$$$(X+6.64-Y+7.52)$$

or

$$$(X-Y+14.16)$$

So there remains a difference in the favor of the Dutch crusher of \$6.91 per 650 pounds. With an import duty of 1.73 cent per pounds, the basis of competition for both countries would be equalized. In fact the now existing duty is 3.3 cents per pound, consequently 1.57 per pound more, or \$10.20 per 650 pounds. So the crusher in the United States of American has an advantage of \$10.20 per short ton of linseed crushed.

In our calculation we have taken into account the now increased tariff on linseed. With the tariff of 40 cents per bushel which is still in force the advantage for the American manufacturer is still considerably higher, namely, \$14.50 per short ton crushed.

In order to emphasize what an extraordinary large advantage the figure of \$10.20 per short ton already means, we draw the attention to the fact that it is one and one-half times more than the total conversion cost and also that the most successful crusher would be extremely satisfied with a total profit of \$2 per ton. The advantage which the American crusher is given by the tariff, consequently, is five times larger than the total profit of a well-paying factory.

The American crushers, where they believe to be able to motivate that the tariff on no account does mean a too high protection, in the first place refer to the much higher purchasing price of Argentine linseed. According to the report of November, 1928, this difference, as compared with Holland, in 1926 amounted even to \$23.40 or deducting the import-duty, of \$9.12 per ton. Yet even though it can be taken for granted that an industry enjoying a so excessive protection as the American linseed-oil industry, feels much less the necessity of buying at lowest possible prices than an industry like the Dutch, which is fighting for its existence under unfavorable circumstances, yet so large a difference in purchasing price is unaccountable. In that case the American crusher would have bought nearly exclusively in periods of high prices, the Dutch manufacturer only in those of low prices. If—what the American crushers are arguing—it would be exact that the cause is to be found in the fact that the purchases of linseed oil are effected precisely in those periods, so that the crusher only then is able to cover his requirements of raw materials, it would follow also that the average price, which he makes for his oil, is considerably above the average market prices of linseed oil. Consequently the higher seed prices would be compensated completely by the higher oil prices.

Furthermore we beg to draw the attention to the fact that though theoretically the possibility can be admitted of so large differences in purchasing prices in a year of very considerable price fluctuations as was the case with 1926, even with the most unfavorable purchasing policy such a difference is not possible with more equal markets as at present.

The Dutch seed crushing industry has thought good to bring these facts before your notice. Even if it is the intention of your Government to grant the home industry such protection, that the importation of foreign linseed oil becomes practically impossible, an object which can be obtained by a much lower tariff, it seems to us not possible that a protection which goes so much farther should be the purpose of your Government. Seeing that the American crusher imports his linseed cakes in Holland free of duty and avails himself of this market for the greater part of the quantity available for export, the Dutch linseed oil industry believes to have the right to bring before the notice of your Government the fact that by means of the existing tariff, the American crushers are enjoying an entirely unjust protection and are competitors on the Dutch linseed cake market, which are strongly favored at the cost of the American linseed oil consumer.

We hope you will be so kind as to pay due attention to the above considerations and remain,

Yours truly,

VEREENIGING VAN NEDERLANDSCHE OLIEFABRIKANTEN

(Signatures illegible.)

ROYAL NETHERLAND LEGATION,  
*Washington, D. C., June 15, 1929.*

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to request the kind attention of the Department of State to the wishes, expressed by Netherland subjects, with regard to the pending tariff revision.

The manufacturers and exporters of strawboard in the Netherlands state that by change of the wording in paragraph 1402 (old 1302) of the tariff bill of 1929 the rate on strawboard, with a thickness of 0.009-0.010 inch, imported from the Netherlands for box-making purposes, will be increased from 10 to 30 per cent ad valorem.

In the above-mentioned paragraph it is provided that strawboard "less than twelve one-thousandths of 1 inch in thickness shall be deemed to be paper." In the tariff act of 1922 the demarcation line between strawboard and paper was 0.009 inch. In the report by the House Ways and Means Committee it is stated with regard to this change that this line of demarcation has been raised to conform more nearly to trade usage.

In the inclosed brief of Mr. Adrian Vuyck, representative of several Netherland strawboard manufacturers, it is when by a decision of the United States Court of Customs, that the trade term for board, made from straw pulp, which is 0.009 to 0.010 inch thick, is not straw-paper, but strawboard.

The Royal Netherland Legation has the honor to recur to the kind intermediacy of the State Department in order to transmit the inclosed brief of the Dutch Strawboard Mills Association and of Mr. Adrian Vuyck to the appropriate United States authorities.

The legation would feel greatly obliged if those authorities and especially the Senate Committee on Finance would give to these briefs all the attention they seem to deserve.

NEW YORK, N. Y., *May 22, 1929.*

SENATE FINANCE COMMITTEE,  
*Washington, D. C.*

GENTLEMEN: We find that some of the assertions made in the statement of a witness, representing manufacturers of straw wrapping paper, offered before the Committee on Ways and Means and printed in the committee print of tariff readjustment, 1929, No. 31, February 13, 1929, pages 6155 and 6156, are erroneous or exaggerated, contradictory, and calculated to influence the committee to increase the duty on  $\frac{1}{1000}$  strawboard from 10 per cent ad valorem to 30 per cent ad valorem."

The stand taken by above witness is based on departmental instructions contained in T. D. 4224 and T. D. 46367.

In T. D. 4224 the collector of customs at the port of New York was advised that in the opinion of the department "sheets of straw are made from single layers of pulp made on the Fourdrinier machine and dutiable as wrapping paper or paper not specially provided for under paragraph 1309."

In T. D. 46367 the instructions were modified "that a sheet of straw pulp, even though a single layer and produced on the Fourdrinier machine, is commercially known in the United States as strawboard if exceeding  $\frac{1}{1000}$  inch in thickness.

The stand on which above witness based his report was entirely upset in a decision rendered by the United States Customs Court, second division, before Justices Fischer, Waller, Tulson, April 25, 1929, in which it was held that  $\frac{1}{1000}$ -inch strawboard made directly from straw pulp and used chiefly if not exclusively in the manufacture of board containers is properly dutiable at but 10 per cent ad valorem under paragraph 1302 under the act of 1922 and not at the rate of 30 per cent ad valorem under paragraph 1309.

In the decision it was quoted that five of the plaintiff's seven witnesses testified that  $\frac{1}{1000}$ -inch straw-board is uniformly recognized in the trade as strawboard; the remaining two witnesses, one a past and the other the present Government examiner of the merchandise, confining their testimony to showing a consistent classification of this merchandise for tariff purposes as strawboard, the former examiners' testimony covering a period of 25 years. In the decision is also mentioned that the Government witnesses testified that the term "straw paper" was more generally used but regarding this evidence the court states as follows: We specified that whatever probative force was attached to the oral testimony submitted by the Government was largely overcome by contradictory evidence contained in documentary proof in the form of contracts, catalogues, advertisements, etc., submitted by plaintiffs, particularly when such unsatisfactory oral proof is considered in connection with the fact that no attempt was made to show that the present merchandise would be excluded from the trade term "strawboard." On the record as a whole we found as facts:

1. That the merchandise consists of strawboard made directly from straw pulp.
2. That it measures  $\frac{1}{1000}$  inch in thickness.
3. That it is imported in rolls.
4. That it is chiefly if not exclusively used in making board containers.

The witness in presenting his statement, states that he represents manufacturers of straw wrapping paper on page 6155 of the above-named committee print.

However, in the third paragraph of page 6155, he states that "40 years ago this product was used as wrapping paper but during the next 10 years the industry was completely annihilated by wood-pulp papers." In other words, the witness states that they discontinued manufacturing straw wrapping paper. The witness further states in paragraph 3, page 6155 "that about 1900 the corrugated box was introduced which brought a new market for straw paper." This statement is incorrect as the material used in the manufacture of boxes has never been called straw paper between the period of 1900 to 1927 but has always been called strawboard, which was brought out in the testimony of the case before the customs court, where the Government could not substantiate with any satisfactory evidence that the material was known as straw paper during that period.

The witness further states, in paragraph 3, page 6155, "that the Holland manufacturers reported for duty purposes as strawboard in order to secure the 10 per cent duty rate on board. This was called before the attention of the Treasury Department and three years ago was corrected and classified as paper at 30 per cent duty rate." This statement of Mr. Carpenter's was made before the decision was rendered by the Customs Court and since the Customs Court contradicted the opinion of the Treasury Department, the statement of witness has become incorrect. His statement that three years ago the Treasury Department changed the duty rate was also erroneous, as T. D. 4224 was only issued May 19, 1927, and therefore one and three-fourths years ago at the time the witness made his statement. Moreover, the increased rate has only been paid under protest, and pending a decision by the Customs Court.

The witness further states on page 6155, third paragraph, "that there was between 10,000 to 15,000 tons imported in 1928." These figures are incorrect as according to statistics of the Netherlands Government; the tonnage exported during 1928 to the United States was 7,710 tons of strawboard. The witness continues: "This deprived the farmers of the sale of nearly 400,000 tons of straw valued at \$350,000." This statement is exaggerated, as it takes 3 tons of straw to make 2 tons of strawboard, and therefore he should have said "This deprived the farmers of the sale of 10,280 tons of straw valued at less than \$10,000.

On page 6155, fourth paragraph, the witness states that a ton of strawboard can be shipped to New York City for \$3.75. This is incorrect as this rate only applied during the time of the rate war between the steamship companies during 1928, but now that conference rates apply, the rate is uniformly \$4.85.

On page 6155, paragraph 7, above witness states that in Holland it costs to produce 1 ton of strawboard of 2,000 pounds approximately \$29. To this add freight, 30 per cent duty, and insurance, which will make the cost approximately \$43.50 per ton, f. o. b. New York, which is from \$2 to \$4 a ton under the domestic cost and delivery charges to New York City.

This statement is also erroneous as the above witness has figured the ocean freight too low by \$1.10. He has also neglected to figure the inland freight from the mill to Rotterdam which is generally \$2, and he has also overlooked to calculate the charge of \$3 for trucking, a charge of \$1 for financing, \$3 to cover importer's expenses and profit and \$4 for warehousing in order to give deliveries and service

equal to that of the association of witness, making a total of \$14.10 which he has overlooked. All of this should have been figured in for the reason that members of the association of witness deliver strawboard to their customers sidings and bill them 30 days after arrival.

The entire statement of the witness has been prepared in such a way as to confuse straw wrapping paper and straw box board, although these are distinctly two different products used for two distinctly different purposes: (1) Straw wrapping paper being manufactured in thickness under 0.005 inch and being used for wrapping only; (2) strawboard being manufactured in caliper 0.009 inch and being used as box board only.

The fact should not be overlooked that even at the present time a mill in the Netherlands still makes both straw wrapping paper of which the greatest thickness is 0.005 inch, which is shipped to oriental markets, and strawboard especially made to be suitable for manufacturing boxes in a minimum caliper of 0.009 inch and a maximum caliper of 0.010 inch, no greater thickness being used for this purpose.

In his statement above witness has turned matters around entirely. Prior to 1927 the American manufacturers of 0.009-inch strawboard for making boxes had always called their material strawboard for corrugating and only during 1927 have some manufacturers started calling their product paper instead of board. It can not be denied, however, that this material is used not as a wrapper, but as a box board, to stiffen shipping containers, and is therefore 0.009-inch strawboard.

We also want to call your attention to the fact that duty of 30 per cent on 0.009-inch strawboard for box manufacturing is entirely out of line compared with import duties on other box board.

We refer you to paragraph 1413 of the tariff act of 1922 where test or container board of a bursting strength above 60 pounds per square inch by the Mullen or the Webb test are dutiable at 20 per cent ad valorem, which has been left unchanged by the Ways and Means Committee.

This product is a much more advanced type of box board and is more complicated to make than strawboard for corrugating. Strawboard for corrugating need not comply with any bursting tests and is made in a simpler way directly from the straw.

In view of the above, we urgently request that the dividing line between strawboard and straw paper be kept at 0.009 inch, this being the actual thinnest caliper in which strawboard for boxes is made in the Netherlands. To change the dividing line to 0.012 inch would mean that the standard article, strawboard, 0.009 to 0.010 inch for manufacturing boxes would be subject to an increase in duty from 10 per cent ad valorem to 30 per cent ad valorem, this being an increase in duty of 200 per cent.

Very truly,

ADRIAN VUYK.

### SCHEDULE 3

#### PAPERS AND BOOKS

(No. 31, February 13, 1929; No. 32, February 14, 1929)

N. H. Carpenter, Coshocton, Ohio, representing manufacturers of straw wrapping paper, declares that the Dutch strawboard manufacturers report, merely for duty purposes, the thin strawboard—which is used by the corrugated box manufacturers, and which is demanded in the caliper of 0.009 inch—as “strawboard,” in order to secure the 10 per cent duty rate on board (vide p. 6155, No. 31).

This is absolutely incorrect. The 0.009 inch strawboard (and certainly in America in the first place) has always been known as strawboard. It was called as such by all America strawboard manufactures. In proof hereof we have before us a booklet, titled “Gage List and Ream Weights” of the Box Board Manufacturers Association, Chicago, of June 1, 1920, which booklet states at first that, at that time, that association included 27 mills, whereas the last page of same indicates, under the heading “standard weight, thickness, etc., of corrugated strawboards,” as caliper 0.008, 0.009, and 0.012 inch.

Only in 1927, when the American strawboard manufacturers urged a reclassification of the 0.009 inch strawboard, to the effect that this board should be considered to be paper, if it had been made on a Fourdrinier machine, which is fully contradictory to the provision of paragraph 1302 of the tariff act of 1922, these

people have tried for this purpose to have the name of paper adopted. This endeavor, however, has not been successful.

The American technical periodical, *Paper Trade Journal*, e. g., in its market reports, still regularly speaking of "strawboards rolls 0.009 inch." The periodical the *Official Board Markets*, Chicago, too makes mention of "strawboard 0.009 inch rolls" in its market quotations—at any rate until the end of 1927, and we have no reason to suppose that this will be otherwise now.

The tariff act of 1922, however, was clear enough as regards the question what was board and what paper, because paragraph 1302 of that act itself distinctly indicates, as the partition between paper and board, a thickness of 0.009 inch, i. e., anything that was thinner than 0.009 inch was considered to be paper. The 0.009 inch strawboard was consequently board, and was when being imported in accordance herewith always dutiable as board, at the rate of 10 per cent.

In 1927, the American strawboard manufacturers have succeeded in forming the idea with the American authorities that board of 0.009 inch and thicker made on a Fourdrinier machine was paper, and according hereto a Treasury decision, dated June 9, 1927, was issued stipulating in fact that all boards, of 0.009 inch and thicker, made on a Fourdrinier machine, were no boards but paper, and accordingly dutiable at the rate of 30 per cent.

The American strawboard manufacturers have insisted on this reclassification, as they evidently did not know any other way to carry through an increase of the import duty, and after they had beforehand officially (by the intermediary of the United States Treasury Department, customs, Paris) ascertained that in Holland the strawboard of 0.009 inch and thicker, too, was made on Fourdrinier machines.

The consequence of the aforesaid decision of June 9, 1927, was that even the thickest board manufactured on a Fourdrinier machine was still classified as paper.

This decision was altered in so far that it was provided by means of a new Treasury decision, dated September 12, 1927, that board made on a Fourdrinier machine of 0.015 inch and thicker would be considered to be board, and thinner than 0.015 inch to be paper.

This new limit had been taken entirely arbitrarily, and also fully in contradiction of the provision of paragraph 1302 of the tariff act again. It was in consequence hereof that the American and Dutch parties concerned have protested against this decision of September 12, 1927, and have brought about a test case in New York.

Now, the American strawboard manufacturers request to increase the dividing line between paper and board from 0.009 inch up to 0.012 inch.

Mr. Carpenter says (vide p. 6155, No. 31) that this is merely asked for the purpose that the Dutch strawboard manufacturers "can not take the position they attempted to recently, by calling their product 'board' instead of 'paper.'"

Mr. Henry D. Schmidt, York, Pa., representing the Paper Board Industries Association, says in connection with this point (vide p. 6114, No. 31):

"The Paper Board Industries Association is not requesting any increase in the tariff. They are only requesting a clarification of the phraseology of the section pertaining to paper board, so that it may be more readily understood by all," and further (vide p. 6117, No. 31), in reply to the question of Mr. Davenport, viz:

"In your request for raising the limit from 0.009 inch to 0.012 inch to make the distinction between that which shall be called paper and that which shall be called paper board, will that not add some additional protection?" the following:

"It was not intended to, sir, it was merely to make the phraseology of the act conform to the usual standards in the industry."

Both gentlemen; Mr. Carpenter as well as Mr. Schmidt, give an entirely wrong idea of the actual state of affairs. The usual standard in America has always been and is still that 0.009 inch strawboard is called board and not paper.

Though Mr. Schmidt says that the Paper Board Industries Association is not requesting any increase in the tariff, it is, nevertheless, remarkable that the transfer of the dividing line between paper and board from 0.009 inch to 0.012 inch exactly for the 0.009 inch strawboards means an increase in the duty from 10 per cent up to 30 per cent ad valorem, a result, which the American manufacturers had succeeded to obtain already by the reclassification by tariff decision of 0.009 inch strawboard in 1927.

We, therefore, can not help thinking that the request of the American manufacturers to change the dividing line from 0.009 inch into 0.012 inch has much to do with the raise in the duty on the 0.009 inch strawboards as a result of such a change.



Anyhow, we must strongly object to the proposed change and insist on strawboards of 0.009 inch and thicker being deemed boards, thus leaving the dividing line as per paragraph 1302 of the tariff act of 1922.

This provision fully answers the existing situation, because, as we have remarked already, the strawboard 0.009 inch has, in America, always been known as strawboard.

In the meantime it appears to us that the American Paper and Pulp Association, the industry's central national association, are not only satisfied with the request of an increase of the dividing line between paper and board up to 0.012 inch, in order to prevent, upon the basis thereof, the import of the Dutch 0.009 inch strawboard, but they wish to secure, for this purpose, another guaranty still, as appears from the wording of the substitute of paragraph 1302 of the tariff act of 1922, suggested by them (vide p. 6070, No. 31). In this suggested substitute it is namely said that:

"Provided, That for the purposes of this act any of the foregoing less than 0.012 inch in thickness, or made on a Fourdrinier, Yankee, single cylinder, or similar paper machine, or a combination of such machines shall be deemed to be paper," whereas only boards manufactured on a multicylinder or wet machine will be dutiable at the rate of 10 per cent.

They, consequently, wish to attain in this way that all boards made on a Fourdrinier machine—confining ourselves to this type of machine, as the Dutch strawboard is made on same—will be named paper.

This is a standpoint that can not possibly be maintained. The consequence would, indeed, be that even the thickest strawboard, manufactured on a Fourdrinier machine, should be deemed to be paper for the purpose of the tariff act.

Moreover, Mr. E. W. Camp, Commissioner of Customs, Treasury Department, Washington, says in his letter, approved September 12, 1927, to the collector of customs, at New York, viz.:

"It appears, however, that this class of merchandise (strawboards), when exceeding 0.015 inch in thickness is known as strawboard whether made on a Fourdrinier machine or multicylinder machine."

In accordance herewith the decision of June 12, 1927, has been changed.

Hence it follows that what is proposed by the American Paper and Pulp Association in their substitute of paragraph 1302 of the tariff act with regard to the denomination of products made on a Fourdrinier machine or a multicylinder machine is not tenable.

In Holland all strawboards, even the thickest, are made on Fourdrinier machines, and in other countries of the European Continent, such as, e. g. Germany, too, this is the case, and not only as regards strawboards, but also many other sorts of boards.

It is also very illogical to call such board paper, and to reserve the name board exclusively for the products made on the multicylinder or wet machine, because strawboard made on a Fourdrinier machine and strawboard made on a multicylinder machine do not differ in regard to nature, quality, or suitability.

The American Paper and Pulp Association themselves do know this, too, but they have doubtless merely made their suggestion, as for the difference between strawboard from a multicylinder and a Fourdrinier machine, in order to still better hit the Dutch strawboard industry, as it is known to them—as we have outlined above already—that, in Holland, strawboards are only made on Fourdrinier machines.

By means of the double alteration of the respecting paragraph 1302 of the tariff act, namely, with regard to the dividing line as well as to the kind of machine, proposed by them, they not only wish to attain that the import of the Dutch 0.009-inch strawboards into America is rendered impossible, but the import of the Dutch strawboards in the thicker substances, too, so that the Dutch strawboards will then have entirely disappeared from the American market.

We, however, rely upon the common sense of the American legislator, that he will not agree to the unfair means, the American Paper and Pulp Association will now apparently use to secure their object, viz, exclusion of fair Dutch competition.

Consequently, we must strongly oppose the suggestions of the paper and pulp association, lead down in their substitute of paragraph 1302 of the tariff act of 1922, both as regards the dividing line between paper and board being put up from 0.009 inch to 0.012 inch, as well as making difference between boards made on a multicylinder machine and those made on a Fourdrinier machine, the more so as the suggestions of the American Paper and Pulp Association are, in fact, without any tenable basis.

In regard to the hearing of Mr. Carpenter, representing manufactures of straw wrapping paper, who had been charged with the defense of the alteration of the tariff, with respect to strawboards, as proposed by the American Paper and Pulp Association, we still wish to remark the following:

The aforementioned association has sent out a representative to Holland in order to orient himself with the Dutch strawboard manufacturers re the cost price of the 0.009-inch strawboard. This representative has had conferences with the board of the Dutch Strawboard Mills Association, during which he told that it was not the intention of the American Paper and Pulp Association at all, to take up an unfair attitude toward the Dutch strawboard manufacturers, and that, if we mentioned the cost price to him, this would doubtless be in the favor of our interests. We have complied with his request, and in consequence hereof, Mr. Carpenter can state that—

"It costs, to produce 1 ton of straw paper of 2,000 pounds, in Holland approximately \$29."

Mr. Carpenter now pretends that at this cost price, calculated upon delivery f. o. b. New York City, duty paid, would be \$2 to \$4 per ton lower than the American cost price, on the basis of delivery to New York City, too.

This is an assertion, however, which has not been confirmed by anything.

We had pointed out to the representative of the American Paper and Pulp Association already that, if we stated our cost price, while the American party did not give a specification of the American cost price, the latter people would be in a position to make avail of our figure precisely in the way they desire.

Evidently this has, indeed, now happened already, not the least trouble having been taken in order to prove that the statement of Mr. Carpenter re the American cost price is, in fact, correct.

We, moreover, have still informed the representative of the American Paper and Pulp Association, that if, at the moment, some Dutch mills submitted low quotations in America, this was due to a special reason. In consequence of information received, we, namely, had the conviction that the pending test case in New York would turn out in our favor, so that the import duty on the 0.009-inch strawboard would be reduced again to 10 per cent. With a view to this outlook, perhaps, some mills did not like to lose the American connections for a certain period, thus running the risk that these had to be renewed later on again; contrary hereto, they preferred—it may be at some sacrifice—to maintain, at least a part of these connections.

Mr. Carpenter further mentions in his hearing some figures which are not entirely correct. He says that in 1928 between 10,000 and 15,000 tons of Dutch 0.009 inch strawboards have been imported in America. This figure is not correct. In 1928 the import amounted to about 8,000 tons of 2,000 pounds, in 1927 12,000 or 13,000 tons of 2,000 pounds, in 1926 about 10,000 tons, whereas, in the preceding years, the import was importantly less.

The highest import figure was, consequently, same as 1927, viz, about 12,000 or 13,000 tons.

Mr. Carpenter adds that "this deprived the farmer of the sale of nearly 400,000 tons of straw, valued at \$350,000 to \$400,000."

These figures are neither correct; perhaps 40,000 tons of straw at the value of \$350,000 or \$400,000 are meant, but, in the affirmative the figure of 40,000 tons is still too high by far, and must, as an average during the last three years, not be more than about 14,000 tons, as the yield of 1 ton of dry straw is about 70 per cent of pulp.

The value of about 14,000 tons of straw taken from the farm will, in America, probably not be more than about \$120,000, so that the American farmer is only interested in the decrease of the import of Dutch strawboard into America to a very small extent:

THE DUTCH STRAWBOARD MILLS ASSOCIATION,  
T. L. KONING, *President*.  
A. J. SAUER, *Secretary*.

GRONINGEN, March 20, 1929.

ROYAL NETHERLAND LEGATION,  
*Washington, D. C.*

No. 2222.

Pursuant to its notes of June 13, 1929, No. 2143, the Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the attached brief of the

New York Agency of the Holland Bulb Exporters Association, regarding the tariff rates on flower bulbs, to the appropriate United States authorities.

WASHINGTON, D. C., June 15, 1929.

HOLLAND BULB EXPORTERS ASSOCIATION,  
(BOND VAN BLOEMBOLLENHANDELAREN, HAARLEM, HOLLAND),  
109 Broad Street, New York, May 14, 1929.

SENATE FINANCE COMMITTEE,  
Washington, D. C.

(Re Schedule 7 (par. 751), flower bulbs)

GENTLEMEN: We have noted that it is proposed to increase the duty on tulip bulbs and lily bulbs from \$2 per 1,000 to \$6 per 1,000, and on crocus bulbs from \$1 to \$2 per 1,000. These bulbs are not produced commercially in the United States and so far only a few governmental experiment stations and individuals have experimented in their cultivation. On the other hand, the florists in general throughout the United States consider an adequate supply of bulbs, particularly tulip bulbs, essential for the production of spring flowers, and it is for this reason that the Society of American Florists, comprising almost the entire florist trade, as well as other organizations, went on record as opposing any change in the rate of duty on these bulbs.

There has been no formal demand for an increase in the rate of duty on tulip bulbs and other bulbs, but correspondence has been received by members of the Ways and Means Committee from a few firms in the State of Oregon intimating that a higher rate of duty on bulbs would be a farm relief measure, as they could be used for crop diversification. Aside from the fact that the growing of flowering bulbs is a highly specialized profession requiring the greatest skill and expert knowledge, may it be stated that less than 20 square miles of select acreage in the Netherlands have so far been found adaptable to the cultivation of this product and that it has not been found practicable to use this same acreage for other purposes.

Comparisons are also drawn between the estimated cost of production of tulip bulbs in the United States and the average selling price in Holland. May it be stated that the average foreign selling price for imported tulip bulbs for the year 1928 was the equivalent already of the estimated domestic cost of production, and that because of crop conditions the average selling price in Holland for tulip bulbs is now more than \$20 per 1,000, which is greatly in excess of the estimated cost of production of tulip bulbs in the United States.

The fact remains, however, that tulip bulbs and most of the other varieties of bulbs are not commercially produced in the United States, principally on account of adverse climatic conditions and any increase in duty on these bulbs will, therefore, mean a corresponding increase to the American florists in their production cost of these spring flowers.

It is because of the fact that flower bulbs, and especially tulip bulbs, are an important unfinished product to the American florists which only Holland produces that we respectfully petition that the prevailing rates of duty on these bulbs be retained.

Respectfully submitted.

HOLLAND BULB EXPORTERS ASSOCIATION.  
HENRY HARBOSH.

ROYAL NETHERLAND LEGATION,  
Washington, D. C.

No. 2224.

In continuation of its note of June 15, 1929, No. 2173, the Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the attached statement of the "N. V. Kwatta, Breda, The Netherlands," with regard to the pending revision of the tariff on cocoa and chocolate, to the appropriate United States authorities and to recommend this statement to their kind consideration.

WASHINGTON, D. C., June 15, 1929.

## STATEMENT WITH REGARD TO PARAGRAPH 775 OF THE TARIFF BILL OF 1929

The "N. V. Kwatta," Breda, Netherlands, wishes to state that the total turnover of the cocoa and chocolate manufacturers in the United States during the first nine months of 1928 amounted to \$122,000,000, while the imports during this same period amounted to only \$1,286,000—i. e., 1.4 per cent of the United States production—and that in 1927 the total production of chocolate and cocoa in the United States was valued at \$122,723,229, while the imports during that year amounted to \$1,474,646—i. e., 1.2 per cent of the United States production.

Under those circumstances an increase of the tariff on cocoa and chocolate seems hardly necessary to protect the American manufacturer, whose production under the most favorable conditions could be increased by 1 per cent, if on account of a prohibitive tariff all foreign cocoa and chocolate would be excluded from the United States.

Therefore it is requested that, if possible, the appropriate United States authorities might reconsider the rates on cocoa and chocolate, as written in paragraph 775 of the House bill (H. R. 2667).

DEPARTMENT OF STATE,  
Washington, July 11, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of note No. 1987 from the Royal Netherland Legation, dated June 24, 1929, together with its inclosure, regarding the rate of duty on diamonds exported from the Netherlands to the United States.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

No. 1987.

ROYAL NETHERLAND LEGATION,  
Washington, D. C.

With reference to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to submit to the Department of State copy of a letter received from the General Jewellers Society, the Diamond Exchange, and the Association of Traders in Cut Diamonds, all of Amsterdam, the Netherlands, who are directly interested in the exportation of diamonds from the Netherlands to the United States.

The diamonds being the most important item among the commodities exported from the Netherlands to the United States, it is obvious that the Dutch exporters are greatly interested in the proceedings for the revision of the tariff act of 1922.

The Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State in order to forward the attached letter to the appropriate United States authorities with the request that those authorities, especially the United States Senate Committee on Finance, give their kind attention to the contents of said brief.

WASHINGTON, D. C., June 24, 1929.

Sir: On behalf of the Netherlands exporters of diamonds we have the honor to request that you use your good offices to have the United States Department of State call the attention of the Committee on Finance of the United States Senate to the fact that since 1919 the imports into the United States of cut diamonds have decreased so that such imports are less than one-half of those of 1919. The following table shows the imports of diamonds from the Netherlands from 1919 to 1928, inclusive:

Imports of diamonds from the Netherlands

| Year      | Uncut            |             | Cut but not set  |              |
|-----------|------------------|-------------|------------------|--------------|
|           | Quantity, carats | Value       | Quantity, carats | Value        |
| 1919..... | 20,998           | \$1,337,775 | 434,340          | \$53,561,019 |
| 1920..... | 1,146            | 40,189      | 198,477          | 31,024,241   |
| 1921..... | 4,453            | 366,686     | .....            | 11,497,228   |
| 1922..... | 12,050           | 491,985     | 166,817          | 17,096,666   |
| 1923..... | 27,985           | 663,575     | 202,101          | 20,518,443   |
| 1924..... | 26,170           | 538,019     | 216,048          | 21,216,569   |
| 1925..... | 23,601           | 973,848     | 232,202          | 25,204,131   |
| 1926..... | 52,528           | 1,454,897   | 266,789          | 27,079,149   |
| 1927..... | 42,366           | 860,993     | 222,849          | 21,316,729   |
| 1928..... | 61,222           | 1,034,587   | 216,018          | 21,552,171   |

It is our judgment that if the duty was reduced to 10 per cent upon cut diamonds and the rough diamonds were allowed free entry, in accordance with the petition made to the Ways and Means Committee of the House of Representatives on behalf of the importers of and dealers in diamonds, pearls, and precious stones of the United States of America (pp. 7457 to 7503, Tariff Readjustment Hearings, 1929), that our sales to the United States of cut diamonds would double and the United States would receive as much revenue under a 10 per cent duty as is now received under a 20 per cent duty.

In the interest of the development of our trade in diamonds with the United States we respectfully urge you to use your good offices in placing our suggestions before the Department of State for transmittal to the Committee on Finance of the United States Senate, with such additional comments as you may desire to make.

Respectfully yours,

GENERAL JEWELLERS' SOCIETY, AMSTERDAM,  
A. S. DRESDEN, *President*.  
TH. I. GRUPPING, *Secretary*.  
THE DIAMOND EXCHANGE,  
A. DE PAAUW, *President*,  
JACQ. OLMAN, *Secretary*.  
ASSOCIATION OF TRADERS IN CUT DIAMONDS,  
M. LAM, Jr., *President*,  
E. HEILBUTT, *Secretary*.

AMSTERDAM, June 5, 1929.

DEPARTMENT OF STATE,  
Washington, July 11, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

Sir: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note from the Royal Netherland Legation, dated June 24, 1929, transmitting memoranda submitted by the growers of onions, peas, and beans in the Netherlands.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

ROYAL NETHERLAND LEGATION,  
Washington, D. C., June 24, 1929.

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to request the kind attention of the appropriate United States authorities to the following wishes, expressed by interested Netherland subjects, with regard to the pending tariff revision.

The growers of onions, peas, and beans in the Netherlands state that the increase of duty on these commodities, as provided in the tariff bill of 1929 (H. R. 2667), will not be a measure for equalizing conditions of competition, but will practically close the American market for these products from the Netherlands.

The Royal Netherland legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the inclosed brief, drawn up at the request of the Netherland Growers' Association, to the appropriate United State authorities and to recommend it to their kind consideration, especially to the attention of the Senate Finance Committee.

The growers of peas and beans in the Netherlands, who export part of their crop as dried peas and beans to the United States of America, see that importation greatly hampered by the increase of the duty on dried peas and beans and split peas, as provided in the House bill (H. R. 2667).

In paragraph 763 the rate on dried beans has been increased from 1½ to 2½ cents per pound. In paragraph 767 the rate on dried peas has been increased from 1 to 1½ cents; on split peas from 1½ to 2½ cents per pound. These changes represent increases of respectively 43, 75, and 100 per cent.

The duty on beans will hurt especially the imports of Java beans (*Vicia faba*), which are exported the last few years in considerable quantities from the Netherlands to the United States and which are practically not produced in the United States.

Although the Netherlands are not the most important country of origin with regard to imports of peas and beans in the United States, the interests of the Netherland growers are considered to be of such importance that a request is made to the appropriate United States authorities to reconsider, if possible, the rates on dried beans, peas, and split peas, in order that the products of the Netherlands will not be excluded entirely from the American market.

The onion growers of the Netherlands wish to state that a tariff of 2 cents per pound on onions virtually is an embargo on onions from their country.

The cost of production in the Netherlands may vary from 4 to 6 guilders per 100 kilos; the average price at the central markets is about \$1 per 100 pounds; ocean freight from Rotterdam to New York amounts to approximately 40 to 45 cents per 100 pounds.

Netherland onions are of the strong type and can be compared with New York yellows. The seasonal average price for New York yellows at the New York market was, according to figures, published in the Report on Onions of the United States Tariff Commission to the President of the United States 1929, pages 28 and 29—

|              | Per 100 pounds |
|--------------|----------------|
| 1925-26..... | \$2.58         |
| 1926-27..... | 2.30           |
| 1927-28..... | 2.20           |

Taking into consideration the wholesale price of Netherland onions in Rotterdam and the ocean freight to New York, it is obvious that a duty of 1 cent per pound more than offsets the difference in cost of production or conditions of competition between onions from the Netherlands and from the United States, offered for sale at the New York market.

The onion growers in the Netherlands therefore have the honor to request the reconsideration, if possible, of the rate on onions, which has been fixed in the House bill at 2 cents per pound.

DEPARTMENT OF STATE,  
Washington, July 12, 1929.

HON. REED SMOOT,  
Chairman Finance Committee, United States Senate.

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Royal Netherland Legation, dated June 29, 1929, transmitting a brief of the Association of Dutch Seed Crushers, regarding the proposed duty on sesame oil.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

ROYAL NETHERLAND LEGATION,  
Washington, D. C.

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the attached brief of the Association of Dutch Seed Crushers, Haarlem (Holland), regarding the proposed duty on Sesame Oil, to the appropriate United States authorities.

The legation would feel greatly obliged if those authorities, especially the Senate Finance Committee, would give to the memorandum of "Vereeniging van Nederlandsche Oliefabrikanten" (Association of Dutch Seed Crushers) all the attention it seems to deserve.

WASHINGTON, D. C., June 29, 1929.

VEREENIGING VAN NEDERLANDSCHE OLIEFABRIKANTEN (ASSOCIATION OF  
DUTCH SEED CRUSHERS)

HAARLEM, June 10, 1929.  
3, Nassauplein.

To the Senate Finance Committee, Washington.

GENTLEMEN: We beg to crave your kind indulgence in drawing your valued attention to the following observations in reference to the new tariff bill passed by your House of Representatives on the 28th of May, 1929.

In this bill we find, inter alia, that an import duty of 3 United States cents per pound would be levied on Sesame oil and it is this provision more especially that has prompted our present letter. We base our remarks on the supposition that in imposing a duty on Sesame oil it has not been the intention of your advisory authorities to prohibit its importation as in such a case our letter would naturally be irrelevant. On the contrary we venture to assume that the new tariff bill springs only from your desire to create for the American producer the possibility of successfully competing with European exporters in regard to a series of products in which such competition may seem difficult or at present, hardly possible.

In this respect Sesame oil occupies a special position seeing that, as far as we can gather from the statistics at our disposal, Sesame seed is neither produced in the United States nor imported in any appreciable quantities. It is, therefore, evident that the proposed duty can not be viewed in the light of a protective measure in the interests of American producers of Sesame oil, and the proposal to withdraw Sesame oil from the free list appears to us based rather on the said oil being regarded as competitive with vegetable oils produced in the United States and of cotton oil in particular. Whilst we hold that the correctness of such a view is open to serious doubt, it seems in theory, that a commodity which could be used as a substitute for another product may frequently invite competition against the latter, but such an idea in the present instance may safely be left outside practical considerations. There are two main reasons for this—

namely, the overwhelming proportion of the consumption of cotton oil in the United States in comparison with that of Sesame oil, and, the proportionate price level of the two commodities.

*Proportionate consumption.*—We beg to point out that the consumption of cotton oil in the United States during 1928 may well be put at 3,600,000 barrels (of 400 pounds each), whereas the imports of refined sesame oil during the same period amounted to 15,600 barrels, or 0.233 per cent of the consumption of refined cotton oil. In view of this negligible percentage it is entirely out of the question that refined sesame oil could have any depreciating influence on the price of refined cotton oil—in any case the effect, if any, must be infinitesimal.

If only for this reason, closing the American market to the import of sesame oil (for in practice a duty of 3 United States cents per pound is equivalent to a prohibitive decree) could not benefit in the slightest those American interests it was presumably intended to assist.

*Proportionate price level.*—In view of their respective prices sesame oil can not be said to have any competitive effect on the price of cotton oil. For the year 1928 the average price of refined cotton oil in the United States was 10.50 United States cents per pound. The average price at which refined sesame oil was imported from the Netherlands during the same year was 10.75 United States cents per pound c. i. f. Atlantic ports, to which latter price must be added landing charges, inland freight, etc. These figures show clearly that the import into the United States of sesame oil from the Netherlands can not possibly have influenced the price of American cotton oil to any perceptible degree.

This would apply even more strongly in the case of sesame oil imported from countries other than the Netherlands, as the major part of the sesame oil imported into the United States comes from Holland, in consequence of which we have almost complete records of the c. i. f. prices of refined sesame oil as they apply to the United States.

On the above grounds it seems apparent that the proposed import duty of 3 United States cents per pound on refined sesame oil would not benefit those American interests it was intended to protect.

The following table, taken from Russell's Review, mid-April, 1929, pages 11-13, will show how insignificant are the imports into the United States of sesame oil compared with other fats and oils.

Sesame oil, 6,239,000 pounds equivalent 15,600 barrels.

Peanut oil, 4,749,000 pounds.

Soya bean oil, 13,116,000 pounds.

Copra-oil equivalent (other than Philippine Islands). 84,561,000 pounds equivalent 211,400 barrels.

Copra-oil equivalent (from Philippine Islands). 241,077,000 pounds equivalent 602,600 barrels.

Cocunut oil (from Philippine Islands), 290,637,000 pounds equivalent 726,600 barrels.

Palm kernel, 53,812,000 pounds equivalent 134,530 barrels.

Palm oil, 171,366,000 pounds equivalent 482,415 barrels.

Olive oil, 82,943,000 pounds.

Whale oil, 68,385,000 pounds equivalent 170,960 barrels.

Chinese wood or nut oil, 107,357,000 pounds.

Olive oil foots, 39,547,000 pounds equivalent 100,000 barrels.

Castor bean oil equivalent, 63,225,000 pounds.

The only result to be expected from the introduction of the proposed duty on imported sesame oil would be that a Dutch industry, extremely small from an American point of view, would be entirely deprived of its export trade to the United States. In view of the trifling status of sesame oil among American imports of edible oils and fats, we feel convinced that no American interest would benefit by the practical exclusion of Dutch sesame oil.

May we therefore pray that the pending tariff bill be amended in respect of sesame oil, to the effect either that the present duty-free entry be continued, or that a duty, if imposed, be so small that a fair chance remain to the Dutch industry of some outlet to the United States.

Your obedient servants,

(Signature illegible.)



DEPARTMENT OF STATE,  
Washington, July 17, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of note No. 2527, dated July 5, 1929, from the Royal Netherland Legation, transmitting a brief of the General Norit Co., Amsterdam, The Netherlands, regarding the proposed duty on decolorizing (activated) carbon.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

No. 2527.

ROYAL NETHERLAND LEGATION,  
Washington, D. C., July 5, 1929.

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the attached brief of the General Norit Co., Amsterdam, the Netherlands, regarding the proposed duty on decolorizing (activated) carbon, to the appropriate United States authorities.

The legation would feel greatly obliged if those authorities, especially the Senate Finance Committee, would give to the memorandum of the General Norit Co. all the attention it seems to deserve.

STATEMENT OF THE GENERAL NORIT CO. IN CONNECTION WITH THE PROPOSED  
INCREASE OF IMPORT DUTY ON DECOLORIZING (ACTIVATED) CARBON IN THE  
UNITED STATES

The proposal to increase the import duty on decolorizing (activated) carbon, being at present 20 per cent ad valorem, to 45 per cent ad valorem has been made on the request of the Darco Corporation, Wilmington, Del., one of the largest manufacturers of decolorizing carbon in the United States.

Prior to this request the Darco Corporation has filed an application before the United States Tariff Commission in order to obtain under authority of section 315 of the tariff act the maximum increase of 50 per cent in the present duty of 20 per cent ad valorem.

Following this request the United States Tariff Commission in August, 1928, ordered an investigation of the foreign domestic costs of production of decolorizing carbon. As Holland is "the principal competing country" while the General Norit Co. and her daughter company, the Purit Co., were practically the only Dutch producers, the investigation of the cost of production was made with these companies.

For this reason we were visited by the representative of the United States Tariff Commission—Mr. Percy W. Bidwell and his assistant, Mr. Marvin MacNeil—whom we gave every assistance in order to fix the actual cost of production of our decolorizing carbon. This investigation in connection with the cost of production has been completed and the figures sent to the president of the Tariff Commission in Washington.

We respectfully request that these data as compared with the available cost of production of the United States producers of decolorizing carbon be taken as a basis for considering the necessity of decreasing, maintaining, or increasing the present rate of duty.

In addition to the above we beg to submit the following:

(1) The Darco Corporation, who does not produce gas-mask carbons, stated that their plant without any material changes can serve for the manufacture of gas-mask carbon necessary in time of national emergency.

This statement is absolutely incorrect. The production of gas-mask carbon is a quite separate industry. There are two large gas absorbing carbon manufacturers in the United States. If Congress is of opinion that it is necessary to protect this industry we would suggest that a separate rate of duty be made for the granular gasmask carbon and the powdered decolorizing carbon.

(2) Decolorizing carbon is a powdered material in appearance much likely to ground charcoal.

It is used as a material for refining sugar, oils, glucose (corn sirup), chemicals, glycerine, etc.

The real importance of the decolorizing carbon business does not lie with the few producers who have but a limited investment and employ comparatively little labor, but rather with the large number of consumers of these carbons with millions of invested capital and with thousands of men employed.

(3) The General Norit Co. have been the pioneers with respect to the introduction of decolorizing carbon in the various industries. They have spent large amounts of money for this purpose also in the United States. Their cranings have for a greater part been absorbed by their efforts to make known and to introduce this relatively new product. It would not be fair to wipe away their product from the United States market by fixing an import duty which would make the price of their product too high for the consumers in the United States of America.

(4) The present rate of duty has enabled the American producers to enlarge enormously their production. Large consumers of decolorizing carbon have been taken away from the Norit Co. which proves that the United States producers are absolutely able to compete.

(5) Large quantities of United States made decolorizing carbon are exported to Europe as well as other oversea countries and sold to prices which can hardly be met by us.

(6) Each manufacturer of decolorizing carbon makes a product of specific properties in connection with rate of filtration, decolorizing power, purity, and other properties. By way of illustration we may mention that the General Norit Co. produces a special carbon for being used in connection with their patented kiln. This kiln is used in sugar factories for revivifying the spent Norit carbon. The American make of decolorizing carbon can not be used for this purpose.

We believe that the above is sufficient evidence to prove that the decolorizing carbon industry is amply and even unnecessarily protected by the present duty of 20 per cent ad valorem.

N. V. ALGEMEENE NORIT MAATSCHAPPIJ.

AMSTERDAM, June 17, 1929.

DEPARTMENT OF STATE,  
Washington, July 20, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of note No. 2613 from the Royal Netherland Legation, dated July 12, 1929, with its inclosure, a brief of the "N. V. Vereenigde Hollandsche Lucifersabrieken, Ltd." (United Dutch Match Factories, Ltd.) Eindhoven, Holland, regarding the proposed duty on matches.

I have the honor to be, sir,  
Your obedient servant,

WILBUR J. CARR,  
*Acting Secretary of State.*

ROYAL NETHERLAND LEGATION,  
Washington, D. C.

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the attached brief of the "N. V. Vereenigde Hollandsche Lucifersfabrieken, Ltd." (United Dutch Match Factories, Ltd.) Eindhoven, Holland, regarding the proposed duty on matches, to the appropriate United States authorities.

The legation would feel greatly obliged if those authorities, especially the Senate Finance Committee, would give to the attached memorandum all the attention it seems to deserve.

Washington, D. C., July 12, 1929.

NAAMLooZE VENNOOTSCHAP VEREENIGDE  
HOLLANDSCHE LUCIFERSFABRIEKEN,  
Eindhoven, June 20, 1929.

To the DEPARTMENT OF STATE,  
Washington, D. C.

GENTLEMEN: The United Holland Match Factories (Vereenigde Hollandsche Lucifersfabrieken) located at Eindhoven, Netherlands, beg leave to put the following before you for your kind consideration.

In the proposal for tariff reform we find under paragraph 1517: "Matches friction or lucifers of all descriptions per gross of 144 boxes containing not more than 100 matches per box 11 cents per gross."

The present duty being 8 cents per gross, this proposed increase means that our matches would have to pay, calculated on the price at which we have to sell freight and insurance to New York paid by us, a duty ad valorem of 31½ per cent against the present rate of 23 per cent.

Considering that matches imported here from United States of America are subject to an ad valorem duty of 8 per cent only, the proposed higher duty would considerably raise the already existing very large difference against us and actually would make it prohibitive.

The quantities which we can sell to United States of America, although very important to us and essential for us to keep our works going, are exceedingly trifling when compared to the total consumption in United States of America, as the following figures show:

We shipped in 1926 304,700 gross boxes.  
in 1927 396,250 gross boxes.  
in 1928 317,500 gross boxes.

To this we may add, that we ship exclusively safety matches, so that our supplies, in themselves very trifling, do not even enter into competition with the class of matches principally consumed in your country.

We further beg to say that in a report of a committee instituted by our Government to examine economic conditions, it says:

"In Europe the scale of wages in Netherland is only surpassed by that of England and Scandinavia. That scale in other European countries is considerably lower than in Holland. In France and Belgium the difference is about 40 per cent; in Italy, Austria, Czechoslovakia, Poland, and the other Baltic States the wages are about one-half of these in Holland. In Germany they are nearing the Holland wages and in Switzerland they are on about the same level as here."

From this the evident conclusion can be drawn that the wages which we have to pay do not form a motive for excluding us from shipping to United States of America.

Allowing ourselves the liberty to put the above before you, we express the hope that they will induce you to leave the present rate of duty payable on importation in your country unchanged.

We are, gentlemen, yours, obediently,

N. V. VEREENIGDE HOLLANDSCHE LUCIFERSFABRIEKEN  
(Signatures illegible),  
Managing Directors.

DEPARTMENT OF STATE,  
Washington, July 24, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to enclose for your information a copy of note No. 2354, dated July 11, 1929, from the Royal Netherland Legation, transmitting a memorandum, drawn on behalf of the Netherland Growers and Brokers of Sumatra and Java Vorstenland Tobacco, with regard to the duty on wrapper tobacco.

I have the honor to be, sir,  
Your obedient servant,

HENRY L. STIMSON.

ROYAL NETHERLAND LEGATION,  
Washington, D. C., July 11, 1929.

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to transmit to the Department of State a memorandum, drawn on behalf of the Netherland Growers and Brokers of Sumatra and Java Vorstenland Tobacco, with regard to the duty on wrapper tobacco, as fixed in the tariff bill of 1929 (H. R. 2667).

It would be greatly appreciated that the Department of State forward the attached brief to the appropriate United States authorities with the request that due attention be given to the statements put forth in this brief.

MEMORANDUM ON BEHALF OF THE NETHERLAND GROWERS AND BROKERS OF SUMATRA AND JAVA VORSTENLANDEN TOBACCO

The raising of the duty on wrapper leaf tobacco from \$2.10 to \$2.50 per pound, as provided in the tariff bill of 1929 (H. R. 2667) has caused great consternation among the growers of Sumatra and Java Vorstenlanden tobacco as well as among the Dutch tobacco growers.

Although the subcommittee of the House Ways and Means Committee, which had charge of the tobacco schedule, after carefully studying the information and evidence given by United States Government Agencies and interested parties, decided to recommend that Schedule 6 (Tobacco and Manufactures of) be retained in the new tariff bill as it is now written in the tariff act of 1922, the House of Representatives at the very last minute acted in direct opposition to the report of the said subcommittee and increased the rates on wrapper tobacco by 40 cents per pound.

As indicated very clearly in the briefs, filed with the House Committee on Ways and Means and the Senate Finance Committee by the National Cigar Leaf Tobacco Association, the Sumatra leaf is an absolutely essential wrapper for the great bulk of the "nickel cigars," which form the backbone of the American cigar industry and which are being made and sold on a margin of small profit. The increase of the duty, as fixed by the House, would increase the cost of production by 80 cents per thousand, which is considered as absolutely prohibitory. Where Sumatra leaf is practically only used in the United States in the so-called nickel-cigar-industry, it is evident, that a ruining of this popular American industry would spell destruction of the American market for Sumatra wrapper tobacco.

Therefore the growers of Sumatra and Java Vorstenlanden tobacco, who are practically the only exporters of leaf tobacco for cigar wrappers into the United States, with the exception of a negligible quantity imported from Cuba for the wrapping of clear Havana cigars, feel greatly embarrassed by the proposed increase of duty, which if enacted, will be detrimental to their trade relations with the United States.

The growers and brokers, mentioned in the beginning of this brief, beg leave to request the appropriate United States authorities to take into consideration the adverse consequence which will be inflicted on the tobacco culture in Sumatra and Java, whenever the duty on wrapper tobacco, which already is very high and according to a computation by the United States Tariff Commission amounts to 98.65 per cent ad valorem, will be increased.

An increase of these rates, while being of very little advantage to very few corporations, will work great injury to the greatest majority of American tobacco growers, to the American cigar manufacturers, and especially to the Netherland growers and brokers of Sumatra and Java wrapper tobacco.

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## NORWAY

DEPARTMENT OF STATE,  
*Washington, June 15, 1929.*

Hon. REED SMOOT,  
*Chairman Senate Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a memorandum from the Norwegian Legation, dated June 1, 1929, calling attention to the effect on Norwegian-American trade of the proposed rates of duties in H. R. bill No. 2667.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*

NORWEGIAN LEGATION,  
*Washington, D. C., June 1, 1929.*

### MEMORANDUM

The Norwegian Legation has taken cognizance of the fact that the House of Representatives, in passing H. R. 2667, has increased the duty on stockfish and roe, which articles are of interest to the commercial relations between Norway and the United States. The legation is of the opinion that certain information regarding these articles might be of interest to the body of Congress to which the tariff bill has now been submitted, and it ventures to hope that there will be no objection against communicating the following observations to the American authorities now engaged in revising the new tariff bill, for their sympathetic consideration.

The subdivision, containing paragraph 717 (c), as it now reads after having passed the House, includes, it is believed, stockfish (dried and unsalted fish), which in the tariff act of 1922 is dutiable at 1¼ cents per pound and in the measure now passed by the House is made dutiable at 2½ cents per pound—an increase of 100 per cent.

This article is mainly consumed in the ordinary plain or poorer households in the Middle West and Northwest, the consumers consisting chiefly of farmers and people of Scandinavian extraction or descendancy. They are accustomed to the special dish which they prepare from stockfish in a way well known to them, and which con-

stitutes a cheap and nourishing as well as to their taste palatable form of food.

No American fishing interests can be said to suffer on account of the importation of this article from abroad. According to information at hand this kind of fish product is only produced in very insignificant quantities in Alaska (and nowhere else in the United States as far as it is known), where the climatic and other conditions do not favor the production of a stockfish of a kind corresponding to the Norwegian product. Available information discloses that the total production of stockfish in Alaska in 1926 was 175,415 pounds, in 1927, 31,836 pounds; and in 1928, 80,000 pounds. The importation from Norway to complete the demand was in 1926, 1,687,296 pounds and in 1927, 1,523,459 pounds. The effect of the proposed new duty would therefore it seems, only be to enhance the price of stockfish, which is hardly ever consumed by the richer classes, to the detriment of thousand ordinary households.

Paragraph 721 (d) as now passed by the House, reads as follows: "Caviar and other fish roe for food purposes: sturgeon, 30 per centum ad valorem, other 20 cents per pound."

A well-known importer in this country of fish products from Norway has made the following statement:

The present duty on caviar, cod roe, and other fish roe for food purposes is 30 per cent ad valorem. The proposed duty of 20 cents per pound for caviar, except sturgeon, is absolutely prohibitive as far as the cheaper qualities of cod roe and other roe (and caviar) are concerned. Evidently, the duty proposed of 20 cents per pound, is intended to have specific reference to the more expensive caviar from Russia, which could possibly stand the 20 cents per pound duty, being that this expensive caviar must be classed as a luxury. However, if the 20 cents per pound duty is to also apply to the cheaper qualities of fish roes, it would mean the elimination of the importation of said commodities. For instance, cod roe, which we are importing to-day from Norway, is selling to the retail trade at 20 cents for 1-pound tins, the prevailing duty being included. If the 20 cents per pound duty should apply, the articles would become a luxury and would be unsalable in this country. The cod roe now imported from Norway is principally consumed by the Scandinavian population, principally of the middle class and the working class. The present duty of 30 per cent is, in my opinion, quite sufficient both as a protection to the domestic industry and as well as for revenue purposes. I do not know of any fish roe or caviar being produced, to any extent, in this country. Hence, there is, in my opinion, no reason for a prohibitive duty of 20 cents per pound.

As far as the legation is aware, only one producer in this country, who last year produced 7,251 pounds of fish roe, applied for protection, stating that the reason for the decline in the sales of his product is the dumping in the United States of salt-fish roe exported from Russia through Constantinople.

Norwegian cod roe is an article distinct from Russian caviar or the fish roe imported from the Black Sea. The importation of this kind of roe from Norway is so small that it can not possibly hurt any domestic industry, wherefore the restoration of the former duty of 30 per cent ad valorem for codfish roe would be justifiable. Any dumping of codfish roe from Norway is not known to ever have taken place in the United States.

DEPARTMENT OF STATE,  
Washington, June 15, 1929.

HON. REED SMOOT,  
*Chairman Senate Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, as also with important foreign press or other comment coming into the hands of the department, I have the honor to inclose for your information a copy of a note with inclosure thereto, dated June 4, 1929, with regard to the importation of Norwegian cheese into the United States. I have the honor to be, sir,

Your obedient servant,

J. REUBEN CLARK, JR.,  
*Acting Secretary of State.*

WASHINGTON, D. C., June 4, 1929.

The Norwegian Legation has the honor to apply for the kind assistance of the Department of State in order to obtain that the inclosed statement, contents of which emanate from Norwegian manufacturers and importers of cheese, be submitted to the American authorities now engaged in the revision of the tariff bill, for their consideration.

STATEMENT RELATING TO THE TYPICAL NORWEGIAN CHEESE GJETOST "GOAT-CHEESE"

The total exports of cheese from Norway to the United States in 1927 was valued at \$148,731.

This amount was for about two-thirds made up of the export of the typical Norwegian cheese "gjetost" (goat cheese), which is produced in no other country than Norway, and which is, almost exclusively, consumed by Norwegians and descendants of Norwegian immigrants in the United States. It is not conceivable that it would pay the American dairy industry to attempt to manufacture the small quantity of this Norwegian goat cheese which is annually consumed in the United States.

Norwegians have from childhood been brought up to eat their national cheese and are thus accustomed to the said kind of cheese, and it would be felt a hardship if the proposed increase in the tariff should be finally adopted. The Norwegian cheese manufacturers therefore respectfully request that a proviso be introduced in paragraph 710 whereby goat cheese be permitted to be imported under the present rate of duty.

DEPARTMENT OF STATE,  
Washington, June 19, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a memorandum from the Norwegian Legation, dated June 13, 1929, containing additional information regarding the customs duty on cod roe.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, JR.,  
*Acting Secretary of State.*

ROYAL NORWEGIAN LEGATION,  
*Washington, D. C., June 13, 1929.*

## MEMORANDUM

To the DEPARTMENT OF STATE,  
*Washington, D. C.*

With reference to its memorandum of June 1, 1929, the Norwegian Legation begs leave to apply for the kind intermediary of the State Department, in order that the following additional information on the subject of the duty on cod roe, emanating from an importer of fish products from Norway, may kindly be transmitted to the American authorities now engaged in revising the tariff bill (H. R. 2667):

"According to the new rate Norwegian cod roe will be dutiable at 20 cents per pound, which would mean a duty of 40 cents a tin of 2 pounds. The duty on a 2-pound tin of Norwegian cod roe according to the present tariff, which is 30 per cent ad valorem, amounts to about 5¼ cents. From this it will be seen that, if the new rate on cod roe is passed, the new duty will make it impossible to sell this article on the market. The present value of a 2-pound tin of Norwegian cod roe is about Norwegian kroner 0.65, which is equivalent to 17 cents. You will see that the new duty is almost three times the value of the article."

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DEPARTMENT OF STATE,  
*Washington, July 20, 1929.*

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copy of a note from the Royal Norwegian Legation, dated July 13, 1929, transmitting a statement from manufacturers in Norway of safety-matches.

I have the honor to be, sir,  
Your obedient servant,

WILBUR J. CARR,  
*Acting Secretary of State.*

ROYAL NORWEGIAN LEGATION,  
*Washington, D. C., July 13, 1929.*

The Norwegian Legation has the honor to request the State Department to kindly acquaint the Senate Finance Committee with the contents of the inclosed statement from manufacturers in Norway of safety matches.



## STATEMENT MADE BY THE BRYN-HALDEN AND NITEDALS MATCH FACTORIES OF NORWAY

The present United States duty on matches of 8 cents per gross has had a very detrimental influence on our previous large export of matches to America, which will be seen from the following figures:

Quantity exported:

|           | Kilograms   |
|-----------|-------------|
| 1910..... | 774, 700    |
| 1911..... | 865, 900    |
| 1912..... | 805, 000    |
| 1913..... | 1, 039, 300 |
| 1923..... | 1, 335, 078 |
| 1924..... | 1, 031, 424 |
| 1925..... | 843, 138    |
| 1926..... | 521, 370    |
| 1927..... | 464, 784    |
| 1928..... | 467, 126    |

The present export, insignificant though it may seem, is a large percentage of our production. Should the rate of 20 cents per gross be finally adopted, and we be unable to find other markets for our production, one of our factories will have to close.

The Norwegian safety matches manufactured by us do not, as far as we are aware, compete with matches manufactured in the United States, which are of quite distinct type.

The American match manufacturers have stated that, on the average, they pay male operators \$4 per diem and female operators \$3 per diem.

The average earnings in 1928 at Norwegian match manufactories was for male operators, crowns 1.88 per hour, or \$4 per diem and for female, crowns 1.08 per hour or \$2.30 per diem. When the American manufacturers state that the wages we pay are exceedingly low—from 50 to 75 cents per day and as low as \$20 per month for both male and female operators, this information is totally erroneous as far as Norway is concerned.

The total exports of safety matches to the United States is very small, compared to the American consumption and safety matches are sold in the United States at a price which is much higher than the price for American matches, wherefore American matches, when the price is taken into consideration, enjoy a very liberal protection.

## PARAGUAY

LEGACIÓN DEL PARAGUAY,  
Washington, D. C., July 13, 1929.

HON. REED SMOOT,

Chairman Committee on Finance, United States Senate,  
Washington, D. C.

MY DEAR SENATOR: In amplification of an earlier letter of this legation in reply to a former invitation from the committee over which you preside, I have the honor to offer a brief observation as to the status of Paraguayan exports under the existing United States tariff, which I take the liberty of setting out below.

According to Table V, Foreign Commerce and Navigation of the United States, calendar year of 1927, the percentage of imports entering the United States free of duty from the whole of South America was 85.5 per cent. In this connection, I should like to point out that the percentage of imports entering the United States free of duty from Paraguay was only 28.2, or very much smaller than that of any of the other South American countries except Uruguay, with a percentage of 27.3.

It is obvious, therefore, that my country is not by far as favorably situated respecting the United States market as eight of the other South American countries, this comparative disparity resulting largely from the present United States tariff treatment of quebracho extract.

I am pointing out this difference in treatment only on the assumption that I am complying in spirit with the former request of your committee for comment on the pending tariff revision.

I have the honor to remain, yours very cordially,

FABLO M. YNSFRAN,  
*Chargé d'Affaires.*

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## PERSIA

DEPARTMENT OF STATE,  
*Washington, June 11, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, as also with important foreign press or other comment coming into the hands of the department, I have the honor to inclose for your information copies of two notes dated March 21 and June 3, 1929, respectively, from the Persian Minister at Washington concerning the rate of duty on oriental rugs proposed in the tariff bill now pending before Congress.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

LEGATION IMPERIALE DE PERSE,  
*Washington, March 21, 1929.*

YOUR EXCELLENCY: In view of the fact that the Congress Ways and Means Committee has in mind the revision of the tariff, the report of which I understand will shortly be presented to Congress for approval, I have the honor to draw the attention of your excellency to certain points relative to the trade between Persia and the United States which I hope will receive due consideration.

Your excellency is no doubt aware that the Imperial Persian Government attaches the utmost importance to the furtherance of its economic relations with the United States, and my special instructions are to give my special attention to the realization of this ardent mutual desire and while recognizing that the determination of the tariff rates is a domestic question; in order to promote the good relations between the two countries I feel it incumbent to draw the kind attention of your excellency to certain facts which might prove of value inasmuch as it represents the views of the Imperial Persian Government, and the consideration of which might also prove of mutual benefit.

I feel sure that your excellency will agree that the general principles underlying a protective tariff are:

(a) Protection of the home industry from unfair foreign competition.

(b) Elimination of the differences in the cost of production.

In view of the fact that the principal Persian export to the United States is carpets and rugs, I therefore, particularly desire to draw your excellency's attention to paragraph 1116 of the tariff act of 1922 which relates to this matter.

In 1927 the total American domestic production of wool rugs and carpets was 65,000,000 square yards at an average wholesale value of \$2.45 per square yard. In the same year the average wholesale value per square yard of Persian carpets and rugs imported into the United States under paragraph 1116 of the 1922 tariff act was \$8.37 to which should be added 20 per cent for shipping charges and at least 20 per cent for washing and dyeing expenses.

I would like to point out that the Persian rug is, as far as the United States market is concerned, not a manufactured, but a semi-manufactured article; in as much as after arriving in the United States, it has to pass through a finishing process that costs from 10 to 50 per cent of the original cost.

The finishing process of the imported oriental rugs constitutes in reality an American industry around New York which gives employment to more than 2,500 workmen with pay rolls of several million dollars per annum, apart from which as far back as 1926 there were between six and eight million dollars American capital invested in the Persian rug industry which is in itself a proof that the prosperity of the Persian rug industry is also of special concern to American investors.

By the above figures your excellency will note that the average wholesale price of Persian rugs imported under paragraph 1116 is almost four times more than the American-produced article.

The labor cost average, given by the Bureau of the Census on the total American production is 63 cents a square yard. Labor costs in China for rugs work out at \$2.38 per square yard, and in Persia, where wages are higher, it works out considerably more.

It may therefore be seen that the cost of production of the Persian rug is considerably higher than the American-manufactured article.

I therefore venture to suggest to your excellency that the foregoing statements conclusively prove that Persian carpets and rugs imported into the United States under paragraph 1116 do not compete or conflict with the products of American looms.

It may not be out of place to furthermore draw your excellency's attention to the great facilities enjoyed by the American principal commodities exported to Persia which may be exemplified by the fact that automobiles which form America's largest export to Persia below \$3,000 are on the free list, and when exceeding the above price only pay 10 per cent ad valorem.

The earnest desire of the Imperial Persian Government to extend its trade and future relations with the United States, which is best shown by the tariff facilities enjoyed by American exports, has led me to point out the above facts commending them to your excellency's kind attention, and while the Imperial Persian Government is convinced that the Government of the United States will give special consideration to such statements regarding the tariff as are based on facts rather than sentiment, it feels confident that due consideration

and attention to the data as presented here above, will considerably help to further mutual economic interests of the two countries which is the ardent desire of my Government, and which desire is I feel also shared by your excellency's Government.

In conclusion, I have further the honor to point out that in view of the above facts, which conclusively prove that Persian produced rugs are both of higher value and cost more to produce than the American manufactured article, the present 75 per cent ad valorem which does not differentiate between such rugs that do not compete or conflict with the produce of American looms, and those of the cheaper type of imported rugs which are wholly competitive, may be considered excessive, but without offering an expression of opinion, I commend the aforesaid statements to your excellency feeling assured they will receive due consideration.

Pray accept, sir, the renewed assurances of my highest consideration.

D. MEFTAH.

His Excellency FRANK B. KELLOGG,  
*Secretary of State, Washington, D. C.*

LEGATION IMPERIALE DE PERSE,  
*Washington, June 3, 1929.*

YOUR EXCELLENCY: Further to my note of March 21, 1929, addressed to the Hon. Frank B. Kellogg, which was an expression of the views of the Imperial Persian Government regarding certain points relative to the trade relations between Persia and the United States, in which I dwelt at length on the tariff relations between the two countries, giving particular attention to article 1116 of the tariff law of 1922, which deals with imported handmade carpets and rugs I have the honor to inform your excellency that it is with some disappointment that, on due consideration of the proposed revision of the said article in the new tariff bill as proposed by the House Ways and Means Committee, I noted a still further increase in the rates of duty on imported handmade carpets and rugs has been recommended.

As your excellency is undoubtedly aware, the present rate of duty on imported handmade carpets and rugs under the 1922 tariff is 55 per cent ad valorem. Now, however, I understand the House Ways and Means Committee has proposed to increase this duty by placing a specific rate of 50 cents a square foot, provided it is not less than 60 per cent ad valorem.

It is nearly three years that I have had the honor of representing the Imperial Persian Government in the United States, and during all this period it has been my sincere desire and earnest effort to further and extend the cordial relations between the two countries. During this period not only have relations been considerably developed between Persia and the United States, but there has also been more than a 100 per cent increase in American exports to Persia, chiefly because of the immense facilities the chief American exports, such as automobiles and machinery of a general description which are for the most part on the free list, or only pay a very low ad valorem duty enjoy under the Persian tariff.

Your excellency will therefore realize the reasons for the disappointment of the Imperial Persian Government on being informed of the

proposed increase in the rate of duty on imported handmade carpets and rugs which form Persia's largest export commodity to the United States, particularly as the Imperial Government felt convinced that due consideration would be given to the note of March 21, and that also some regard be given to the sincere practical demonstration of good will exhibited by the Imperial Persian Government which is best exemplified by the tariff facilities United States exports enjoy in Persia.

Though it is hardly necessary to bring further proof of the good will of the Imperial Persian Government toward the United States, yet it may not be out of place if I mention just another example of the desire of my Government to extend its relations with the United States which is shown by the fact that important contracts for purposes of railway construction have been given during the period under review to American business interests.

I hereby desire to draw your excellency's attention to the fact that the news of the proposed increase of duty on imported handmade carpets and rugs has not only caused the greatest disappointment to the Imperial Persian Government, but it has also resulted in grave concern and widespread consternation among the general public, especially the merchants, an important factor, which your excellency will realize the Imperial Government can not ignore. The rate of 55 per cent ad valorem under the 1922 tariff on an article which the United States statistics prove to be noncompetitive with the American domestic produced article, both as regards quality and value, was considered by public opinion in Persia as excessive, but the present proposed increase is viewed as prohibitive and disastrous.

Your excellency is no doubt aware that the total volume of oriental carpets imported into the United States from abroad is only 3¼ per cent of the total domestic production, and the proposal now to hinder still further the import of this article which forms only a negligible proportion of the total volume produced in the United States, is interpreted by public opinion as representing an embargo on the importation of the said article into the United States, and as being an expression of indifference by the United States Government toward the economic welfare of a country which only endeavors to still further develop the cordial relations at present existing. While the imports of oriental rugs have never in any year exceeded the above-mentioned proportion, yet, for more than a generation the domestic manufacturer has obtained all his inspirations as regards designs and coloring, from the oriental rugs, going so far as to even copying their trade names.

Being fully aware of the grave and embarrassing situation the placing into effect of this proposal might conceivably cause, and being desirous that nothing be done in any way to harm the present good relations existing between Persia and the United States, and in order to free my conscience, so as on my part, nothing should have been left undone to prevent a state of affairs which, no doubt, will inevitably result to the mutual detriment of both countries, I consider it essential, in the name of the Imperial Persian Government to draw the kind attention of your excellency to certain facts arising out of the report of the Ways and Means Committee which accompanies its recommendation on article 1116.

I do not intend to again go over the ground covered in my note of March 21, but will venture to analyze certain statements and facts in the report of the Ways and Means Committee which I sincerely hope will receive your excellency's special consideration.

The first paragraph of the committee's report states:

From 1919 to 1928, imports of high-grade carpets and rugs increased from 447 490 square yards to 2,206,583 square yards, or approximately 400 per cent. Under the act of 1922 a large quantity of these rugs consisted of low-graded oriental rugs, valued at from 30 to 80 cents per square foot. These cheap, hand-made rugs compete with the higher grades of American machine made rugs. The domestic production of carpets and rugs decreased from 83,242,462 square yards in 1923 to 65,501,819 yards in 1927, or 21 per cent.

First with regard to the increase from 1919 to 1928 in the imports of handmade carpets and rugs, while the figures quoted in the above paragraph are correct, your excellency will note the committee failed to give any opinion as to the possible reasons for the said increase. As you are undoubtedly aware, the reason for this increase is that in 1919 the war had just ended and the oriental rug industry had practically come to a standstill, both by the war itself, and also by the embargo placed on the importation of these rugs which was effective from April, 1918, until some time in the early part of 1919. Your excellency will therefore note that this industry had practically been prohibited both by war conditions and by proclamation of the President, and its recovery, therefore, between 1918 and 1925 was natural and normal and did not represent any real increase as compared with pre-war conditions. The figures since 1925 show there has been no increase in the export of oriental rugs to the United States while the year 1928 showed a decrease from the previous years.

The figures are as follows:

1926—2,428,163 square yards.  
 1927—2,437,632 square yards.  
 1928—2,230,434 square yards.

On the other hand the average values of the oriental rugs had increased from \$5.39 per square yard in 1922, and \$5.54 in 1923 up to \$7.88 per square yard in 1927 and about \$8.30 per square yard in 1928, showing that less and less of the lower priced competitive rugs are being imported. The next statement of the committee in the above paragraph that a large quantity of the rugs imported under the act of 1922 were low-grade orientals valued at from 30 cents to 80 cents per square foot, does not appear to be in conjunction with the facts as they exist. There are no oriental rugs at all imported into the United States as low as 30 cents per square foot; the very lowest imported oriental rug being 38 cents per square foot while there is nothing lower than 48 cents per square foot exported from Persia into the United States.

The next statement of the committee's report that the production of domestic rugs decreased from 1923 to 1927 while literally correct is in reality disingenuous, because 1923 was a peak year of over production. The figures for 1919 of domestic production were 52,173,092 square yards, for 1921, 52,905,663 square yards for 1923—83,242,463 square yards, falling off in 1925 to 72,100,609, and 1927, 65,658,740, being still larger than any year prior to 1923. Furthermore, since 1927 they have again increased, although exact Government figures are unavailable, and the manufacturers are all running to capacity.

Your excellency will no doubt note that the committee in its report took the years 1919 to 1928, as their basis of argument as regards oriental rugs, but were careful to take only the years 1923 to 1927 as regards domestic rugs, which fact in itself shows that no true comparison from such irrelative reasoning can be obtained. Should we take the years 1923 to 1927 as regards oriental rugs, we will note that there was only an increase of 292,000 square yards during the whole of that period. This negligible increase in the volume of oriental rug exports to the United States during the said period is only equal to 1½ per cent of the drop in the domestic production during the same period. There is, therefore, 98½ per cent decrease in domestic production which is not accounted for, proving conclusively that the small increase in the oriental rug exports to this country during this period under review has no relation and could not be conceivably connected with the decrease in the domestic production for the same period under consideration.

The next paragraph of the committee's report states:

The duty under the act of 1922 is 55 per cent ad valorem. Because of the difficulty of ascertaining the foreign value of oriental rugs, particularly those of the lower grades, the committee proposes to change the form of the duty from a straight ad valorem to a specific duty with a minimum ad valorem rate. The proposed duty is 50 cents per square foot, but not less than 60 per cent ad valorem. The effect of this change will be considerably to increase the duty on competitive rugs—i. e., those valued at not more than 83½ cents per square foot, and to increase the duty on those valued at more than 83½ cents per square foot 5 per cent.

The above statement of the committee on Ways and Means, that because of the difficulty of ascertaining foreign values on oriental rugs, particularly those of lower grades, the committee proposes to change the form of duty, etc., is not corroborated by the conditions, because it is on the higher grade goods that this difficulty of ascertaining foreign values arises. The lower grade goods are largely common ordinary everyday quality on which values are easily ascertained. It is on the higher grade, and rarer qualities, that it is difficult to ascertain the correct value.

In the above statements I have attempted to point out as clearly and concisely as possible the views of the Imperial Persian Government both as regards the possible effects an increase in the rate of duty might have on Persian public opinion, as well as the statements of facts and figures which the House Ways and Means Committee mentioned in their report as a justification of the proposed increased duty.

In conclusion, I have the honor to point out to your excellency that the Imperial Government has spared no efforts in pointing out to the Government of the United States the probable effects an increase of duty on imported hand-made carpets and rugs might have on Persian-American relations, and I therefore earnestly hope the Government of the United States will not permit any premature action to hamper the Imperial Persian Government in its sincere desire to develop its economic relations with the United States by primarily affording American capital and business interests special privileges and consideration.

Pray accept, sir, the renewed assurances of my highest consideration.

D. MEFTAH.

His Excellency HENRY L. STIMSON,  
*Secretary of State.*

DEPARTMENT OF STATE,  
Washington, June 22, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a dispatch from the American Legation at Teheran, with inclosures thereto, concerning the proposed increase in customs duty on Persian rugs and carpets entering the United States.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

LEGATION OF THE UNITED STATES OF AMERICA,  
*Teheran, Persia, May 17, 1929.*

The honorable the SECRETARY OF STATE,  
*Washington.*

SIR: Supplementing the legation's dispatch No. 829 of May 14, 1929, I have the honor to transmit herewith copies of a note, No. 2521, dated May 16, 1929, from the Imperial Ministry of Foreign Affairs, and of my note, No. 363, of May 17, 1929, in reply thereto.

While I was calling at the Ministry of Foreign Affairs on May 15, the economic adviser of the foreign office, Mr. Noury Esfandiari, a first cousin of the Persian Secretary in Washington, asked me to come into his office to talk over "a very serious matter." He proceeded to enumerate the points made in the Persian note above mentioned. The argument was precisely the same as that used by His Highness Teymourache, the substance of which I telegraphed the department on May 12. It can not be doubted that the foreign office economic adviser had instructions direct from Teymourache; the department's telegram No. 17 of May 14, 1929, seemed to be so appropriate in this connection that it was therefore incorporated almost verbatim in my reply to the foreign office's note.

I have the honor to be, sir,  
Your obedient servant,

DAVID WILLIAMSON,  
*Charge d'Affaires ad interim.*

[Translation]

MINISTRY OF FOREIGN AFFAIRS,  
DEPARTMENT OF ECONOMICS,  
*Ordibehesht 26, 1308 (May 16, 1929).*

MR. WILLIAMSON,  
*American Chargé d'Affaires, Teheran.*

MR. CHARGÉ D'AFFAIRES: As you have been informed by the Director of Economics of the Ministry of Foreign Affairs in the course of verbal conversations, in accordance with the reports received the question of increasing the customs duties on rugs is being discussed by the authorities concerned in the United States of America. The receipt of this report has created much concern among the Persian



commercial institutions whose chief trade with the United States of America is rug exports. As you know, the customs duties now collected in the United States on Persian rugs is very exorbitant, and interested parties have repeatedly applied to the Government (requesting) action for reduction. You will, therefore, agree with me that an increase of the customs duties on rugs will doubtless distress the commercial circles of Persia.

The Persian Government hopes that the United States Government will take into consideration the extraordinary facilities which are afforded in Persia for the importation of American commodities, and will not only restrain increase of customs duties on rugs, but, like the Governments of France, Germany, and Belgium who have recently fulfilled the aims and designs of the Persian commercial circles, will take action for the reduction of the customs duties on rugs. I am sure you are alive to the fact that the adoption of a favorable decision in this connection will be of paramount importance at this (particular) juncture, when the negotiations for the conclusion of a new treaty have been started, and the Persian Government will be glad to see to it that the United States Government's agreeable disposition in this connection will prepare favorable ground for future negotiations.

I avail myself of this opportunity to renew the assurance of my high consideration.

MOHAMMAD ALI FARZIN.

TEHERAN, PERSIA, May 17, 1929.

His Excellency MIRZA MOHAMMAD ALI KHAN FARZIN,  
*Acting Minister for Foreign Affairs, Teheran.*

EXCELLENCY: I have the honor to acknowledge the receipt of your excellency's note No. 2521, of May 16, 1929, concerning the proposed increased rate of duty on rugs and carpets entering the United States, incorporated in the new tariff bill now before the Congress of the United States.

I shall not fail to transmit, by the fastest available mail service, the communication to my Government for its information. But while awaiting its instructions I beg to suggest to your excellency that perhaps certain misapprehensions of the situation appear to have arisen in the minds of Persian rug exporters, which I would beg your excellency to rectify.

For example, the present rate of duty on rugs, which is characterized as exorbitant, has not hindered the importation of Persian rugs into the United States in ever-increasing quantities. Thus, the Persian Government's statistics show that in the year 1925-26 krans 57,113,858 worth of rugs were imported from Persia into the United States; that in 1926-27 the figures rose to krans 70,730,780; and that in 1927-28 the sum attained was krans 72,981,511.

Furthermore, I am in receipt of a telegram from my Government in this connection which states that the new tariff bill carries the provision that a duty of 50 cents per square foot shall be levied on rugs and carpets, provided that the duty shall not be less than 60 per cent ad valorem. It may be seen from this that the proposed new duty on rugs would, in effect, be no higher than 60 per cent ad valorem, whereas the present rate of duty levied upon Persian rugs entering the United States is 55 per cent ad valorem. It may be believed that

in itself this very small increase in the rate of duty would not prejudice Persia's extensive commerce in rugs with the United States, and that Persian commercial circles should not be concerned on that score.

Since, as your excellency is doubtless aware, tariff making in the United States is an exclusive prerogative of Congress, the executive branch of the Government is not in a position to effect a modification in any tariff rate proposed by Congress. I am pleased, however, to be able to assure your excellency that the Department of State has transmitted to the competent committee of Congress the views of the Persian Government regarding the proposed new tariff on rugs and carpets.

In conclusion I feel it needless to state to your excellency that the United States has no system of preferential tariff rates like that in force in certain European countries.

I avail myself of this opportunity to renew to your excellency the assurance of my highest consideration.

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## RUMANIA

DEPARTMENT OF STATE,  
Washington, July 10, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note and aide-memoire from the minister of Rumania regarding the readjustment of the United States tariff and its effect on the importation of carpenters' glue in the United States.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

LEGATIUNEA REGALA A ROMANIEI,  
Washington, D. C., June 27, 1929.

Hon. HENRY L. STIMSON,  
*Secretary of State.*

SIR: I have the honor to transmit to your excellency the inclosed aide-memoire regarding the proposed rate in the tariff law affecting the importation of carpenters' glue in the United States. I will be grateful if your excellency will be kind enough to submit it to the appropriate congressional committee for consideration.

Accept, sir, the renewed assurances of my highest consideration.

G. CRETZIANO.

### AIDE-MEMOIRE

For the past several years, the Rumanian glue industry has exported to the United States a certain quantity of carpenters' glue. The present tariff on glue is 20 per cent ad valorem plus 7 cents on the pound, and the proposed new tariff would raise this rate to 25 per cent ad valorem plus 8 cents on the pound.

The American production of glue amounts to a little over 100,000,000 pounds a year, while the imported glue does not exceed 9,000,000 pounds, representing, therefore, less than 9 per cent of the home production. The foreign glue, especially that manufactured in Rumania is of a special make not made in the United States. In 1928, less glue was available in the United States than in previous years, which indicates that the American glue market relied to a certain extent on imports. The raising of the tariff rate, therefore, would work hardship not only on the foreign importer, but also on the American consumers.

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## SPAIN

DEPARTMENT OF STATE,  
Washington, June 8, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, as also with important foreign press or other comment coming into the hands of the department, I have the honor to inclose for your information copies of a note, dated April 26, 1929, and the translation thereof, from the Spanish Minister for Foreign Affairs to the American ambassador at Madrid, concerning commercial relations between Spain and the United States and with particular reference to prospective tariff changes. There is also inclosed a copy of a letter under date of May 18, 1929, from the Secretary of the Treasury commenting on the Spanish note.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

[Translation]

Presidency of the Council of Ministers; Secretariat General of Foreign Affairs

APRIL 26, 1929.

EXCELLENCY: The preoccupation which for some time has been felt by the Government of His Majesty with regard to the state of commercial relations between Spain and the United States is a fact which undoubtedly has not escaped Your Excellency. The obstacles to Spanish export trade arising from provisions, some of a customs nature and others which, without being specified, have restricted our imports into the United States, have been repeatedly pointed out to the Washington Government by His Majesty's Ambassador without, unfortunately, the action of Senor Padilla having produced the results that might legitimately have been expected; and, at one time grapes, at others garlic, onions, almonds, dried fruits, canned peppers, revolvers and recently cork products have been subjected to treatment other than that which in the opinion of His Majesty's Government they deserve.

It is not necessary to recall at this time the antecedents and circumstances of the legal status of customs relations between the two countries. The most-favored-nation régime is the basis thereof, and

the fact of the embargo formerly existing in North America against the importation of Argentine grapes having been raised, without similar treatment being accorded to grapes of Spanish origin notwithstanding reasons of an alleged sanitary nature therefor, shows that the favorable attitude which the Spanish authorities have always shown does not meet with equitable requital on the other side of the Atlantic.

The situation indicated would be, therefore, considerably aggravated should information coming from the United States be confirmed concerning the proposed customs tariff revision, a matter of great importance and one directed toward the increase of duties in classifications which principally interest Spain—a purpose which should it be confirmed, would increase the notable difference of the trade balance in the exchange of products between the two countries which, in 1927, was 254,000,000 pesetas, gold, in favor of the United States.

The export value of Spanish products to North America in the matter of cork manufactures shows an extraordinary difference as compared with other products, being \$4,600,000 pesetas; followed by almonds, 16,000,000; olives, 15,500,000; olive oil in large containers, 12,000,000; chamois skins, 10,600,000; sheet cork, 10,400,000; besides copper ore, goatskins, mercury, rags, onions, filberts, peppers, olive oil in small containers, and canned vegetables and fish in smaller quantities although they exceed a million pesetas in value.

Your excellency will understand the great importance that the Government of His Majesty must ascribe to an increase of duties and the application of hindrances (I refer to the impost on cork stoppers) to an article which is of such signal importance in the list of Spanish exports to the United States, namely cork manufactures—a product genuinely Spanish, the manufacture of which in Spain has so legitimate a right to protection. The interest felt in the United States in the moving-picture industry which, according to the recent note of your excellency, the Washington Government considers for the sole reason of its important development and progress in the country, should be regarded with consideration by other nations, can not fundamentally be compared with the cork industry derived as it is from a national product of Spain.

The desire of His Majesty's Government is ever to follow unswervingly in its relations with the United States the policy of cordial friendship and approximation between the two nations. No action whatsoever taken by the Government over which I preside could be considered as a contradiction to this purpose. We want to continue in that purpose, but precisely for that reason I must recommend to your excellency that the attention of your Government be called to the problem as stated, since in view of a trade balance so unfavorable for Spain, as I have just pointed out, and aggravated by the series of restrictive measures and impediments to which I have also alluded it would be so difficult for His Majesty's Government to fail to take into consideration the importunities it is receiving not only from specially interested quarters, but from Spanish public opinion in general, that it would find itself obliged to proceed to the denouncement of the existing *modus vivendi*.

I avail myself of this opportunity to renew to your excellency the assurance of my highest consideration.

MARQUES DE ESTELLA.

THE SECRETARY OF THE TREASURY,  
*Washington, May 18, 1929.*

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The SECRETARY OF STATE.

DEAR SIR: Referring to Acting Secretary of State Clark's letter of May 4, 1929, with reference to a telegram under date of April 30, 1929, from the American Embassy at Madrid and requesting any comments that this department may care to make, the facts are that in all but one of the cases referred to the department has simply followed the decision of the courts or the orders of the President, which are binding upon it. The only exception was in the case of olives, in which the department did not adopt the court's classification but undertook to have a new case made, as it did not appear that the attention of the court had been directed to the provision in paragraph 744 of the tariff act imposing a duty upon dried ripe olives of 4 cents per pound.

The department is without authority to give Spanish imports any more favorable treatment than is given to imports from other countries, but if the importers of Spanish products feel that they are being discriminated against, they have, of course, the right to protest and to secure a determination of the questions at issue by our courts.

The rates of duty under the pending legislation to which reference is made in the telegram are, of course, not a matter within the jurisdiction of this department.

The following is a summary of the action taken by the department with reference to the several articles mentioned in the telegram above mentioned:

**Grapes:** The department in T. D. 41188 held that grapes imported in barrels, partly crushed during the voyage of importation, are dutiable under paragraph 806 of the tariff act of 1922 at 70 cents per gallon and \$5 per proof gallon on the alcohol produced or producible therefrom and not at 25 cents per cubic foot under paragraph 742. In this decision the department followed the reasoning underlying the decision of the Court of Customs Appeals in T. D. 40942.

The embargo on Argentine and Spanish grapes to which reference is made in the telegram is a matter which the department of agriculture is handling under the plant quarantine law.

**Onions:** The Court of Customs Appeals held in T. D. 42808 that onions peeled and packed in brine for purpose of preservation for an indefinite period are dutiable as vegetables packed in brine, at 35 per cent ad valorem under paragraph 773 and not at 1 cent per pound, paragraph 768.

Under the authority of section 315 (a) of the tariff act of 1922 the President by proclamation dated December 22, 1928, published in T. D. 43109, increased the duty on onions from 1 cent to 1½ cents per pound.

**Garlic:** No decisions adverse to foreign interests have been issued on imports of garlic.

**Almonds:** In abstract 1264 the Customs Court held that shelled almonds, prepared and coated with sugar, packed in tins, are dutiable as confectionery at 40 per cent ad valorem under paragraph 505 of the tariff act and not as shelled almonds at 14 cents per pound under paragraph 754.

**Dried fruits—olives:** The department in T. D. 41903 directed assessment of duty at 4 cents per pound under paragraph 744 on

dried ripe olives of the kind held by the United States Court of Customs Appeals in T. D. 41482 to be dutiable at 35 per cent ad valorem under paragraph 749, in order that a new case might be prepared and passed upon by the courts. It does not appear that such subsequent case has yet been passed upon.

Pimientos—Spanish red peppers: In T. D. 41908 the Court of Customs Appeals sustained the decision of the Customs Court in T. D. 41688 and the decision of the department that canned Spanish pimientos are dutiable as whole pimientos under paragraph 779 at 6 cents per pound and not at 35 per cent ad valorem, as prepared vegetables, under paragraph 773.

Revolvers: By orders of the President issued June 3, 1924, and June 23, 1926, respectively (T. D. 40297 and 41655), under the authority contained in section 316 of the tariff act of 1922 certain kinds of revolvers manufactured in Spain were excluded from entry into the United States on the ground of unfair competition.

Corks: Following a decision of the Customs Court, October 5, 1928 (T. D. 42993) the department held in T. D. 43245 that all corks imported after February 25, 1929, would be required to be individually marked to indicate the country of origin.

Very truly yours,

A. W. MELLON,  
*Secretary of the Treasury.*

DEPARTMENT OF STATE,  
*Washington, June 14, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information copies of three communications, two of which are in translation, dated May 20, and June 5, 1929, respectively, from the Royal Spanish Embassy with regard to American customs duties on Spanish products.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, JR.,  
*Acting Secretary of State.*

[Translation]

ROYAL SPANISH EMBASSY,  
*June 5, 1929.*

HENRY L. STIMSON,  
*Secretary of State.*

Mr. SECRETARY: I regret that I must once more have recourse to your excellency's good offices to intervene in favor of products of Spanish exportation to the United States, which are so menaced by the proposed customs tariff law. On some articles the increase in duty is so great that it will completely shut them out of this market, so important and so very desirable for us, for which reason I do not hesitate to renew my appeals to your excellency, sure that the great international spirit of your department will be able clearly to under-

stand the very intimate international connection which, with the passing of time and the advancement of civilization, matters which formerly were properly the private affairs of the interior economy of a country, domestic affairs, so to say, now have.

It is difficult to restrain the feelings of some of our agricultural producers, above all those who, for example, devote their activities and their efforts to raising onions, since they see that the market which in 1922 was attractive, due to the Fordney Act, which imposed an additional entry duty of one-half cent per pound (sic) is totally disappearing with the new tariff, which raises it to not less than two cents per pound, i. e., an increase of 150 per cent.

Onions for years came to the United States paying one-half cent, then the duty was increased; in December, 1928, by Presidential order, it was further increased 50 per cent more to a cent and a half per pound; the committee of the House of Representatives proposed an increase of a quarter of a cent more, against which the Spanish producers protested before my Government, requesting protection. But instead of being able to give them hope, favorable news for their most legitimate desires, we now find that through Congressional agreements the duty is to be still further increased, up to 2 cents per pound, which our onions must pay on entering North American territory.

The effect of this increase, following the already unwelcome one which had caused the protest, has been necessarily disagreeable to our agriculturists, who, with still greater reason, will persist in their demands for protection.

I avail myself, etc.

ALEJANDRO PADILLA.

[Translation]

ROYAL SPANISH EMBASSY,  
Washington, May 20, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State.*

Mr. SECRETARY: The projected law of customs tariffs which is being studied by the American Houses, very particularly affects products of Spanish origin which find an excellent market in the United States and which, if the increases, changes, and restrictions proposed in the text already made known, published the 9th instant under the serial number "H. R. 2667" by the House of Representatives are agreed to, will suffer such damages that it will be practically impossible for them to compete in this market, thereby aggravating the already hardly attractive position which the balance of trade with the United States shows for Spain which balance has reached the important figure of 254,509,812 gold pesetas, or about fifty-one million dollars, annual loss for our country.

Since agricultural products are the foundation of our exportations and since the projected law is concerned in great part with remedying and bettering the situation of the farmer in the United States, as it says textually in its preamble, it has been made more difficult to find an adequate solution which may give complete satisfaction to both parties. Nevertheless, I firmly believe that, with the valuable assistance of your excellency, the situation may be somewhat allevi-

ated, since the political importance which economic measures have in the world to-day is not unknown to your department.

All of which induces me to present to your excellency a brief résumé, more practical than technical, of the state of Spanish exportation to the United States, in order that it may reach the attention of the appropriate persons and be taken into consideration, with characteristic kindness and international spirit, in the final drafting of the new customs law. Our most important product is cork, since it alone constitutes fifty per cent of our total exportation. In the year 1923 only about thirty-seven million pesetas were shipped, while the value of this merchandise is now more than 100. Any additional charge laid on cork will have immediate effect on the total of Spanish exports to the United States; wherefore, principally, all attention must be devoted to securing for it a most privileged position.

As a first consideration, it should be pointed out that cork is not produced in this country, at least in important commercial quantities, therefore, no reason of protecting the national industry exists. As the second consideration, is one which is clearly explained by the simple fact that an important part of this industry is financed by North Americans, who labor with good return in the southern part of Spain.

Having considered these two points, it seems strange to find that, in certain items referring to cork, in changing the items marked ad valorem to specific, the increase is nothing less than 100 per cent, which, frankly, constitutes a prohibitive barrier. Add to that the constant difficulties encountered on the question of the mark of origin on stoppers, which has been the cause of so much correspondence with the Department of State, now under the worthy charge of your excellency, and the whole shows the difficult situation of the future of our most important product, which does not compete with any other American product.

Almonds, with or without shells, which occupy the second position on our list of exports, are increased by 2½ cents for the kernel, per pound, and three-quarters for those coming with shells. The consumption in the domestic American market is so great, the demand for this product made by the manufacturers of sweets is so great, that there is ample allowance for the sale under remunerative conditions of any which California produces without, for the present at least, there arising any fear of our competition. Granted, therefore, that the need for almonds exists, our almonds will probably not suffer very greatly from an additional tax, since it is the domestic consumer who will find himself obliged to pay the difference as long as it is almost an indispensable article, but precisely this reason argues more than any other for the maintenance of the previous rates, which are already high enough.

Spanish conserves, so well liked in the United States that many unscrupulous manufacturers have not hesitated to counterfeit their labels and marks or origin in order to make the public believe that the product manufactured here is the Spanish one, as I had the honor to bring to your excellency's attention not long ago by a note, find their duties perceptibly increased, the customs payment for canned pimentos being not less than 75 per cent greater, which excludes them from North America. Formerly, they paid 35 per cent, and that amount was a sufficiently great obstacle for them.



The pulp of fruit is one of the items most affected, since, formerly paying 25 per cent ad valorem, it now will have to pay 50 per cent, or an increase of 100 per cent. Nor can this embassy of His Majesty see North American competition for this product, especially for the canned pulp of apricots and oranges, since, according to our information, it is not produced within the territory of the Union.

Other conserves in general, particularly those of fish, also suffer an additional customs duty and innumerable sanitary difficulties, since it is also said that they contain noxious algæ.

The onion, a product of slight intrinsic value per pound, which formerly paid at the rate of 1 cent on appraisal, was recently raised 50 per cent by presidential proclamation, and now the payment of one-fourth cent more is proposed, which means that onions will pay 1½ cents per pound, a very great amount if, as we said before, the original value of the merchandise is taken into consideration.

This brief résumé of the Spanish articles which are greatly prejudiced by the proposed change will clearly show your excellency that it does not affect less than 75 per cent of our total exports, while not meaning that those not mentioned will not suffer equally, without, in exchange, finding any equivalent compensation anywhere else.

The Spanish attitude toward North American products, of which so many are consumed in our country, has always been in perfect conformity with the most-favored-nation clause, endeavoring never to injure the exportation of the United States, which has allowed it to reach the place it occupies in our domestic market, where it holds a preeminent position.

I do not doubt that the well-grounded considerations which I have the honor to set before your excellency will make clearly visible the damage to be expected to Spanish exports from new and heavy duties which will result in driving from the North American market, so important and attractive for us, the products of a friendly nation, which has always shown consideration and attention to those of the United States, whether the two nations are bound by a treaty of commerce or by the extension of the present *modus vivendi*.

I avail myself of this opportunity, etc.

ALEJANDRO PADILLA.

#### SPAIN AND THE NEW TARIFF BILL

On August 1, 1906, the United States and Spain signed a commercial treaty, by which the United States gave to Spain the most-favored-nation clause, for the importation of raw tartars, wines, and artistic works, and Spain gave in turn the same treatment to all the American articles. In the year 1923 His Majesty's Government was obliged to abrogate this treaty because the United States, by a very respectable domestic reason (prohibition), had practically abolished all the privileges mentioned in the foregoing agreement. Notwithstanding that, Spain, moved by an especial consideration and as a friendly gesture toward the United States, granted by a royal decree the privileges of most favored nation, even without a commercial treaty in force. In May 25, 1927, by another royal decree, Spain extended to the United States the very especial and important concessions made to Germany, France, and Great Britain, by reciprocity in the treaties of commerce signed at that time. A few weeks later His Majesty's Government submitted to the United States Government a proposition offering the full grant, without reservations and for unlimited time, of the clause of most favored nation if the United States was willing to take off the embargo of our agricultural commodities and giving assurances that the tariff would not be increased for them. It was not possible to reach an agreement, and even then Spain granted to the

United States the most-favored-nation clause with unlimited time by royal decree of November 7, 1927, without receiving any especial compensation from the United States. At present both countries are economically united only by a *modus vivendi*, which can be denounced by any of the high contracting parties with 90 days' notice.

The principal motive of the abrogation by Spain of the commercial treaty was, in 1923, the unsatisfactory result of our commercial trade balance with the United States. This situation grew worse every day, and in 1927 Spain bought from the United States 467,000,000 gold pesetas, but only sold 211,000,000 gold pesetas, which shows a deficit for Spain of 255,000,000 of gold pesetas, approximately \$50,000,000, a very important figure for our internal economy. And if that was so what will happen now with the increases proposed in the new tariff bill?

Cork is our most important export commodity to the United States, we sell about 100,000,000 gold pesetas yearly (\$20,000,000) and we must bear in mind: (1) That Spain has practically the monopoly of the production of this article, that it does not have competition in the United States; (2) that it does not affect any branch of the American agriculture; (3) that is a commodity that American industrialists and manufacturers need in great quantities as raw material and that it is only coming from our country, and as fourth reason, and very important one for the American legislator, that at least 75 per cent of all the money invested in the Spanish cork industry is from American origin, and any blow given to our cork will indirectly hurt American interests. The increases are, therefore, not justified by any very valuable reason and notwithstanding it will pass to pay from 6 cents per pound for some kind of cork to 25 cents per pound, and for some other, 30 per cent *ad valorem*. Besides this, the taper corks have now to be individually marked "Made in Spain," when it has been always admitted that it was enough to have been marked in the bags or containers. Of course, this has nothing to do with the tariff, but it makes more difficult or nearly impossible to import taper corks on account of marking them individually.

Almonds, our second ranking commodity, do not really compete with the American ones, because they are from an extra fine type, and quite different of the national ones, and they are used for very different purposes, especially for making pastry and candies. The increase is from 14 cents per pound, for the unshelled almonds to 16½ cents per pound, and the shelled almonds from 4½ cents per pound to 5½ cents.

Onions, of which we exported so many to the United States, they paid by the Fordney Act of 1922, ½ cent a pound, afterwards and owing to the always-increasing demand of the American agriculturists, they were put on a cent *basal* duty per pound. In December, 1922, the President of the United States, Mr Coolidge, made use of his especial privilege by a proclamation, increasing the duty on a 50 per cent more, that is 1½ cents per pound. In the first proposal of the Committee on Ways and Means before the House, onions were supposed to pay 1½ cents per pound, and now with the last modification and for the same reason of agricultural relief, they will pay 2 cents per pound, which means the tremendous increase of 150 per cent in duty in 7 years. Against that, the Spanish producers will surely protest vigorously, because they know very well that with this tax they will lose the American market, worth \$3,000,000 or more, a year for Spain.

Leather was a quite good commodity for the Spanish exporter, owing to our cheap production costs and the free list in the United States; now, of course, we will suffer with the new duty and our five millions of dollars worth trade will be considerably reduced.

Canned goods of all different kinds, worth about \$6,000,000 a year, they have now an increase of 25 per cent of the *ad valorem* price, but taking in consideration that the new tariff bill has a special disposition for fixing the prices *ad valorem* not in accordance with the cost in the country of origin, but in accordance with the production cost in the United States, and owing to the differences in wages, taxes, and industrial position between our two countries, the increase will not be of 25 per cent; it would be at least of 40 per cent, a figure equally prohibitive for our canned goods.

Guns (pistols or revolvers) are advantageously manufactured in Spain, especially the cheap ones under the \$4 price, for the above-mentioned reasons. Now they will pay 75 cents more apiece over the \$1.25 they already pay; that is, \$2 duty a piece, and in addition 55 per cent *ad valorem*, \$2.20 more. Summing up all these figures, we find that a \$4 gun will pay \$4.20 at the customs, bringing every pistol to a net price of \$8.30, without any profit for the dealers, which means that the market price of our original Spanish \$4 gun can not be less than \$10. Such a high price will, of course, stop the sales and importations.

The increase of a cent per pound in olive oil afflicts a commodity of which Spain sells over \$6,000,000 worth a year.

The pimientos, paying 55 per cent ad valorem now, they are increased in 75 per cent more, if we take the ad valorem price in Spain and in 122 per cent if we figure up the ad valorem price in the United States. With that we can not expect to sell any more pimientos in this market.

Fruit pulp is possibly the commodity which suffers the most of the whole proposed tariff. From paying 35 per cent ad valorem, they will pay now 50 per cent, 100 per cent increase if we take in consideration the ad valorem price in Spain and 125 per cent if we figure up the ad valorem price in the United States.

These are briefly stated the Spanish most punished commodities, others are affected, but not in such a bad way as the ones above. It unluckily happens that these are the principal Spanish exports to the United States, therefore, we can say that all the Spanish trade suffers a big increase in duty and if we make a vague calculation, we can state that the Spanish export trade to the United States will decrease in the same proportion of the increases of customs taxes upon Spanish articles. That is to say, from 25 to 35 per cent, and we find out that the average amount of this percentage will be, and Spain is afraid of that, no less than \$50,000,000 a year, and putting together the other \$50,000,000 which Spain was losing before all these years, we found a grand total of \$100,000,000 (500,000,000 gold pesetas) trade balance against Spain. And it is very easy to understand that that is a very big figure for any country, even for the United States, the most rich and powerful market of the world, and much more so for Spain which is very far from having the commercial-strength and territorial means of the United States.

DEPARTMENT OF STATE,  
Washington, July 15, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note, in translation, dated July 2, 1929, from the Spanish ambassador, with inclosure thereto, concerning the proposed changes in duty on cork.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

[Translation]

ROYAL SPANISH EMBASSY,  
Washington, July 2, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State.*

MR. SECRETARY: As a supplement to the note which under the number 80/16 I had the honor to address to your excellency on May 20 last, I herewith forward an extract from the changes in the customs tariff already approved by the House of Representatives, for cork, a purely Spanish product, which is without American domestic competition and on which our country has practically a monopoly in production.

As your excellency may see, the proposed increases are great enough to reduce the consumption of this article, Spain's principal export to the United States, since industry will try to find a cheaper substitute and the Spanish exporting business will thereby be markedly injured.

A great part of the items undergo an increase of 5 American cents per pound, a considerable amount if the original cost and the cheap-

ness of cork are taken into account; others go from 30 per cent ad valorem to 45 per cent ad valorem; and those least affected are increased 2½ cents. Another item, cork insulation, which used to pay ad valorem, will now pay 2¾ cents per cubic foot, which is likewise a considerable increase.

On account of all this, I take the liberty of requesting your excellency to be so good as to have the present comments forwarded to the appropriate authorities, the only purpose of which is to keep the American market for a product as important for Spain as cork.

I avail myself of this opportunity, etc.,

ALEJANDRO PADILLA.

ROYAL SPANISH EMBASSY, WASHINGTON

*Comparison of rates*

| Item  | Present                 | Proposed                |
|---|-------------------------|-------------------------|
| Stoppers over ¾ inch.....   | 20 cents per pound...   | 25 cents.               |
| Disks over ¾ inch.....  | do.....                 | Do.                     |
| Washers over ¾ inch.....  | do.....                 | Do.                     |
| Composition washers over ¾ inch.....  | 10 cents per pound..... | 12½ cents.              |
| Stoppers less than ¾ inch.....  | 25 cents per pound..... | 31 cents.               |
| Disks less than ¾ inch.....   | do.....                 | 25 cents.               |
| Washers less than ¾ inch.....   | do.....                 | Do.                     |
| Composition washers, etc., over ¾ inch.....   | 12½ cents.....          | 12½ cents.              |
| Composition cork in forms of slabs or blocks.....   | 6 cents.....            | 10 cents.               |
| Composition cork in rods.....   | 10 cents per pound..... |                         |
| Cork insulation.....  | 30 per cent ad valorem. | 2¾ cents per foot.      |
| Cork paper.....   | do.....                 | 30 per cent ad valorem. |
| Cork items not otherwise specified.....   | do.....                 | 45 per cent ad valorem. |
| Granulated cork.....  | 25 per cent ad valorem. |                         |
| Granulated cork weighing not over 6 pounds per cubic foot (uncompressed (cleaned, refined, purified)..... |                         | 3 cents per pound.      |
| Granulated cork all other kinds and regranulated.....   |                         | 1 cent per pound.       |
| Corktills.....  | 30 per cent ad valorem. |                         |
| Corktills over ¾ inch thick.....  |                         | 6 cents per pound.      |
| Corktills less than ¾ inch thick.....   |                         | 10 cents per pound.     |
| Shell corks.....  |                         | 75 cents per pound.     |
| Penholders.....   |                         | \$2 per pound.          |
| Manufactures of composition or compressed finished or unfinished, not specially provided for.....         |                         | 10 cents per pound.     |
| Pipe coverings, fittings, covers, lags coated or uncoated.....  |                         | 5 cents per pound.      |

SWEDEN

DEPARTMENT OF STATE,  
Washington, July 15, 1929.

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign Governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note, dated July 1, 1929, from the Swedish minister, transmitting a memorandum from the Swedish Iron Masters' Association, regarding the proposed changes in duty on hollow drill steel, alloy steel, and wire rods.

I have the honor to be, sir,  
Your obedient servant,

H. I. STIMSON.

LEGATION OF SWEDEN,  
*Washington, D. C., July 1, 1929.*

SIR: Acting upon instructions from my Government I have the honor to transmit herewith a memorandum prepared by the Swedish Iron Masters' Association (Jernkontoret), containing certain observations relative to the change in the rates of duty on hollow drill steel (par. 304), alloy steel (par. 305), and wire rods (par. 315), proposed by the House of Representatives in H. R. 2667.

I beg particularly to call your excellency's attention to the statement by the association that an increase in the duty on hollow drill steel would, in fact, be directed almost exclusively against Sweden, inasmuch as practically all the import into the United States of this article comes from Sweden.

With regard to the proposed duty on alloy steel, the association calls attention to the new phraseology of the proposed paragraph 305, which in the opinion of the association would wipe out the dividing line between alloyed and unalloyed steel and tend to make a decision on this point more or less arbitrary.

I should appreciate if through your excellency's good offices the views set forth in the attached memorandum could be brought to the notice of the Senate Finance Committee, and receive due consideration, when the duty on metals is to be decided by Congress.

With renewed assurances of my highest consideration, I have the honor to remain, sir,

Your most obedient servant,

W. BOSTROM.

LEGATION OF SWEDEN, *Washington, D. C.*

MEMORANDUM REGARDING INCREASE IN THE RATES OF DUTY ON IRON AND STEEL IMPORTED INTO THE UNITED STATES, AS PROPOSED BY THE HOUSE OF REPRESENTATIVES. (H. R. 2667).

Paragraph 304, Hollow bars and hollow drill steel: For hollow bars and hollow drill steel the proposed tariff act of 1929 levies an additional duty of 1.3 cents per pound. The present duty corresponds to about 25 per cent ad valorem. Should, therefore, the proposed increase become law, it would mean that hollow drill steel would have to pay a duty of more than 40 per cent ad valorem.

The above mentioned paragraph covers a vast field of different qualities of steel. The phraseology of the paragraph indicates that the underlying principle is to increase the rates in proportion to the value of the goods. Accordingly, an unmanufactured article, or a semifinished product, takes a lower rate of duty than a finished product, which latter has increased in value on account of the additional labor to which it has been subjected. It must be borne in mind that the Swedish hollow drill steel imported into the United States is a semifinished product, which is further manufactured in this country, where a great deal of labor is added to make it a finished product before it is offered for sale on the American market, resulting in the employment of many thousands of skilled American workmen. It seems, therefore, as if the assessment of the proposed additional duty on the semifinished product would not be in accordance with the principle which has governed the framing of the said paragraph, but that hollow drill steel instead should be subject to a lower rate of duty in conformity with other products of a semifinished character.

The hollow drill steel imported from Sweden is used on account of its superior drilling and enduring qualities. It is more uniform and more accurately rolled than any hollow drill steel made in the United States and it does not compete with the domestic hollow steel upon a cost basis, as it takes a higher price due to its better quality.

The proposed increase in the duty on hollow drill steel would, in effect, be equivalent to an embargo. Inasmuch as by far the main part of the hollow drill steel imported to the United States comes from Sweden, the increase would almost exclusively be directed against Sweden.

Paragraph 305. Low alloy steel: The Committee on Ways and Means in its report accompanying the proposed tariff act of 1929 made the statement that the provisions of the paragraph dealing with alloy steel products have been expanded to carry out the established policy of special tariff treatment for alloy steels so as to embrace the entire range of alloy materials and the products of which they are important components.

The present tariff law stipulates that an additional duty of 8 per cent shall be levied on steel containing more than 0.6 per cent of certain alloying elements, among others, vanadium, tungsten, molybdenum, and chromium. According to the proposed tariff act this percentage is to be reduced to 0.1 per cent for vanadium and 0.2 per cent for tungsten, molybdenum, and chromium, on which percentages the above-mentioned additional duty of 8 per cent ad valorem shall be paid. Aside from the assessment of higher rates of duty on alloy steels, the proposed change thus makes a drastic cut in the content of alloying elements subjecting the steel to additional duty.

The danger in fixing such a low percentage for alloying elements is that the distinction between alloyed and unalloyed steel would be extremely difficult to determine and might lead to arbitrary decisions. It occurs very often that small incidental amounts of alloying elements, which have got in there from the scrap, appear in the steel. According to the proposed wording of paragraph 305 such steel could inadvertently be classified as alloy steel, subject to the additional duty of 8 per cent.

In most countries the percentage of alloying elements is fixed at much higher figures than those proposed in the tariff act of 1929. In view of the international cooperation which is desired in this particular field, the proposed reduction is apt to make difficult such cooperation.

As in the case of hollow drill steel the import of Swedish alloy steels is due to their superior quality to steel made in other countries. The reason for this is the fact that purer raw materials are employed in Sweden. The Swedish steel does not compete upon a price basis with the domestic product.

Paragraph 315. Wire rods: Also with regard to this article it should be emphasized that the Swedish wire rods which have found their market in the United States have won this market on account of their higher quality. The total tonnage of wire rods shipped into the United States from Sweden last year was only approximately 6,000 tons, and under the present rates of duty the cost to the American manufacturers of wire is on the average one-third more than domestic rods of the same analysis. There is consequently no competition between Swedish wire rods and the domestic product, as far as prices are concerned.

The commercial relations between Sweden and the United States have long been firmly established and the exchange of commodities has been steadily growing to the benefit of both countries. The increase in the rates of duty proposed in the new tariff act will undoubtedly cause a considerable disturbance in the reciprocal flow of commodities.

THE SWEDISH IRON MASTERS' ASSOCIATION.

STOCKHOLM, June, 1929.

DEPARTMENT OF STATE,  
Washington, July 16, 1929.

HON. REED SMOOT,  
Chairman Finance Committee, United States Senate.

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Swedish Minister, dated July 1, 1929, transmitting a memorandum concerning the proposed changes in rates of duty on matches.

I have the honor to be, Sir,

H. L. STIMSON.

LEGATION OF SWEDEN,  
Washington, D. C., July 1, 1929.

Hon. HENRY L. STIMSON,  
Secretary of State, Washington, D. C.

SIR: Acting upon instruction from my Government I have the honor to transmit herewith a memorandum prepared by the Swedish Match Co. (Svenska Tandsticks Aktiebolaget), containing certain observations relative to the change in the rates of duty on matches (par. 1417) proposed by the House of Representatives in H. R. 2667.

I should appreciate if through your excellency's good offices the views set forth in the attached memorandum could be brought to the notice of the Senate Finance Committee and receive due consideration when the duty on matches is to be decided by Congress.

With renewed assurances of my highest consideration, I have the honor to remain, sir,

Your most obedient servant,

W. BOSTROM.

MEMORANDUM

EXPORTS OF MATCHES FROM SWEDEN TO THE UNITED STATES AND THE PROBABLE EFFECT OF AN INCREASE IN THE UNITED STATES IMPORT DUTY ON MATCHES

*Classification used in the United States tariff act of 1922.*—According to paragraph 1417 of the tariff act, matches imported into the United States are classified in the following three groups:

1. Matches of all descriptions packed in boxes containing more than 100 matches.
2. Matches of all descriptions imported otherwise than in boxes containing not more than 100 matches.
3. Wax matches, wind matches and all matches in books or folders or having a stained, dyed or colored stick or stem (in the following referred to as "fancy" matches).

*Present and proposed import duties.*—The import duties fixed in the tariff act of 1922 and in the tariff bill of 1929 are as follows:

1. For matches packed in boxes containing less than 100 matches: Present duty, 8 cents per gross of boxes; proposed duty: 20 cents per gross of boxes.
2. For matches packed in boxes containing more than 100 matches: Present duty,  $\frac{3}{4}$  cent per 1,000 matches; proposed duty, 2 cents per 1,000 matches.
3. For the "fancy" matches: Present duty, 40 per cent ad valorem; proposed duty, 40 per cent ad valorem.

*Volume of present imports of matches to the United States.*—Almost all the matches imported into the United States are packed in boxes containing less than 100 matches. During the years 1924 to 1928, inclusive, the quantity imported from Sweden and other countries and the value of these imports were as follows:

|                              | Number of gross of boxes |                      | Value       |                      |
|------------------------------|--------------------------|----------------------|-------------|----------------------|
|                              | From Sweden              | From other countries | From Sweden | From other countries |
| 1924.....                    | 2,133,013                | 3,140,761            | \$904,799   | \$1,233,609          |
| 1925.....                    | 3,248,157                | 2,699,389            | 1,231,321   | 985,178              |
| 1926.....                    | 3,554,432                | 2,297,074            | 1,298,328   | 824,945              |
| 1927.....                    | 3,601,605                | 2,440,131            | 1,356,630   | 810,552              |
| 1928.....                    | 2,368,050                | 3,195,977            | 1,013,774   | 1,076,694            |
| Average for the 5 years..... | 2,992,451                | 2,754,345            | 1,160,972   | 964,170              |

It will be noted that there are certain variations in the imports from year to year. These variations are due to the fluctuations of the stocks in the hands of the importers, wholesalers, and retailers, which stocks are generally very large

during periods when the price trend is upward, but quite small when the prices are declining. The real consumption of imported matches in the United States is, however, very steady and can be estimated at approximately 3,000,000 gross of boxes of Swedish matches per year, having a value of about \$1,150,000, and 2,750,000 gross per year of matches from other countries, having a value of about \$1,000,000.

Complete statistics of the manufacture of matches in the United States are not available, but the census of manufacturers for the year 1927 gives the total value of the domestic production of matches as \$24,725,404. The total imports from Sweden thus only constitute 4.3 per cent of the total consumption of matches in the United States and the imports from other countries only constitute 3.7 per cent of the total consumption.

The total exports of matches from Sweden to the United States constitute 12.5 per cent of the total Swedish match exports, and the United States is one of the largest individual markets for Swedish matches.

*Types of matches imported into the United States.*—All the matches imported into the United States from Sweden are of the safety or strike-on-box type; that is, they only ignite against the specially prepared striking surfaces of the boxes. They are generally packed in so-called full-size boxes containing approximately 50 matches per box. A small quantity is packed in boxes containing 30 matches per box—the so-called vest-pocket size. Both kinds have square white sticks made of aspen wood and the boxes are made of thin wooden veneer.

The matches imported into the United States from other countries than Sweden are exactly the same type as the Swedish matches and we will in the following refer to this type as the foreign-type safety matches. No matches of this type are manufactured in the United States.

The chief types of matches manufactured in the United States are strike-anywhere matches and book matches. Strike-anywhere matches ignite by friction against any surface. They have round sticks made of white pine wood and are packed in boxes made of cardboard. A small part of these matches are packed in boxes with a contents of about 50 matches, but the largest part are packed in boxes with a contents of from 300 to 400 matches. The book matches are made of cardboard. Twenty such matches are included in a printed cardboard cover.

Strike-anywhere and book matches constitute the bulk of the matches manufactured and consumed in the United States. There exists a small domestic manufacture of safety matches, which, however, are not of the same type as the foreign safety matches, but they have round sticks made of white pine and are packed in cardboard boxes.

The strike-anywhere matches and book matches used in the United States are manufactured exclusively within the country and there are no matches of these types imported either from Sweden or any other country.

*Competition between Swedish and domestic matches.*—There is virtually no competition between the foreign type safety matches and the domestic types of matches. Swedish safety matches and other foreign safety matches are sold in the United States at considerably higher prices than any domestic matches and the public who buy them do so only because they prefer them to the domestic matches. The present wholesale prices of matches are as follows:

|   | Per 1,000 matches |
|---|-------------------|
| Swedish safety matches (in boxes of 50 matches).....            | \$0. 10           |
| Domestic safety matches (in boxes of 50 matches).....           | . 09              |
| Domestic strike-anywhere matches (in boxes of 50 matches).....  | . 076             |
| Domestic strike-anywhere matches (in boxes of 400 matches)..... | . 066             |
| Domestic book matches (in books of 20 matches).....             | . 087             |

The wholesale prices of both foreign matches and domestic matches have been subject to great fluctuations during the last few years. The attached chart [not suitable for reproduction] shows these prices for the years 1924 to 1928, inclusive. It will be noted that the fluctuations in the prices of foreign matches do not coincide with those of the domestic matches. It is, therefore, obvious that the two groups do not compete, but that the fluctuations in the prices of the foreign matches are due to conditions which have a bearing on these matches only, and that on the other hand the fluctuations in the prices of the domestic matches are due to conditions within the domestic match trade.

*Reasons why foreign type safety matches are imported.*—The safety matches were invented in Sweden and the manufacture of these matches was principally developed in that country. It was based on the use of the European aspen wood, which has certain properties which make it very suitable for the manufacture of matches, and which wood was furthermore available at a low cost.



The matches were made with square sticks and as the aspen wood was very suitable for the manufacture of vincer boxes, the Swedish manufacturers developed and perfected the type of box which is still used for the foreign type of safety matches. The manufacture of safety matches later spread to other European countries which had an adequate supply of aspen wood, and all the manufacturers in these countries made their matches and boxes of exactly the same type as the Swedish matches.

The foreign type of safety match has therefore become very well known, and a large part of the consumers in many countries, including the United States, have become so used to them that they prefer them to any other type of match.

The American aspen is, from a botanical point of view, closely related to the European aspen, but the properties of its wood are not the same and it can not be used advantageously for the manufacture of matches. The only wood available in the United States that can be obtained at a reasonable cost and that is suitable for matches is white pine. This wood, however, can only be used to make strike-anywhere matches or safety matches of the American type, but it can not be used for the manufacture of foreign-type safety matches. As long as there is a demand from a certain part of the public for matches of foreign type, such matches will therefore have to be imported from abroad.

*Wages paid in the match factories in Sweden and the United States.*—The average daily wages in the Swedish factories are \$2.75 for men and \$1.60 for women. The match manufacturers in the United States state in their brief filed with the Ways and Means Committee of the House of Representatives that the average wages paid in their factories are \$4 per day for men and \$3 per day for women. About 50 per cent of the personnel in a match factory are men and 50 per cent women, and as the American labor must be at least as efficient as the Swedish labor, the labor cost in the United States could consequently not be more than 65 per cent higher than in Sweden.

Matches are essentially a machine-made product and the cost of labor comprises a very small part of the total manufacturing cost, approximately only 15 per cent. The so-called "foreign value" is equal to the total manufacturing cost plus the manufacturer's profit, which we estimate at 10 per cent. The labor cost would consequently be only 13½ per cent of the foreign value.

If the purpose of the import duty were to equalize the labor cost in the foreign country with the labor cost in the United States the duty should evidently be fixed at 65 per cent of 13½ per cent, or less than 9 per cent of the foreign value. The present import duty of 8 cents per gross, however, is equivalent to about 20 per cent of the foreign value and the proposed duty of 20 cents per gross would be equivalent to about 50 per cent of the foreign value.

*Total manufacturing cost in Sweden and in the United States.*—The chief raw material used in the manufacture of matches is wood. The aspen wood used in the manufacture of foreign-type safety matches is quite expensive nowadays and the cost of the same is considerably higher than the cost of the white pine used for the manufacture of matches in the United States. The cost of the other raw materials is insignificant compared to the total cost, and furthermore, the average cost of these raw materials is almost the same in the United States as it is in Sweden. As already mentioned, the cost of labor is considerably higher in the United States, but this is more than counterbalanced by the higher cost of the aspen wood as compared with the cost of white pine, and the total manufacturing cost is therefore not higher in the United States than in Sweden.

We have made a careful estimate of the cost of manufacturing matches in the United States, both of pine and of imported aspen wood. The list below shows this cost compared with our present manufacturing cost in Sweden. In these costs have been included depreciation, interest on working capital, and overhead expenses, and it has naturally been assumed that the factory in the United States would use machinery which is as efficient and up-to-date and as suitable for the manufacture of matches of the respective types as the machinery used in the Swedish factories.

| Country  | Manu-     | Freight and In- |       | Import | Total |
|--|-----------|-----------------|-------|--------|-------|
|  | facturing | surance         | duty  |        |       |
|  | Cents     | Cents           | Cents |        | Cents |
| Sweden (aspen sticks, wooden boxes).....                           | 38.8      | 3.6             | 8     |        | 50.4  |
| United States (pine sticks, cardboard boxes).....                  | 38.1      |                 |       |        | 38.1  |
| United States (imported aspen sticks, boxes of imported wood)..... | 40.7      |                 |       |        | 46.7  |

It is obvious from these figures that an import duty on matches is not justified. *Probable effect of an increased import duty.*—As mentioned above, there is no real competition between the foreign matches and the matches of domestic manufacture. The prices of one type have no relation to the prices of the other type but these prices move quite independently of each other. An increase in the import duty on matches and a resultant increase in the selling price of foreign matches would therefore have no effect on the selling price of the domestic matches and the situation of the domestic match manufacturers would not be improved by any such increase.

The present wholesale price in the United States for Swedish matches is 72 cents per gross, whereas the retail price is 10 cents per dozen, or \$1.20 per gross. This retail price leaves a margin of only 40 per cent to be divided between the wholesaler and the retailer, and as matches are a product with a very low value per each unit sold, this margin must be considered as very small. If the import duty is increased it is therefore almost certain that the retailers will increase their price to the consumers. It is very likely that they would use this opportunity to increase their margin of profit at the same time, and it is therefore probable that even a slight increase in the import duty will result in an increase in the retail price from 10 to 15 cents per dozen.

The only effect of an increased duty would consequently be that the consumers of safety matches would have to pay a considerable higher price and that the wholesalers and retailers would have a larger margin of profit than before, but the domestic match makers would derive no advantage from the change.

*Anomalies in the present and proposed tariffs.*—The duty on matches packed in boxes containing more than 100 matches is fixed at a certain amount per 1,000 matches. The duty on matches packed in boxes containing less than 100 matches is fixed at a certain figure per gross of boxes without other regard to the contents than that it should not exceed 100 matches. Consequently, a box containing 10 matches takes the same duty as a box containing 100 matches. This is obviously inequitable, and it would seem that the present group consisting of matches packed in boxes containing less than 100 matches should be divided into several groups and that the duty should be fixed according to a graduated scale in proportion to the contents.

Another inequity in the present and proposed tariffs is that book matches are not considered as ordinary matches but are included in the "fancy" match group. Book matches are a comparatively new product, but at present they are sold in very large quantities and constitute as large a part of the match trade in the United States as safety matches. As the proportion between the foreign and domestic manufacturing costs for book matches is approximately the same as for other matches, there seems to be no reason why they should not be included in the same schedule as other matches.

*Résumé.*—1. Although the imports of matches from Sweden to the United States form only an insignificant part of the match consumption in the latter country, they are nevertheless of quite great importance to the Swedish match manufacturing industry.

2. The total exports of matches to the United States from other countries than Sweden are also inconsequential compared with the total consumption in the United States.

3. Imported safety matches are not of the same type as the matches of domestic manufacture and do not compete with the latter.

4. The users of Swedish safety matches buy these by choice, and these matches are sold at considerably higher prices than any other matches.

5. Matches of the foreign type can not be manufactured in the United States, for lack of suitable raw materials.

6. The labor cost is only a small part of the total manufacturing cost for matches

7. A comparison between the manufacturing cost of matches in Sweden and in the United States does not justify an increase in the present rates of duties.

8. The existing domestic match manufacturers would derive no advantage from an increase in the import duty.

9. An increase in the import duty over the present rate would probably cause a very great increase in the retail prices for foreign type safety matches.

10. The present and proposed tariff schedules contain certain anomalies which seem inequitable.

Respectfully submitted.

SVENSKA TANDSTICKS ARTIEBOLAGET,  
IVAN KREUGER,  
By T. ATTERBERG, *President.*

DEPARTMENT OF STATE,  
Washington, July 5, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note, dated July 1, 1929, from the Swedish Minister, transmitting a memorandum from the Association of Swedish Granite Industries, concerning the proposed changes in rates of duty on rough granite.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

LEGATION OF SWEDEN,  
Washington, D. C., July 1, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State, etc., Washington, D. C.*

SIR: Acting upon instructions from my Government I have the honor to transmit herewith a memorandum prepared by the Association of Swedish Granite Industries, containing certain observations relative to the change in the rates of duty on rough granite proposed by the House of Representatives in H. R. 2667.

I should appreciate if through your excellency's good offices the views set forth in the attached memorandum could be brought to the notice of the Senate Finance Committee and receive due consideration, when the duty on rough granite is to be decided by Congress.

With renewed assurances of my highest consideration,  
I have the honor to remain, Sir,  
Your most obedient servant,

W. BOSTROM.

MEMORANDUM REGARDING THE RATES OF DUTY ON ROUGH GRANITE—PAR. 235  
(A)—PROPOSED BY THE HOUSE OF REPRESENTATIVES IN H. R. 2667

The duty on rough granite was 3 cents per cubic foot before the present duty of 15 cents per cubic foot went into effect by the tariff act of 1922. In the proposed tariff act of 1929 the rate for unmanufactured or rough granite is fixed at 25 cents per cubic foot.

Besides increasing the duty on rough granite from 15 to 25 cents, the wording of par. 235 (a) was changed in the proposed tariff act of 1929 as follows:

"Granite suitable for use as monumental, paving or building stone, not specially provided for, hewn, dressed, pointed, pitched, lined or polished, or otherwise manufactured, 60 per centum ad valorem; unmanufactured, or not dressed, pointed, pitched, lined, hewn or polished, 25 cents per cubic foot."

As a result of the proposed change the Swedish rough granite prepared for export in the usual way might be classified as manufactured and have to pay a duty of 60 per cent ad valorem, which would render exportation from Sweden impossible and be equivalent to an embargo on the importation to the United States of rough granite.

Foreign importations of rough granite to the United States constitute an infinitesimal fraction of local consumption. According to the figures published by the United States Tariff Commission the imports amount to 1½ per cent of domestic consumption.

The rough granite imported from Sweden is used mainly for ornamental purposes. No labor is performed on this rough granite at the point of the quarry other than to subject it to a sort of rough squaring, which is necessary in order to make the blocks suitable for shipping. Unless this squaring was done it would be practically impossible to ship the irregular pieces created by blasting. The squaring is also necessary to make the blocks measurable in order to meet the requirements of the American customs authorities in assessing the proper valuation of the article.

The process involved in squaring the blocks is an indispensable condition for their shipping and represents the lowest possible grade of preparation. Rough granite delivered in such blocks should under no circumstances be considered as partly manufactured. In the shape in which they are exported from Sweden they are not suitable for memorials or for monumental or building purposes.

The rough Swedish granite that thus enters the United States in a crude form has to be sawn, split, and hewn, as well as polished and carved, in the United States, a process which involves a great amount of work at the successive stages of manufacture. The granite is then usually delivered polished in order to meet the requirements of the customers. Aside from the rough squaring of the blocks all labor on the Swedish rough granite is consequently performed in the United States by American workmen.

By the insertion of the word "pitched" in par. 235 (a) as passed by the House of Representatives the difference between manufactured and unmanufactured granite has practically vanished. The said word has no clearly defined meaning in the trade, and the result is that the rough blocks which have been squared in order to make them suitable for shipment could be considered as "pitched" and, consequently, classified as manufactured granite, on which a duty of 60 per cent ad valorem shall be paid. This would mean that Swedish rough granite would be removed from the unmanufactured class and, as such, be subject to an import duty of 60 per cent ad valorem—an increase in the duty on rough granite of 1,500 per cent.

It should further be pointed out that the competition between imported Swedish granite and American granite is negligible. Approximately 50 per cent of the imported granite is Swedish black granite, which is used for monumental purposes by people of Jewish origin and faith, and for ornamental stone work for the beautification of modern American business buildings.

On account of the special and unusual quality of the Swedish granite the cost of it is, as a rule, greatly in excess of American granite and does not compete with American granite upon a cost basis.

The proposed duty on rough granite would practically mean an embargo on the importation of the article to the United States and would seriously affect the Swedish granite industry on account of its rather limited export facilities. This would, in turn, react unfavorably upon the trade balance between Sweden and the United States and tend to lessen the Swedish demand for American products.

ASSOCIATION OF SWEDISH GRANITE INDUSTRIES.

STOCKHOLM, June, 1929.

DEPARTMENT OF STATE,  
Washington, July 18, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note from the Swedish Minister, dated July 1, 1929, transmitting a memorandum concerning the proposed increase in rates of duty on glassware.

I have the honor to be, sir,  
Your obedient servant,

H. L. STIMSON.

LEGATION OF SWEDEN,  
Washington, D. C., July 1, 1929.

SIR: Acting upon instructions from my Government I have the honor to transmit here, with a memorandum prepared by the Swedish Association of Glass Industries, containing certain observations relative to the change in the rates of duty on glassware proposed by the House of Representatives in H. R. 2667.

I should appreciate if through your excellency's good offices the views set forth in the attached memorandum could be brought to the notice of the Senate Finance Committee and receive due consideration when the duty on glassware is to be decided by Congress.

With renewed assurances of my highest consideration, I have the honor to remain, sir,

Your most obedient servant,

W. BOSTROM.

MEMORANDUM CONCERNING THE INCREASE IN THE RATES OF DUTY ON GLASSWARE  
PROPOSED BY THE HOUSE OF REPRESENTATIVES IN H. R. 2667

Of the total importations of glassware into the United States Sweden furnishes only 5.4 per cent. The kind of glass imported from Sweden is of a very high quality, requiring the application of highly skilled labor, and should not be confused with the cheaper grades of glassware imported from other countries. It might be added that the wages of the workmen employed in the Swedish glass industry are the highest of any paid in similar industry in any other European country.

The Swedish glass can not be manufactured in the United States for technical reasons, and consequently there is no competition between the imported Swedish glass and the American product. We therefore feel that an increase in the rates of duty on the kind of glassware imported from Sweden would be of no benefit whatever to the American glass industry.

SWEDISH ASSOCIATION OF GLASS INDUSTRIES.

STOCKHOLM, June, 1929.

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## SWITZERLAND

DEPARTMENT OF STATE,  
Washington, June 18, 1929.

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching on tariff matters, I have the honor to inclose for your information a copy of a note dated June 10, 1929, with inclosures thereto, from the minister of Switzerland with regard to American-Swiss trade and the proposed duties affecting certain Swiss products.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, JR.,  
*Acting Secretary of State.*

LEGATION OF SWITZERLAND,  
*Washington, D. C., June 10, 1929.*

HON. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

SIR: It appears from the message of the President of the United States to Congress on the occasion of the opening of the present extra session that in determining changes in the tariff the broad interests of the country as a whole are to be taken into account, such interests including the trade relations of the United States with other countries. With reference to this view and acting upon instructions of the Swiss Federal Council, I beg leave to draw the kind attention of the American Government to the following circumstances:

Switzerland has made purchases in the United States in the year 1913 for 118,000,000 francs; in the year 1928 for 244,000,000 francs, and has exported to the United States merchandise in the value of 136,000,000 francs, in 1913, and 195,000,000 francs in 1928.

While before the war the trade balance was thus in favor of Switzerland, it is now at her disadvantage; furthermore, taking into account the depreciation of currency, the imports from the United States into Switzerland are considerably larger than before the war, while the exportation of Swiss products to the United States is below the pre-war level.

Per capita the Swiss population consume thirty times more American products than the American people consume Swiss merchandise.

This situation, already not very satisfactory for Switzerland, threatens to develop even more to her disadvantage should the tariff bill as now proposed in Congress become a law.

The bill in its present form contains enormous increases in duties affecting the two nationally and economically most important industries of Switzerland, to wit, the watch and the embroidery industries. The former provides the principal means of living for large districts of western and central Switzerland; the latter forms the main basis of existence for whole eastern Switzerland. Both industries participate in the exports to the United States to a high degree; both produce manufactures which are bought by the United States nearly exclusively in Switzerland. Of the total of imports of watches into the United States, Switzerland sends approximately 95 per cent, while her share in the importation of embroideries is over 60 per cent. The proposed increase in duties concerning these products would thus affect nearly exclusively Switzerland, injuring her industry very seriously.

It is not surprising, therefore, that the developments of this situation should be followed by the whole public opinion in Switzerland with deep concern. The people of Switzerland are in firm hope that the American authorities, fully aware of the necessities of world economics, prompted also by their wide understanding of the destinies of other nations, will see to it that provisions of the new bill, such as those alluded to, which are liable to disturb profoundly, though involuntarily, the present conditions, do not become law. As can be ascertained from the attached memoranda, submitted by the Swiss industries concerned, the American duties on watches and embroideries, even now very high, are increased in the new bill to an extent which would make them prohibitive, this in spite of the fact that the export of these goods already accuses an important regression

and continues to decrease. On the other side, and despite the importation of Swiss watches, the American watch-making industry has shown strong progress, enjoying an enviable prosperity. The Swiss costs of production, in part equal to the wages, being as a consequence of the sound currency among the highest in Europe, it seems scarcely possible, either, to allude to a "dumping" against which the American industry would have to seek protection in the form of prohibitive duties.

I venture to hope that the foregoing considerations may lead to a renewed and careful study of the question whether the tremendous increases proposed in the rates of duty concerning watches and embroideries, seriously impairing the Swiss national economy, are a real and unavoidable requisite for the safeguard of American general interests.

I avail myself of this opportunity to offer to you, sir, the renewed assurances of my highest consideration.

MARC PETER,  
*Minister of Switzerland.*

MEMORANDUM CONCERNING THE DUTY ON WATCHES AS PROPOSED IN THE TARIFF BILL NOW BEFORE THE CONGRESS OF THE UNITED STATES. SUBMITTED BY THE SWISS WATCH INDUSTRY

The importation of Swiss watch-making products into the United States is a most important factor of the very active commercial exchange between the two countries; its maintenance is essential, therefore, to the good economic relations between Switzerland and America, for the development of which a normal balance of trade is highly desirable.

Unfortunately, the tariff revision which the Congress of the United States has undertaken appears to take a course justifying, in this respect, serious concern. Prompted by the doubtlessly legitimate desire to protect American industry, this revision, judging from the bill recently passed by the House of Representatives, seems to go beyond its purpose and, indeed, threatens to exclude almost entirely from the American market the Swiss watch-making industry, vital as it is for Switzerland.

The rates of duty applied to watchmaking products by the tariff now in force are extremely high already, they afford to the American manufacturers, considering the purpose of the law, a more than sufficient protection even now. It is difficult to conceive why, under such circumstances, the tariff bill should nevertheless propose enormous increases which, as the annexed chart shows, would run up to more than 500 per cent.

It is not only because of the high rates foreseen that the new duties threaten to stop almost completely the imports of the Swiss watch-making industry, but also because of the new method of computation to be applied. This method, based on the size of the movement and the number of jewels and adjustments, is extremely complicated, very difficult of application and may become, for the Swiss exportation, a cause of uncertainty and constant conflicts. Furthermore, the new duties, which, by their very nature, affect especially the elements necessary to the good construction, precision, and long life of the watches, tend to deprive the American public of the articles of superior quality to which it is accustomed.

As an illustration of the apparently excessive and abnormal character of the proposed duties, mention can be made, for instance, of the duty of \$1 provided for each adjustment. This rate is, in itself, very high already, but in addition thereto every watch movement 1 inch or more in diameter and containing 15 or more jewels shall be considered to have at least three adjustments, even if it has none in fact. The additional duties affecting the jewels contained in the watches are quite as alarming; they amount to 20 cents for each jewel, while the average price of a jewel of high quality is 5 cents only and jewels, when imported separately, as for example by the American manufacturers, pay only 10 per cent ad valorem.

The application of quasiprohibitive duties is all the more difficult to understand as the American watch industry finds itself unable to satisfy the needs of the entire domestic market. Most of the Swiss watches differ in quality, as well as in kind, from the corresponding American products; this is especially the case with regard to the watch movements, their importation in great numbers contributing powerfully, in the meantime, to the development of the American manufacture of cases, bracelets, etc., destined to be assembled with the movements.

The Swiss watch industry tends thus to complete in a very useful way the domestic production, to the advantage of the consumer. The prosperity and very appreciable profits of the American watch industry are the best evidence of the fact that the protection sought for by the American Congress is already fully assured under the present tariff act.

The Swiss watch industry strongly hopes that the foregoing considerations may induce the American authorities concerned to undertake a complete revision of the proposed watch schedule, in the way of a simplification of the duty and a considerable reduction of the rates.

June, 1929.

*Illustrating how the new schedules threaten to affect a group of representative popular watch movements*

| Movements                                     | Present duty | Proposed duty                               |  |   |   | Proposed duty increase (percentage) |
|---|--------------|---|--|---|---|-------------------------------------|
|   |              | Movements $\frac{1}{10}$ of an inch or less | Movements more than $\frac{1}{10}$ of an inch but not more than $\frac{1}{8}$ inch | Movements more than $\frac{1}{8}$ of an inch but not more than 1 inch | Movements more than 1 $\frac{1}{2}$ inches but less than 1 $\frac{3}{4}$ inches |                                     |
| 6 Jewels, 2 adjustments.....                  | \$0.75       | \$4.75                                      | \$4.50   | \$4.00  |   | <i>Per cent</i><br>433-533          |
| 15 Jewels, 4 adjustments.....                 | 2.00         | 8.35  | 8.10   | 7.60  | \$7.10  | 255-317                             |
| 17 Jewels, 2 adjustments and temperature..... | 3.50         | 8.75  | 8.50   | 8.00  | 7.50  | 114-150                             |
| Basic duty.....                               |              | 2.50  | 2.25   | 1.75  | 1.25  |                                     |

**MEMORANDUM CONCERNING THE NEW DUTIES ON EMBROIDERIES AND EMBROIDERED HANDKERCHIEFS PROPOSED IN PARAGRAPH 1530 OF THE TARIFF BILL, SUBMITTED BY THE SWISS EMBROIDERY INDUSTRY**

Embroideries exported to United States of America, 1913, 52,000,000 francs (duty 60 per cent); 1921, 16,000,000 francs (duty 60 per cent); 1928, 2,000,000 francs (duty 75 per cent).

**PROPOSED NEW DUTY 90 PER CENT**

These figures show what strength the American embroidery industry has gained under the 60 per cent protection and that the 75 per cent have practically excluded the Swiss imports. The proposed 90 per cent will stop entirely the paltry import of about \$400,000.

Embroidered handkerchiefs, present duty, 75 per cent, exported to United States of America, 1928, 7,000,000 francs inclusive of lace handkerchiefs; proposed new duty, 4 cents each handkerchief and 40 per cent.

The ad valorem equivalents of such compound duty for articles of which a very restricted import was still possible under the 75 per cent protection, are between 83 and 92 1/2 per cent, according to quality.

The best retail selling prices are: 5, 10, 15, 25, 50, and 75 cents. The 5 and 10 cent article is all domestic and the 50 and 75 cent goods are comparatively of little importance. The Swiss imports are mostly in the 25-cent goods, which are the backbone of the entire handkerchief business, but also in this category no foreign manufacturer can, under the present 75 per cent tariff, compete with any efficiently equipped producer in the United States where the imported and domestic products are identical in style, design, and workmanship. However, the imported handkerchiefs are quite different in so far as novelty ideas are concerned and are also superior in workmanship and finish and for these reasons alone they are being sold in the United States. If they were, through any advance of duties, excluded from the market, the domestic manufacturer would



lose a valuable source of inspiration and his mass production would only tend to discredit the machine-embroidered handkerchiefs in the eyes of the consumer.

The chief competition to the domestic embroidered handkerchief emanates not from Switzerland but from the hand-embroidered Porto Rican handkerchiefs, which enter the United States free of duty. It is a cottage industry, progressing rapidly and is supported to a large extent by the domestic handkerchief manufacturers themselves, who send the plain handkerchiefs to Porto Rico to be embroidered there and returned to the United States, the same manufacturers who plead the cause of American labor. The imports of such handkerchiefs from Porto Rico amounted in 1927, according to figures supplied by the Department of Commerce, to \$1,236,821. This must exclude cost of cloth material and in many cases the final finishing and boxing charges, so that the total value of the finished product embroidered in and imported from Porto Rico would be about \$3,700,000 as compared with \$1,373,882 Swiss imports of embroidered and lace handkerchiefs together during the same period. This is the present underlying cause of the havoc wrought to the American industry of machine embroidered handkerchiefs, selling at the popular prices up to 25 cents inclusive.

Another important cause of the decline of the American machine embroidery industry lies in the abbreviation of ladies' wearing apparel, both outer and under, and in the fact that white underwear with embroidery is completely out of fashion. This has nothing to do with the import of embroidered handkerchiefs. The Swiss embroidery industry suffers probably more from this condition than the American. The number of hand-embroidery machines in Switzerland has been reduced from about 20,000 to 3,454 and of these only about 900 were pretty regularly working at the end of last year. The shuttle-embroidery machines have been reduced from about 6,000 to 2,751, only about half of these being now occupied. Even if, through excessive duties all machine-embroidered articles were entirely excluded from the American market, this would not help the American industry to any perceptible extent.

JUNE, 1929.

DEPARTMENT OF STATE,  
Washington, July 6, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: With reference to a letter addressed to you on June 18, 1929, transmitting a copy of a note from the Minister of Switzerland with regard to American-Swiss trade and the proposed duties affecting certain Swiss products, I have the honor to inclose a further communication from the minister on this subject.

I have the honor to be, sir,  
Your obedient servant,

W. J. CARR,  
*Acting Secretary of State.*

LEGATION OF SWITZERLAND,  
Washington, D. C., June 27, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

SIR: By note of the 10th instant I had the honor to draw your attention to the serious consequences which the revision of the American customs tariff, in case it should take place on the basis of the tariff bill now being considered by Congress, might have on the economic relations between Switzerland and the United States. On this occasion, I made special mention of the grave anxiety which the provisions of the tariff bill inspired to Swiss industries of capital importance such as the watch and embroidery industries. Memorandum submitted, by both industrial groups were attached to my note.

Numerous other Swiss manufacturers have, since then, appealed to the Swiss Federal Council, signaling their difficult situation in con-

nection with the tariff bill and requesting that it be brought to the knowledge of the American authorities.

Among the industries thus affected by the contemplated rate increases, the cotton manufacture is one of the most important. I am consequently instructed by my Government and beg to submit herewith a memorandum elaborated by the Swiss cotton manufacturers, with the request to kindly recommend its contents to the careful consideration of the American authorities especially concerned.

I have instruction, furthermore, to bring to your attention the following facts, interesting other Swiss industries, for which the new rates of duty are equally a matter of anxiety.

1. The increase of 10 per cent ad valorem, as foreseen in paragraph 1205 of the tariff bill for certain woven fabrics of silk would seriously affect the Swiss exportation of tie silks. The corresponding American industry does not seem to require additional protection; the conversion costs are, as a matter of fact, considerably higher in Switzerland than in any other other country, excepting the United States, and the present duty, in the conviction of the Swiss manufacturers, is already more than compensatory of the difference in the cost of production.

2. The rate of duty on ply spun silk yarn, advanced in paragraph 1202 of the new tariff bill from the present 45 per cent to 50 per cent ad valorem, is a cause of great concern to the Swiss spun silk manufacturers. The high rates of the present tariff have already eliminated the importations of single yarns and provoked a considerable drop in importations of ply yarns; a new increase would prevent these importations, to the detriment of an important Swiss industry, and it would deprive, at the same time, American manufacturers of a needed material, most of which is not spun in the United States.

3. The new rates affecting rayon manufactures, foreseen in Schedule 13 of the tariff bill, are a cause of considerable uneasiness among the Swiss manufacturers of artificial silk; they view them with concern, as any increase of the already highly protective duties would vitally affect their industry.

4. The Swiss manufacturers of electricity meters and kindred instruments have also informed the Swiss Government of the alarming character of the increases in the rates concerning these products. Classified under paragraph 368 of the tariff bill, electricity meters, which at present are subject to a duty of 45 per cent ad valorem, would see, under the new bill, this duty reach the enormous rate of 118.4 per cent. The Swiss manufacturers are of the opinion that domestic manufacturers of electricity meters do not require any additional protection to that given them by the law of 1922, as the imported instruments are sold at an average of 50 to 100 per cent higher than the domestic product.

Thanking you in advance for the steps you will be kind enough to take with a view to bringing the above considerations, as well as the attached memorandum to the knowledge of the appropriate American authorities, I venture to hope that the information thus conveyed may lead to a renewed and careful study of the rates concerned.

I avail myself of this opportunity to offer to you, sir, the renewed assurances of my highest consideration.

MARC. PETER,  
*Minister of Switzerland.*

MEMORANDUM CONCERNING THE NEW DUTIES ON COTTON MANUFACTURES PROPOSED IN SCHEDULE 9 (PARAGRAPHS 903, 904, AND 906). SUBMITTED BY THE SWISS COTTON MANUFACTURERS

Annual American production of cotton goods, 8,000,000,000 square yards; American export of cotton goods, 1927, 565,000,000 square yards; importation of cotton goods for 1927, 64,000,000 square yards. Therefore representing eight-tenths of 1 per cent of annual American production.

Importation from Switzerland for 1927: Batistes, organdies, 15,000,000 square yards; voiles, 900,000 square yards; dotted Swisses, 1,000,000 square yards; total, 17,000,000 square yards, or about one-fourth of total import. Present rate of duty, average 35 per cent; proposed new rate of duty, average 47½ per cent.

Value of Swiss imports of cotton goods, about \$2,500,000, 1927.

1. Total importations less than eight-tenths of 1 per cent of annual American production.

Total importations into the United States in 1927 amounted to 64,000,000 square yards or less than eight-tenths of 1 per cent of the American production.

2. Importations from Switzerland confined to specialties only representing one-quarter of entire importations.

The statistics show that importations from Switzerland in fine cotton cloth represent one-quarter of the total importations in the United States of countable cotton cloth. These importations are almost confined entirely to specialties, like Swiss organdies, Swiss lawns, Swiss voiles, and dotted Swisses which have been manufactured in Switzerland over more than a century, and the byword "Swiss" has been kept in high esteem by the consumer and has always been regarded as a guarantee for quality. There is hardly a woman in the United States who does not know and appreciate Swiss lawns or dotted Swisses, etc.

3. Disappearance of Swiss cotton specialties would be deplored by American consumer.

Inasmuch as importations from Switzerland are confined to just a few specialties, it is evident that these importations do not conflict with American production of cotton cloth. No doubt, the disappearance of Swiss lawns or dotted Swisses, etc., from the American market would be greatly deplored by the consumer.

4. The tariff of 1922 has effectively eliminated all importations of staple goods.

Statistics will show that the protection granted to the American manufacturer of cotton cloth in the tariff act of 1922 has proven to be very effective, eliminating staple goods entirely from importation into the United States.

5. Importations of cotton cloths negligible compared to enormous production in the United States.

As far as countable cotton cloth is concerned the importations are entirely limited to specialties or novelties and compared to the American production of 8,000,000,000 square yards per annum and an exportation of 565,000,000 square yards of American cotton goods, the importations from foreign sources of 64,000,000 square yards, must, therefore, be considered as negligible.

6. Importations of American raw cotton into Switzerland amounting to \$6,000,000 annually.

In the year of 1927, Switzerland has imported \$6,000,000 worth of American raw cotton. Most of these importations have been consumed by the Swiss cotton cloth manufacturers and a good portion was used in manufacturing these specialties, like dotted swisses, Swiss lawns, Swiss voiles, etc.

7. New proposed rates would increase average rate of duty from 35 per cent to 47½ per cent and more.

Under the Tariff Act of 1922, these importations of specialties from Switzerland, paid an average rate of duty of about 35 per cent ad valorem. The proposed new rates of duty will raise this average to beyond 47½ per cent ad valorem and items like dotted Swisses, for instance, would, under the proposed tariff, pay a rate of duty of 57½ per cent, in spite of the fact that there are no such hand looms in the United States of America to manufacture this kind of cloth.

8. Enforcement of new proposed rates would exclude Swiss specialties from the American market and would seriously affect importations of American raw cotton into Switzerland.

Should the proposed new rates be put in force, it would automatically exclude these specialties imported from Switzerland in the American market. This would be a serious blow to the Swiss manufacturers and also would curtail, to a serious extent, importations of American raw cotton into Switzerland.

## TURKEY

DEPARTMENT OF STATE,  
*Washington, June 18, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with all representations made by foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note, in translation, dated April 23, 1929, from the Turkish ambassador, with which the ambassador transmitted a statement by the Turkish Chambers of Commerce concerning articles imported into the United States from Turkey.

I have the honor to be, sir,

Your obedient servant,

J. REUBEN CLARK, Jr.,  
*Acting Secretary of State.*

[Translation]

EMBASSY OF THE TURKISH REPUBLIC,  
*Washington, April 23, 1929.*

HIS EXCELLENCY HENRY L. STIMSON,  
*Secretary of State.*

EXCELLENCY: On the occasion of the revision of the customs tariff by Congress, I have the honor to submit to your gracious attention, for any pertinent purpose, a statement of the expositions furnished by the Turkish chambers of commerce with respect to articles imported from my country.

I beg you to accept, excellency, the assurance of my highest consideration.

A. MOUHAR,  
*Ambassador of Turkey.*

## STATEMENT

The revision of the customs tariff, in the protectionist direction, suggests certain observations to Turkish exporters, for whom the chambers of commerce act as interpreter, being convinced that they are of interest to both Turkish production and that of the United States. In the last analysis, their thesis seems also to form part of a many-sided and complex question considered exclusively, if necessary, with respect to American interests. It is for this reason that these exporters believe it all the more advisable to submit their observations to the American legislator, as documentation intended to afford a wider perspective to his investigations.

The origin of the economic relations between the two countries goes back to the first half of the 17th century when, in particular, raw materials from New England were introduced into Turkey, and vice versa. This exchange has continued almost without interruption, varying in nature, according to the necessities of the times, chiefly characterized in our days by the industrialization of the United States, with all its international consequence. The question, accordingly, is one of protecting the development of time-honored relations which have already made the market of the two nations familiar through commercial activities, firmly established. Thus, just as the United States could not dispense with Turkish tobacco, for example, so Turkey could not do without American machines, without paralyzing the actuating force of these importations by measures which, in the very interest of the many advantages presumed from its maintenance, that motivation does not commend.

For, in case such negative intervention might supposedly profit such a class of productions in the United States, it would in principle be still much more prejudicial to economic relations between the two countries. Usually one less foreign article is one more obstacle to the common interest of the importer and of the exporter to spread, at the same time, the extent of their national prestige. In the Orient, this is even more true of the United States, the renown of which is augmented by these two rôles, since they are almost exclusively assumed by American nationals who are usually more enterprising.

Present and, even more, future circumstances deserve the care which should be mutually given this prestige, inasmuch as the natural wealth of Turkey may advantageously provide the United States with raw materials, without, however, injuring the development of native resources, and, on the contrary, American industry would find an extensive market in a young republic wherein radical reformatory measures urgently require the inception of a work of technical organization. This industry has too many advantages for it not to gain a privileged position in Turkey, with the power to extend toward the interior of Asia, if reciprocity of economic interests and the custom of commercial exchanges create a favorable atmosphere in the two countries. In such circumstances, it is all the more important to guard the growth of that industry since the latter has not yet been able to take the impetus of which it is capable in these slightly industrialized regions, where technology is likely to be developed from one day to the next.

If one leaves these general views to get to the very bottom of the matter, it must be noticed that the importation of Turkish commodities is not of advantage for the original producers only, but also for the American intermediaries. Because American initiative, represented in Turkey by all kinds of prosperous firms, dispenses with the intervention of local merchants. It is often the only beneficiary of the progressive increase in prices from the costs of purchase on the spot to those of consumption in the United States. In this sense, it is accurate to say that every transfer of merchandise involves American interests in the greater degree. Furthermore, these same commodities are indispensable in transatlantic industry, such as the tobacco used in the manufacture of cigarettes, or figs used by makers of cakes and biscuits. In some cases the imported articles create a sort of semi-industry as, for example, the cleaning and washing of rugs after their importation.

But a still more forceful argument can be summoned, if it is considered that in view of the difference in their quality and use, these materials do not compete with native products, and that they are far from being able to injure them. Imports from Turkey consist principally in dried fruits, tobacco, wool and mohair, liquorice, entrails, dry hides, animal skins and rugs. Of these articles, tobacco, dried figs, and rugs are the only ones occupying an important position, such as merits the trouble of giving them attention and particularly in the case of the last two which, it appears, are the object of a controversy in commercial circles. In such spheres there is no serious complaint against the importation of tobacco the use of which by manufacturers together with the Virginia products is admitted as an axiom.

That is as it should be. But, therefore, this principle of industrial utilization ought likewise argue in favor of figs of Turkish origin, about whose competition the farmers of California are unexpectedly concerned. Besides the enormous advantage which the latter secure from the consumption of their fruits in the fresh state in the interior, and which already forms a powerful and exclusive impetus for their production of figs, they enjoy the benefit of a better market for their dried products. The price of these varies between 7½ and 15 cents, while the price of the same article coming from Turkey is from 13 to 22 cents a pound. If this difference of about one-third more does not keep out the foreign product, it is because it offers different qualities, which are due to peculiarities of soil and climate. Figs from Smyrna are, as a matter of fact, firmer, more savory, and have a thinner skin than those from California, only two species of which, furthermore, called Adriatic and Kalimirnia, may give rise to any thought of such parallel. Hence the necessity for factories concerned to use the Turkish product and to be interested in it to the point of wanting to assist it by their own means. Accordingly, and for that purpose, the National Biscuit Co., on its own account, sent some agriculturists and specialists into the Smyrna region last year. It would, therefore, be inexpedient to deprive American industry, through increased assessments, of such a useful product which local products can not replace, as in the case of Turkish tobacco [figs] falling in the same category, from the point of view of the manufacturer. As regards its direct consumption, there is only a

very small part so absorbed, the native products keeping it in check everywhere possible, because of the great difference in prices, which amount to from 15 to 22 cents for the former and always stay from 7½ to 15 cents for the latter. Another measure which is not less favorable to California is the agricultural law which, tolerating the presence of worms in dried fruits up to a certain percentage, must operate against such products in proportion to the distance they come (and) as the insects inevitably multiply with time.

These difficulties likewise having an effect on the ordinary consumption of figs imported from Turkey, it can be said that generally speaking they are material for manufacture or rare delicacies in comparison with the products of California with which they do not compete because of their different uses. The western cultivators were only recently delighted with the agricultural law, desiring the benefit for themselves in the conditions outlined above, but they were soon disappointed when they found that their own totals fell by 4,000,000 pounds in 1926-27 on account of its application. It is to be feared that at present an inordinate protectionist policy will only lead to a disillusionment of the same kind by disaccustoming the public to this fruit, through lack of savory qualities, or that it will only result in burdening the consumer, who in spite of everything is fond of the imported product.

These are considerations of a practical kind against which competitors would be in the wrong in invoking statistical data which are a mirage. Here are statistics in round figures, as drawn from American sources:

|           | General imports | Imports from Turkey | Native products |
|-----------|-----------------|---------------------|-----------------|
|           | <i>Pounds</i>   | <i>Pounds</i>       | <i>Pounds</i>   |
| 1925..... | 46,000,000      | 21,740,000          | 19,200,000      |
| 1926..... | 43,000,000      | 22,390,000          | 22,700,000      |
| 1927..... | 31,000,000      | 18,470,000          | 74,000,000      |
| 1928..... | 38,700,000      | ( <sup>1</sup> )    | 20,000,000      |

<sup>1</sup> Not yet determined.

At first view, it appears that native production increases in proportion as imports fall and vice versa. However, this comparison is far from being conclusive in favor of a protectionist system, since it involves no thought of correlation by a curve drawn according to increases and decreases. If from 1925 to 1926 the native growers seem to benefit by a surplus approximately equal to the loss to the importers, the former disposing of 3,000,000 more, the latter of 3,500,000 less, this equilibrium is quickly disturbed in the following years, the difference reaching from 1926 to 1927, 1,300,000 more and 12,000,000 less, respectively, and in 1927 to 1928, it reverses, being 4,000,000 less and 7,700,000 more. Strictly speaking, the only possible conclusion to be drawn from these capricious fluctuations in support of the foregoing statements is that the two classes of products do not fill the same need. It is further to be noted that figs of Turkish origin, forming about half of the general imports, increase together with the California products from 1925 to 1926. The abnormal deviation which occurred the following year is probably the result of putting the agricultural law into effect.

As regards rugs, the same observations apply to them with still more emphatic accuracy. The following tables refer to recent years:

|                               | Total cost    | Yards      | Cost per yard |
|-------------------------------|---------------|------------|---------------|
| <b>Domestic manufactures:</b> |               |            |               |
| 1923.....                     | \$199,480,623 | 83,242,663 | \$2.39        |
| 1925.....                     | 188,902,890   | 72,100,609 | 2.62          |
| 1927.....                     | 161,478,044   | 65,658,740 | 2.45          |
| <b>Imports:</b>               |               |            |               |
| 1923.....                     | 11,882,294    | 2,144,818  | 5.54          |
| 1925.....                     | 16,013,148    | 2,152,507  | 7.43          |
| 1927.....                     | 19,218,785    | 2,437,632  | 7.88          |
| <b>Turkish imports:</b>       |               |            |               |
| 1927.....                     | 2,788,400     | 384,600    | 7.26          |

Thus, the last year, the domestic manufacture, three times cheaper, was worth eight and produced twenty-seven times more, these two last coefficients having to be doubled for comparison with oriental rugs which represent about half of the general imports, and carried to fifty-eight times and two-hundred times more as regards rugs properly Turkish. Further, it is to be noted that the price per yard fixed for the imported articles is open to a substantial increase after importation through the addition of the expenses of cleaning and washing.

These considerable differences in favor of American manufacture clearly prove that it is, in the first place, too powerful to fear foreign competition and that, further, it fills a very different need. As a matter of fact, the two articles having nothing in common but their name—one being an article of necessity, the other being one of fancy, of luxury.

It may be noted here that the fall of one parallels the rise of the other. Nevertheless, the absence of proportion between this double movement excludes any possibility of an antinomy which might be brought up as a protectionist argument. A difference of about \$10,000,000 and yards less appears between the figures for 1923 and 1925 and, between 1925 and 1927, \$27,000,000 and 6,500,000 yards, it being understood that the figures are always declining. The corresponding increase in imports from 1923 to 1925 is only \$4,000,000 without variation in the number of meters, and between 1925 and 1927, \$3,000,000 and 385,000 yards. Thus 10,000,000 less as against 4,000,000 more and 27,000,000 less as against 3,000,000 more are figures which can not be bound by any relationship. If the appreciable decline of the American textile from year to year is further noted, it must be concluded that it is due to a condition of saturation explainable by the limitations of domestic use, always more completely satisfied, or to the competition of domestic products for the same use, such as linoleum or mats. In any case, oriental rugs are, comparatively speaking, objects of art which have nothing to do therewith.

## URUGUAY

DEPARTMENT OF STATE,  
*Washington, June 18, 1922*

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching on tariff matters, I have the honor to inclose for your information a copy of a note dated June 8, 1929, from the Minister of Uruguay, with regard to trade relations between the United States and Uruguay.

I have the honor to be, sir,  
Your obedient servant,

J. REUBEN CLARK, JR.,  
*Acting Secretary of State.*

LEGACIÓN DEL URUGUAY,  
*Washington, D. C., June 8, 1929.*

Hon. HENRY L. STIMSON,  
*Secretary of State, Washington.*

MY DEAR MR. SECRETARY: With reference to our conversation on Thursday, and following your kind suggestion, I have the honor to inclose an "aide memoire," briefly stating the observations and facts mentioned in our meeting in connection with the projected tariff bill.

Thanking you for the interest in the matter, I remain, my dear Mr. Stimson, with my highest esteem,

Very sincerely yours,

J. VARELA.

## LECACIÓN DEL URUGUAY, WASHINGTON, D. C.

## AIDE MEMOIRE

A notable result of the World War has been the increased trade intercourse between the United States and Latin America. From a place far below its competitors, the United States rose to first place in the goods imported by Uruguay. In 1927, Uruguay purchased in this country \$25,060,001. In 1928 the amount of merchandise bought in the United States increased to \$26,016,798, more than 25 per cent of all the Uruguayan imports, by far much more than in any competitive country.

A few items of goods purchased in the United States by Uruguay in 1928 follow:

|  | Number      | Value       |
|--|-------------|-------------|
| Tires, automobile casings.....               | 34, 657     | 418, 429    |
| Cotton yarn not combed.....pounds.           | 1, 004, 017 | 347, 591    |
| Combed yarn.....do.                          | 284, 954    | 235, 545    |
| Hosiery.....dozen.                           | 58, 239     | 100, 465    |
| Wood:  |             |             |
| Southern pine.....feet..                     | 23, 006     | 899, 910    |
| Oak.....do.                                  | 2, 711      | 250, 628    |
| Gasoline.....barrels..                       | 405, 875    | 3, 136, 142 |
| Kerosene.....do.                             | 180, 732    | 1, 313, 730 |
| Iron and steel, semimanufactured.....pounds. | 9, 686, 780 | 400, 968    |
| Agricultural machinery, tractors.....        | 319         | 309, 593    |
| Automobiles:                                 |             |             |
| Motor trucks and busses.....                 | 1, 553      | 1, 039, 657 |
| Passenger cars.....                          | 5, 665      | 3, 764, 455 |
| Automobile parts.....                        |             | 665, 082    |

Uruguayan exports to the United States were \$10,894,565, in 1927; and \$11,737,009, in 1928. The result is highly unfavorable to Uruguay, the balance of trade against Uruguay being \$14,279,789 in 1928. The invisible items, too, militate against Uruguay, which is still an interest paying country. Interest and sinking fund of the external debt, profits of foreign enterprises established in Uruguay, ocean freights, expenses of tourists abroad, remittances by immigrants resident in Uruguay, etc., bear heavily upon the Uruguayan debit. In large proportion, the above mentioned items constitute profits for the United States, where we have placed important loans and where are received the profits of the packing houses and other American concerns established in Uruguay.

It is said that international commerce is triangular, and Uruguay, therefore, may purchase here and sell its products elsewhere. The theory is attractive, perhaps true in certain instances; but it is not applicable to our situation. Uruguay has intensified its efforts to increase the selling of its products in Europe and elsewhere, but the net result is an unfavorable balance of trade. The last published statistics in this country (Foreign Trade Series, No. 54, Uruguay, The Pan American Union, 1929) read as follows:

Total imports in Uruguay in 1927 (real values as distinguished from the tariff values)..... \$106, 469, 000  
 Total exports from Uruguay to foreign countries..... 96, 418, 000

Balance against Uruguay in its whole foreign trade more than 10,000,000 Uruguayan gold pesos (1 peso equal to 1.0342, par value United States currency) according to the figures published and as estimated by the Pan American Union.

The balance of payments as already stated is even more unfavorable, on account of the invisible factors referred to before.

In the circumstances, the great and rich market of the United States was naturally looked upon as promising. The interest of this country in an enlarged foreign commerce, owing to its gigantic production is self-evident. Therefore, the mutual advantages in promoting intercourse were so apparent that the future appeared very encouraging. The memorable visit of the Hon. Herbert Hoover to South America gave great impetus to the plans of increasing trade and intercourse for the mutual benefit. Other imponderables bear on the situation, but more trade will bring more friendship and closer relations.

The expansion of American civilization and standards in South America have been to the real advantage of the people concerned. It will bring prosperity



everywhere and the probability of enlarged markets for the products of the United States. Prosperous rich countries of unlimited possibilities may be very important customers in the near future. The dry numbers of present statistics do not reveal the whole truth. There are imponderables to be considered, the possibilities of to-morrow.

The projected tariff is not helpful. If the increased duties on wool, meats and hides are finally enacted, Uruguay will be forced, not as a deliberate decision, but as an inevitable result of its diminishing purchasing power, to curtail materially, its buying of automobiles, gasoline, agricultural machinery, lumber, iron, cotton, fruits, etc., in the United States.

It seems that the perspectives are similar in several other Latin American markets.

Any action that the department may take toward moderating the mentioned difficulties in trade intercourse, will represent a measure of constructive Pan-Americanism.



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# SUPPLEMENT



## ARGENTINE REPUBLIC

DEPARTMENT OF STATE,  
*Washington, August 20, 1929.*

The Hon. REED SMOOT,  
*United States Senate.*

MY DEAR SENATOR SMOOT: I inclose for your information a communication, dated July 12, 1929, from the Asociacion Nacional de Agricultura, of Buenos Aires, Argentine Republic, with regard to tariff. The Vice President has referred this communication to me with the suggestion that it should be sent to your committee through this department.

Sincerely yours,

HENRY L. STIMSON.

ASOCIACION NACIONAL DE AGRICULTURA,  
SARMIENTO 385 DIRECCION TELEFÓNICA Y TELEGRÁFICA "RETIRO 2507,"  
*Buenos Aires, of July 12th, 1929.*

*To the honorable Senate of the United States of America, Washington.*

DEAR SIR: The pending menace to world's economy, contained in the extraordinary rise of your country's tariffs, affects very seriously our farming produce.

Although our Government has not joined into the general protest, this doesn't mean that the population of our country is indifferent to your intentions.

We know that Argentine produce are responsible to a great extent for the disorder in prices ruling on the world's markets, as they were manipulated up to the present time by concerns, bar of any interest in their value and in an orderly marketing of same.

There is a strong movement spreading throughout our country aiming at a permanent orderly marketing of all produce.

Your President Hoover on the occasion of his visit here was informed of this, and that much more could be awaited in benefit of your own and our farmers from an organized marketing than from vexing high tariffs.

Your relief law, duly handled by able men, soon will find the way to distribute any surplus, where people in need, gladly will absorb same.

It struck our attention to know of big districts in China and Russia being close on to starvation, and on the other hand China wanting 100,000 kilometers of railways and everything else modern life requires.

These enormous fields for your active men's abilities offer the solution to what is preoccupying us all.

Please consider that the ill feeling all over the farming population will reflect itself in the very instant each individual has to decide on a purchase.

It is most important to you to know that other industrial countries are preparing to take advantage of what you are causing in a population, accustomed to use only American machinery, motors, trucks, and so on.

Let orderly marketing be the lead in your decisions and give world's economy a chance to settle in a friendly way difficulties of intercourse, instead of declaring an economical war by your tariff scheme.

Most sincerely,

JORGE TEWES,  
*President.*

## AUSTRIA

DEPARTMENT OF STATE,  
Washington, August 22, 1929.

The Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I inclose for your information a copy of note No. 1875/84, dated August 16, 1929, from the Austrian Legation concerning allegedly incorrect figures submitted to the Senate Finance Committee in support of a motion for higher paper tariffs.

Very truly yours,

J. P. COTTON,  
*Acting Secretary of State.*

AUSTRIAN LEGATION,  
Washington, D. C., August 16, 1929.

His Excellency Mr. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

EXCELLENCY: The Association of Austrian Paper Manufacturers has through the Austrian Chambers of Commerce called the attention of this legation to certain allegedly incorrect figures submitted to the Senate Finance Committee in support of a motion for higher paper tariffs. The actual volume of domestic, (American), production is, according to the statement of said association, much higher than the figure appearing in the pertaining reports, while the actual amount of foreign imports into the United States is considerably lower than the figures submitted to the Ways and Means and Finance Committee.

Based on authentic figures the paper imports from foreign countries amount to merely 5 per cent of the output of domestic manufacture.

The advantage of lower costs of production in Europe, respectively Austria, is restricted to handmade and fancy paper, which is very little, if any, produced in this country, while the qualities chiefly manufactured in the United States in mass production can beat foreign competition not only in this country but even in the home markets of the said competitors.

It is the opinion of the Austrian paper manufacturers that the influx of foreign ware had a stimulating effect on the American paper industry and that a considerable raise of duties as proposed in the new bill would be hardship on foreign, respectively, Austrian exporters without benefiting American domestic industry.

I have the honor to bring the above-outlined representations of Austrian Paper Manufacturers to Your Excellency's attention for further discretionary use.

In doing so I wish to emphasize utter lack of intention of the part of this legation to interfere with internal legislative measures. I am fully aware of the fact that Congress can not be called upon to concern itself in interests of foreign manufacturers. But as the impression prevails, that no changes in the tariff are contemplated beyond those required for the protection of American interests, we feel such repre-

sentations may be accepted in good grace as additional information to be used in legislative deliberations.

Accept, Excellency, the renewed assurances of my highest consideration.

EDGAR PROCHNIK.

DEPARTMENT OF STATE,  
*Washington, August 30, 1929.*

HON. REED SMOOT,  
*Chairman, Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this Department with all representations made by foreign governments to this Government touching tariff questions, there is inclosed for your information a copy of note No. 1968/84, dated August 24, 1929, from the minister of Austria, submitting representations made by the Association of Austrian Paper Manufacturers.

Very truly yours,

W. R. CASTLE, JR.,  
*Acting Secretary of State.*

AUSTRIAN LEGATION,  
*Washington, D. C., August 24, 1929.*

His Excellency, Mr. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

EXCELLENCY: In pursuance of my note dated August 16, I have the honor to submit to Your Excellency more detailed representations raised by the Association of Austrian Paper Manufacturers as to depositions made at the hearings before the Ways and Means Committee.

According to official import statistics of the year 1928 the volume of imports "papeteries," (this is the particular article chiefly concerned in Austrian paper exports), amounted to \$740,000, while American production reached the total of \$15,000,000 as conceded by manufacturers at the hearings, and of \$18,000,000 according to statistics.

The proportion between import and home production is, therefore, 5 per cent, and not 10 per cent, as stated by Mr. White before the committee.

It is obvious that such a small percentage of importation, (in which Austria shares with 1½ per cent), can by no means endanger American papeteries industry, which produces also writing paper after Austrian and French pattern by machine in quantities enabling the exportation and competition of American-made Vienna and Paris paper in almost all foreign markets not excluding France and Austria.

The manufacturers of papeteries stated before the Ways and Means Committee that their articles are fancy—respectively luxury goods chiefly bought by women. Foreign imports, therefore, must increase the variety of selection and stimulate thereby the sales.

From these two last-mentioned viewpoints, Austrian imports had some beneficial effect on American paper trade.

The paper goods referred to in this note are chiefly handmade and, therefore, constitute an article which hardly falls into scope of domestic industrial expansion.

It is our sincere belief that an increase of duty on papeteries is in no way imperative in regard to adequate protection of the pertaining American industry, while it is apt to eliminate Austrian trade with the United States in this article, which although very modest, (\$120,000 to \$150,000), is almost a life question for the paper industry of Austria.

Your Excellency would greatly oblige me by bringing the aforesaid to the attention of the appropriate authorities.

Accept, Excellency, the renewed assurances of my highest consideration.

EDGAR PROCHNIK.

## BELGIUM

DEPARTMENT OF STATE,  
*Washington, August 13, 1929.*

Hon. REED SMOOT,  
*Chairman Finance Committee,  
United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications with regard to the tariff received by this Government from foreign Governments, there is inclosed for your information a copy of a note, dated August 2, 1929, with inclosures, from the Belgian ambassador, the inclosures to this note being statements from Belgian manufacturers of commodities affected by the tariff.

Very truly yours,

J. P. COTTON,  
*Acting Secretary of State.*

WASHINGTON, August 2, 1929.

The honorable the SECRETARY OF STATE,  
*Department of State, Washington.*

SIR: Referring to my previous communications in regard to the proposed Hawley tariff bill, I beg to inclose herewith four statements from Belgian manufacturers which my Government has instructed me to forward to you for the consideration of your Government.

I avail myself of this opportunity, sir, to renew to Your Excellency the assurance of my highest consideration.

PRINCE DE LIGNE,  
*Belgian Ambassador.*

USINES PETERS LACROIX S. A.

HAREN—VITRAUPHANIE—DECALCOMANIE

FRIDAY, JULY 12, 1929.

With reference to your letter of the 10th instant "Direction B. Section A. C. in reply to our lines of 3d ditto, we beg to confirm that we are in connection with the United States since several years for the sale of transparencies printed lithographically and called Belgian Signs.

Similar articles, of course, are made in the United States at lower prices and we had to make large sacrifices before we succeeded in getting our customers.

In spite of this, our prices remain still dearer than those of our American competitors, and when we get the preference it is only on account of our quality and finishing.



Our profit is thus very narrow, and if the new custom duty, which calls for 40 per cent ad valorem in not more than five printings and 50 per cent ad valorem over five, should be applied we would be not longer in a position to quote acceptable prices.

By the way, we beg to observe that while the American tariff requires 50 per cent ad valorem, similar articles can be imported into Belgium at 750 fr. per 100Kos which represents not more than 3 per cent ad valorem.

DIVISION CHROMOS-VITRAUX

*Le Directeur*

S. A. "CACAO-CHOCOLAT KIVOU"

105 CHEE DE LOUVAIN-VILVORDE.

*Vilvorde, July 15, 1929.*

The Belgian Chocolate and Confectionery Industry is doing a regular and interesting export trade with the United States of America. The articles that American buyers import from our market are particularly all fancy novelties in foil, the labor in America being too dear to afford manufacturing of them.

The big and important bulk trade of chocolate in the United States of America is exclusively in the hands of the American manufacturers, who have their factories organized and fitted in such a modern manner, that all competition from elsewhere is excluded.

At no time, during the last 10 years the importations of chocolate and cocoa have been more than 1 per cent of the value of chocolate and cocoa manufactured in the United States. In other words it has always been very trivial compared to domestic manufacture.

For us that small percentage of trade with the United States is very important and it is easily understood that if the duty should be increased from 17½ per cent to 40 per cent, as it is proposed in the new tariff law, such increase will have practically, as consequence to eliminate entirely the business.

There will not be any of the American chocolate manufacturers who will have an advantage of those facts, they are themselves in the impossibility to manufacture the articles that we are used to export to the United States. The only consequence will be that the American public will not find any of those articles, or that prices will be so high that it will be impossible to buy them.

We hope that these reasons may induce the authorities of the United States to make a serious reduction in the new proposed tariff of 40 per cent and if not maintaining the old 17½ per cent rate, to stay something closer to it.

S. A. CACAO-CHOCOLAT "KIVOU".

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#### SUPPLEMENTARY NOTE OF MANUFACTURERS OF FLAX

Under the present tariff schedule, fabrics of flax weighing less than 4½ ounces to the square yard are subject to an import duty of 35 per cent ad valorem, (fabrics of flax of other categories being subject to still higher rates of duty).

According to the new paragraph 1011 of the proposed tariff bill, only fabric weighing less than 4 ounces per square yard will be subject to this lower rate.

Fabrics of flax weighing between 4 ounces and 4½ ounces to the square yard will, therefore, be taxed at the rate of 40 per cent under paragraph 1010 if their width exceeds 36 inches, or at the rate of 55 per cent under paragraph 1009 A if their width is less and the number of threads to the square inch is less than 100.

#### BELGIAN BRICKS

The first exportations of bricks from Belgium to the United States took place in the year 1925, and owing to the efforts of the Belgian producers Belgian bricks were soon well known on the New York market.

In 1926 the United States restrained the brick importation by compelling the exporters to put on every brick having the American size the mark of origin; this rule affected Belgium chiefly, her brick being of American size.

Today the new proposed tariff bill contemplates a duty of \$1.25 per thousand bricks. There is no doubt that a \$1.25 duty would completely stop Belgian exportations to the United States. The cost of a thousand bricks on docks in Antwerp amounts to about \$4.30 or \$4.65, and the freight per thousand is from \$6 to \$6.50, thus bringing the minimum cost on the New York docks, without any other charges or profit, to \$10.30. At the present time it is possible to get

American bricks in New York at a cost of \$10.50 or \$11 in the same conditions as the Belgian bricks.

The Belgian brick industry should not, indeed, have complained if the duty was necessary in order to establish fair competition, but the reasons submitted to the Ways and Means Committee by the American industry were based on statements which seem to us misleading and erroneous. Among the reasons alleged were:

1. That the Belgian brick is made of cheap low-grade material.
2. That the Belgian exportations into the United States were practically unlimited, and could reach 87 per cent of the United States brick markets.
3. That the introduction of Belgian bricks causes a lack of work for a great number of American brickmakers.
4. That the cost of Belgian brick is small and prevents fair competition, and that this small cost is the result of cheap labor or of cheap transportations as ballast.
5. That price of Belgian bricks is from \$1 to \$1.50 cheaper than American bricks.
6. That for the above-mentioned reasons the Belgian exports affect the standard of life of American brickmakers and also the profits of brick manufacturers.

In response to the foregoing allegations the Belgian brickmakers state that—

1. The characterization of the Belgian brick as "a cheap low-grade material" was made at a meeting of the Ways and Means Committee on January 10, 1929. However, tests were made at the Columbia University in New York, and the result showed that the Belgian brick not only reached but far exceeded the specifications of the American Society for Testing Material for high-quality bricks.

2. The American brickmakers claim that the importations of Belgian bricks into the United States could reach 500,000,000 bricks. This statement does not take into consideration the capacity of production of the Belgian brickworks, nor does it take into consideration the fact that the Belgian brick manufacturers are able to reserve only a limited quantity of their production for the American market. The total importation of bricks received by the United States has been only a few hundred millions, in which the Belgian share was as follows:

|  | 1924          | 1925          | 1926          | 1927          | 1928          |
|--|---------------|---------------|---------------|---------------|---------------|
| Total output in the United States          | 7,159,000,000 | 7,562,000,000 | 7,520,000,000 | 7,627,000,000 | .....         |
| Consumption at New York                    | 981,000,000   | 1,034,909,000 | 1,314,000,000 | 1,280,000,000 | 1,296,000,000 |
| Importations of Belgian bricks             | .....         | 44,597,000    | 60,007,000    | 78,180,000    | 60,153,000    |
| Percentage of total production, (per cent) | .....         | 0.58          | 0.80          | 1.01          | .....         |
| Percentage of consumption, (per cent)      | .....         | 4.30          | 4.63          | 6.10          | 4.64          |

Average: 0.8 per cent of the total output of the United States; 4.93 per cent of the New York consumption, most of the Belgian brick being consumed in New York.

It has been said that the Belgian brick could reach, by waterway, 87 per cent of the American markets, and that it could be sold at a low price, preventing competition in such interior markets as Chicago, St. Louis, Minneapolis, and the great cities of the Central West. But freight rates which burden Belgian brick and which represent, in the case of New York, more than 50 per cent of the price, make such a prospect impossible, especially as the price of American bricks in other markets are inferior to the price of the Belgian bricks in New York.

In Chicago, the cost of American brick was, in 1926, around \$8.72 a thousand. At such rates, the markets of Chicago, St. Louis, and Minneapolis are prohibited markets for the Belgian bricks. On the other hand, the limited quantity of Belgian bricks available for export to the United States does not make it possible to reach all American markets as the New York market alone, (where Belgian bricks amount to only 4.93 per cent of the local consumption), is capable of consuming with ease such additional Belgian bricks as may be available for export.

3. The importation of Belgian bricks does not take work away from American brickmakers. Indeed the 78,180,000 bricks imported in the United States in 1927 represents only the work of 260 men working 300 days. The average production of an American worker, being 1,000 bricks a day, we obtain

$$\frac{78,180,000}{1,000 \times 300} = 260$$

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4. The cost of Belgian brick does not prevent competition. The cost per thousand Belgian bricks is not \$7, as stated before the Ways and Means Committee, but \$10.30, minimum—cost and freight. The cost of the Belgian brick is not the result of a small percentage of labor per thousand bricks. It was said that the cost of labor in Belgium amounted to between \$0.78 and \$1.14 per thousand bricks. But the Belgian producers affirm that the making of bricks in Belgian factories requires an average of two days' labor at the rate of \$1.50 per day, or \$3 per 1,000 bricks.

It has been alleged, too, that bricks were imported as ballast. As a matter of fact in 1925 to 1927 the freight was \$6.50 per 1,000 bricks, and \$6 in 1928. This rate has been confirmed by the conference of the shipping lines of North America, to which the American lines belong.

5. As to the allegation that Belgian bricks are sold in the American market at a price from \$1 to \$1.50 lower than the American bricks, it appears from a statement of the Belgian exporters that 90 per cent of the total imports of brick into the United States was handled through the Fimacor Corporation of New York, and that although bricks were quoted on the New York market as low as \$10.50 to \$11 per thousand, the Fimacor Corporation consistently maintained a higher price and that no Belgian bricks were ever sold at as low prices as those above mentioned.

It was represented to the Ways and Means Committee that the importation of Belgian brick was the only cause of the low prices prevailing in the brick market. As a matter of fact, this situation is the direct result of the increased American production and of competition between American manufacturers.

6. The importations of Belgian bricks have not affected the standard of life of the American brickmakers; the statistics of the Department of Commerce show that the wages have increased, that the number of workers has also increased, and that the production has itself increased. The proposed measure voted by the House in the new tariff bill, i. e., a duty of \$1.25, would prevent entirely the introduction of Belgian bricks into the United States. It means for Belgian producers the loss of a market of about 60,000,000 bricks of American size or about 100,000,000 bricks of the size called "boom." Those quantities of bricks represent more than 20,000,000 francs in the commercial budget of Belgium, a loss for brick factories, and shipping, also a danger for the Belgian market. It is to be noted that the Ways and Means Committee did not accept the representations of American producers, and instead of a duty of \$5.25, as asked by certain American interests, put a duty of \$1.25 per thousand bricks. The magazine Brick and Clay Record, volume 74, No. 11, May 21, 1929, quotes as follows Mr. Stoddard, manager of the Common Brick Manufacturers Association of America: "Hudson River brick manufacturers expressed themselves as satisfied with the \$1.25 per 1,000 duty which is proposed by the Ways and Means Committee. While this rate is generally looked upon as very moderate protection, it is conceded that the main object after all is to get brick off the free list, so as to make it possible for the industry to properly defend itself against dumping under the flexible provisions."

It is evident that the "flexible tariff provisions" which they also seek would enable them eventually to obtain the rate which they desire.

DEPARTMENT OF STATE,  
Washington, August 16, 1929.

The Hon. REED SMOOT,  
*Chairman, Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, there is inclosed for your information a copy of a note from the Belgian ambassador, dated August 8, 1929, inclosing two memoranda received by him from Belgian manufacturers in regard to the contemplated increase in duty on peans and stearic acid.

Very truly yours,

HENRY L. STIMSON.

WASHINGTON, August 8, 1929.

The honorable the SECRETARY OF STATE,  
*Department of State, Washington.*

SIR: I beg to inclose herewith two memoranda received from Belgian manufacturers, through the Department of Foreign Affairs in Brussels, outlining the situation of Belgian producers as affected by the proposed tariff bill.

I shall greatly appreciate any step which your excellency may take in order to place these documents in the hands of the Finance Committee of the United States Senate.

I avail myself of this opportunity, sir, to renew to your excellency, the assurance of my highest consideration.

PRINCE DE LIGNE,  
*Belgian Ambassador.*

MEMORANDUM IN REGARD TO THE CONTEMPLATED INCREASE OF DUTY ON PEAS  
(PRESERVED VEGETABLES)

The production of preserved peas in the United States amounted in 1908 to 5,500,000 cases, and during the past three years reached the average of 16,200,000 cases. This increase shows that preserved peas brought from Belgium to the United States can not harm the American production. In fact, for the year 1928, the Belgian exportation to the United States amounted to only 12,753 cases of 50 kilograms each.

It is to be considered that the last figures include all kinds of preserved vegetables, and that on 16,000,000 cases of peas produced by the United States the Belgian exportations amount only to one one-fourth per thousand of the United States production. It appears that there is therefore no reason to increase the duties indistinctly on all preserved vegetables, and that the Belgian exportations of peas to the United States does not affect the American output.

MEMORANDUM ON THE CONTEMPLATED INCREASE OF DUTY OF STEARIC ACID

The present duty placed by the United States on stearic acid used for saponifying amounts to 1½ per cent per pound. The Ways and Means Committee has proposed to transform this duty per pound into an ad valorem duty of 25 per cent. This increase does not appear to be necessary, as the cost of American stearic acid on the European market is about the same as the prices of European stearic acid on the American market.

The average prices of American stearic acid exported to Europe were in 1927, 10.20; 1928, 10.41.

The average prices of European stearic acid on the American market were in 1927, 10.13½; 1928, 10.41.

According to this situation, Belgian manufacturers of stearic acid express the wish that the statu quo be maintained.

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## FINLAND

DEPARTMENT OF STATE,  
*Washington, July 30, 1929.*

Hon. REED SMOOT,  
*Chairman, Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications with regard to the tariff received by this Government from foreign governments, I have the honor to inclose for your information a copy of a note dated

July 23, 1929, with a copy of the inclosure thereto, from the Legation of Finland, with regard to the duty on granite.

I have the honor to be, Sir,  
Your obedient servant,

HENRY L. STIMSON.

LÉGATION DE FINLANDE,  
*Washington, D. C., July 23, 1929.*

The Minister of Finland presents his compliments to His Excellency the Secretary of State, and has the honor, herewith, to transmit a memorandum relating to paragraph 235 (a), Schedule 2, (granite), of the tariff bill now under consideration by the Finance Committee of the United States Senate. The memorandum gives a summary of the contents of various communications to the Legation of Finland in Washington from the Finnish Stone-Industry, (Inc.), (Finska Stenindustri Aktiebolaget), Helsinki, Finland.

The minister respectfully requests that the viewpoints presented in the memorandum be brought to the attention of the Finance Committee.

MEMORANDUM

Paragraph 235 (a), Schedule 2, of the tariff bill as passed by the House of Representatives of the United States has the following wording:

"Granite for use as monumental, paving, or building stone, not specially provided for, hewn, dressed, pointed, pitched, lined, or polished, or otherwise manufactured, 60 per centum ad valorem; unmanufactured, or not dressed, pointed, pitched, lined, hewn, or polished, 25 cents per cubic foot."

The present rates of 50 per cent ad valorem for manufactured and 15 cents per cubic foot for unmanufactured granite are thus increased, the former to 60 per cent ad valorem, the latter to 25 cents per cubic foot. In addition unmanufactured granite is described as being "Not dressed, pointed, pitched, lined, hewn or polished, or otherwise manufactured."

Taking into consideration that granite blocks must be separated from the rock by using tools made of material which is harder and tougher than the stone, it is obvious that the surfaces of the blocks will always show traces of such tools having been used. These traces can easily be interpreted by customs officials as pitching or, in some cases, as pointing. Furthermore, the least attempt to square blocks blasted from the rock, in order to attain regularity of shape so as to make it easier to calculate their volume and to avoid unnecessary excesses in all directions for the sake of facilitating transportation, can be interpreted as pitching or lining. Unmanufactured or "rough granite," in the meaning this term is used in the granite trade throughout the world, could, though the description referred to, be treated in the United States as manufactured granite. This would in its practical application have the effect of an embargo.

In view of the fact that a specific rate for unmanufactured granite is mentioned in the paragraph, it seems probable that the said effect has not been contemplated by the House of Representatives.

The rates of duty, in force at present, on manufactured and unmanufactured granite are exceedingly high, making exportation to the United States barely possible, principally to satisfy the demand for specifically European qualities. Increases in the rates, if put into force, will without doubt be tending materially to reduce the trade, possibly to make impossible exportation from Finland to the United States.

The granite industry of Finland is not a large one. The exports from Finland to the United States form only a fractional part of the entire imports into this country, which, granite for building and monumental purposes considered, amounts to only 1½ per cent of the consumption. The Finnish granite industry is, however, almost entirely dependent on markets abroad. The ultimate markets for the bulk of its production are at present in the United States. Even a diminution of its exports to America would seriously disturb the industry. This without doubt would have an unfavorable effect on Finland's capacity to purchase goods in other countries.

Finland has been importing from the United States merchandise to a value almost three times as large as that of its exports to the United States. The following are figures from Finland's official statistics for the last two years giving the c. i. f. value on imports and the f. o. b. value on exports. The amounts in dollars are computed on the basis of 39.70 Fmks.=\$1.

| Year      | Imports                                    | Exports                                   | Total trade                                   |
|-----------|--|---|---|
| 1927..... | <i>Million Fmks.</i><br>981, 0 (\$24, 710) | <i>Million Fmks.</i><br>349, 6 (\$8, 579) | <i>Million Fmks.</i><br>1, 321, 6 (\$33, 289) |
| 1928..... | 1, 179, 1 (\$29, 700)                      | 407, 9 (\$10, 274)                        | 1, 587, 0 (\$39, 974)                         |

Among the articles imported agricultural products represented a value of more than 600,000,000 Finmarks, or \$15,000,000 a year; conveyances, various kinds of automobiles, about 200,000,000 Finmarks, or \$5,000,000 a year.

DEPARTMENT OF STATE,  
*Washington, August 12, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications concerning the tariff received by this Government from foreign governments, there is inclosed for your information a copy of a note dated August 2, 1929, with inclosure, from the Finnish Legation with regard to plywood exports from Finland to the United States. There is also inclosed a revised copy of the Finnish Legation's note of July 23, 1929, transmitted with my letter of July 30, 1929.

Very truly yours,

J. P. COTTON,  
*Acting Secretary.*

FINNISH LEGATION,  
*Washington, D. C., August 2, 1929.*

The Minister of Finland presents his compliment to His Excellency the Secretary of State, and has the honor to transmit herewith a memorandum containing certain observations made by the Finnish Plywood Manufacturers Association, of Helsinki, Finland, relative to erroneous and misleading statements regarding plywood exports from Finland to the United States, presented at the hearings before the Committee on Ways and Means of the House of Representatives. (Hearings, Vol. IV, Schedule 4, Wood and manufactures of, pp. 2873-2876. Reference is also made to H. R. 2667, par. 406.)

It would be highly appreciated by the minister if through the good offices of the Department of State the contents of the memorandum could be brought to the attention of proper authorities of the United States.

MEMORANDUM

The Plywood Manufacturers Association, in a brief presented to the Ways and Means Committee, proposing higher duties on plywood, referred to Finland as one of the chief exporters of this commodity. Its statements concerning Finnish

plywood exports are in some instances inconsistent with facts. In other cases figures are presented in a way tending to give a misleading picture of the present situation regarding exports of plywood from Finland to the United States.

The possibilities for plywood production in Finland are limited. Only a part of the most significant raw material available, birch wood, can be utilized for manufacturing this product. Moreover, the raw material used in Finland is inferior to the birch wood used as raw material in the United States. Finnish birch plywood can thus, of natural causes, be sold only to be used in cases where American high-quality birch plywood is not required. The present rate of duty, 33½ per cent ad valorem, has been effective in further greatly limiting the possibilities for exports from Finland to the United States. How insignificant these exports are, under the present rates of duty, is evidenced by the fact that, in 1928, of Finland's total exports of plywood, 82,882 metric tons, not more than 912.4 tons were exported to the United States.

The brief referred to contains a statement that the Finnish Plywood Association should be under contract to deliver in Jamestown, N. Y., 2,000,000 feet ¾-inch plywood, sold at \$11.87 per thousand feet, f. o. b. foreign port. This is not correct. In 1927, when the price of birch plywood was at its lowest level on the world market, several contracts, comprising different qualities and thicknesses, were made with consumers in Jamestown. The quantity was altogether a little more than 1,000,000 square feet. Some of the contracts were later canceled. One contract on 53,000 square feet ¾ inch B. B., was made on the basis of an exceptionally low price, viz, \$24.75, delivered Jamestown. This corresponds to \$13.86 f. o. b. Finnish port, not \$11.87 as is stated in the brief.

Comparing, as is done in the brief, f. o. b. prices, foreign port, of imported plywood, with prices at American factories for American products, is without doubt misleading. A more correct picture of the actual situation is given by comparing the prices at which imported plywood can be sold in the United States. The present price for Finnish ¾ inch B. B., plywood is \$25 for 1,000 square feet, c. i. f. New York, duty not paid. When duty and cost of transportation to the places of consumption are added, it will be seen that the prices for Finnish plywood are not unreasonably low, compared with the cost of production of American mills, given in the brief as \$30 for 1,000 square feet.

It is further stated in the brief that the entire output of the Finnish plywood industry is sold exclusively through the Finnish Plywood Association. This is not the case. There are plywood mills in Finland that sell their products independently of the association.

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## FRANCE

DEPARTMENT OF STATE,  
*Washington, August 19, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished with this department with copies of all representations made by foreign governments to this Government touching tariff questions, I inclose for your information a copy, in translation, of a note from the French Embassy, dated August 7, 1929, transmitting a memorandum regarding the possible effect of the new American tariff on certain French imports.

Very truly yours,

W. R. CASTLE,  
*Acting Secretary of State.*

## TRANSLATION

EMBASSY OF THE FRENCH REPUBLIC  
TO THE UNITED STATES,  
*Washington, August 7, 1929.*

Mr. SECRETARY OF STATE:

Referring to my previous communications as to the possible effect of the new American tariff on French imports to the United States, I have the honor to forward herewith to you a note about some of the products which had not been included in the notes I have already sent you.

Be pleased to accept, Mr. Secretary of State, etc. Inclosure in note of August 7, 1929, from the French Embassy.

## TRANSLATION

Although the National Council of American Importers and Trades sent to the Committee of the House of Representatives and to the Senate Committee notes affording clear evidence that the protection given since 1922 to the spun-silk yarns industry of America is considerable, a 5 per cent increase on the present rates has been passed by the House and a specific duty of \$1.75 per pound has been asked by Mr. Cheney in behalf of the Silk Association of America which would more than double the duty which is already prohibitive that has been passed by the House. The French manufacturers whose spun-silk yarns exports represent about 60 per cent of what the United States buys abroad and whose business is yearly growing less and less have asked the French Government to draw the attention of the American Government to the unwarranted measure with which they are threatened.

While the home production which from 1909 to 1923 enjoyed protection to the extent of 35 per cent ad valorem rose from 777,462 pounds to 4,486,130 pounds, the French imports fell from 1,103,300 to 648,152 pounds which is clear evidence that the silk-yarn spinners were sufficiently protected under the Payne-Aldrich and Underwood tariffs.

The increase of duties raised to 40 and 45 per cent by the Fordney-McCumber tariff had the immediate effect of stopping every import of sample yarns and reducing that of twisted yarns from 648,152 pounds in 1923 to 212,000 in 1928; that is to say, about  $\frac{1}{4}$  per cent of the whole output which in 1927 rose to 4,455,990, (which are the last figures given by the Department of Commerce).

For one year the spun silk yarns of American make have been selling cheaper than the imported goods and there no longer comes to the United States any special grades that are not manufactured in American factories.

Many manufacturers of velvet, plush, and silk goods in Connecticut, New Jersey, Rhode Island, New York, Pennsylvania, North Carolina, Virginia, and Alabama have protested against the cutting off of a raw material with which they can not dispense. The complaints of the French producers, therefore, seem to be fully well founded and deserve to be taken into consideration if Congress means to keep the tariff within the bounds of protection.

The intended further raise of duties on mushrooms which has just been made public by the Finance Committee of the Senate justifies, however, fears that the wish to stop any imports is tending to prevail in considering the cost of production and the balancing of exchange which are the normal basis of any reasonable protectionist.

The French Government always desirous of maintaining the Franco-American commercial relations on a footing of friendly cooperation hopes that the attention of the members of Congress will be called to the excessive proportion of the contemplated measures and that those measures will be so amended as to avert a complete stopping of exports to the United States.



## GERMANY

DEPARTMENT OF STATE,  
*Washington, August 15, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications concerning the tariff received by this Government from foreign governments, there is inclosed for your information a copy of an undated memorandum, in translation, from the Germany Embassy with regard to the relation of the tariff to trade between the United States and Germany.

Very truly yours,

H. L. STIMSON.

[Translation]

## MEMORANDUM

The American tariff bill, which was passed by the House of Representatives on May 28, 1929, and is at present awaiting examination by the Senate, contains increases of duties for nearly all groups of articles which are of importance to German exportation. Moreover, it increases the severity of a number of administrative regulations, which are of such a character as to make importation into the United States more difficult. This is especially true of the new regulations relative to determining the value of imported articles, (section 402), to the procedure in the case of the "flexible" tariff regulations, (section 336), and to countervailing duties, (section 303).

The right of the United States to regulate tariff legislation according to its own requirements is, of course, not disputed by the German Government. The German Government, however, believes that it is justified in bringing to the attention of the American Government the serious apprehensions now prevailing in German industrial and commercial circles on account of the contemplated tariff increases, and that it is under obligation to do so. In this connection it takes the liberty of referring to the treaty of friendship, commerce, and consular rights of December 8, 1923, between the German Reich and the United States, the conclusion of which was, as stated in the preamble, inspired by the wish to strengthen the bond of peace happily prevailing between the two countries, and to provide a basis for friendly intercourse between their territories, which would be responsive to the economic and commercial aspirations of the peoples thereof. It takes the further liberty of referring to the fact that the World Economic Conference in Geneva, at which the United States was represented by eminent men, declared in its unanimous final report of May 23, 1927, that "tariffs, though they are within the sovereign jurisdiction of the separate States, are not a matter of purely domestic interest."

The average American tariff level is already, as ascertained by the Secretariate of the League of Nations, considerably higher than that of most other countries, especially than the German tariff level, despite the incomparable economic strength of the country and its position as creditor of many nations, including Germany. A still greater increase of the American duties would result in a perceptible reaction on the German export trade and at the same time inevitably and unfavorably affect to a marked degree the capacity of the German market to absorb American goods.

The World Economic Conference has already declared "that the time has come to put an end to the increase in tariffs and to move in the opposite direction," and has recommended to the nations to "take steps forthwith to remove or diminish those barriers that seriously injure commerce." It further declared that "the ultimate settlement of net balances due from one country to another must be made by means of goods and services."

Germany, which is burdened to an unusual extent with heavy private and public obligations to other countries, has a special and natural interest in not having the discharge of these obligations made difficult for her by rigorous tariff measures of other countries.

The German Government is convinced that in order that Germany may fulfil her international obligations, it is necessary that an adequate expansion of her international trade be made possible. This opinion was also confirmed by the committee of experts at Paris in its report of June 7, 1929, (pt. 5, par. 10, and pt. 6 (A), par. 4). The "economic consultative committee" of the League of Nations, in its report on the second session held May 8 to 11, 1929, in which leading men of the American economic world cooperated, also correctly stated that the tariff measures of the great economic countries exercise a far greater influence on the customs tariffs of the world than any protective tariff measures of smaller states, and that already an existing uncertainty with regard to tariff measures, which are planned by the countries controlling world production and world commerce, is calculated to delay the tariff reductions contemplated by other states.

Moved by these considerations, the German Government desires to submit to the American Government the accompanying statement in which those goods are listed the exportation of which is seriously injured, and in part actually prohibited by the contemplated American tariff increases, the schedules and tariff numbers, the approximate percentage of the average tariff increases, the German tariff rate for the same articles, and the value of German exportation in 1928, being given. The German export values given in connection with each tariff rate are, for Germany, considerable; in the great majority of cases they are slight, however, in comparison with the value of the total American production of the same articles.

A falling off in German exportation to the United States could hardly be supported by German trade with the United States, as this trade already shows a substantial balance against Germany. Germany occupies third place as a purchaser from the United States. The value of imports from the United States amounted last year to 2,026.6 million reichsmarks. It was therefore more than two and one-half times the value of German exports to the United States, which amounted to only 795.9 million reichsmarks. Accordingly, the German balance of trade with respect to the United States closed with a minus balance of 1,230.7 million reichsmarks. For Germany, that is an excessively large sum. On the other hand, the amount mentioned of German exports to the United States—i. e., 795.9 million reichsmarks or \$190,000,000 in round numbers—appears small, when it is taken into consideration that the export surplus alone of the United States during the same period amounted to over a billion dollars.

The German Government would appreciate it if the American legislative bodies, in examining the question, whether and to what extent duties should be increased in the case of articles which are likewise German articles of export, would also give consideration to the above-mentioned facts.

*List of contemplated increases of customs duties in the United States of America by which German exportation will probably be especially affected*

SCHEDULE 1.—CHEMICALS, OILS, AND PAINTS

| Tariff No. | Designation of articles   | Approximate percentage of the average increase              | German exportation in 1928, in 1,000 reichsmarks | German rate of duty RM/1 dz. <sup>1</sup> |
|------------|---|---|--|---|
| 1          | Formic acid.....  | 50 per cent.....  | 504  | 10.                                       |
| 11         | Tartaric acid.....  | 40 per cent.....  | 1,412  | 6.  |
| 11         | Synthetic gums and resins.....  | 4 cents and 30 per cent ad valorem. (Previously duty free.) | 483  | 24.                                       |
| 12         | Barium chloride.....  | 75 per cent.....  |  | 4.  |
| 31         | Cellulose acetate and manufactures of.  | 30 per cent.....  | 4,897  | 280 and 250.                              |
|            | Celluloid combs.....  | 3-37 per cent.....  |  |   |
| 33         | Caseln compounds.....   | 100 per cent.....   | 149  | 0.  |
| 38         | Butyl acetate.....  | 150 per cent.....   |  | 500 and 600.                              |
| 42         | Edible gelatine.....  | 45 per cent.....  |  |   |
|            | Gelatine for photographic purposes, (emulsion), valued at more than 40 cents a pound. | 20 per cent <sup>2</sup> .....                              | 2,650  | 10.                                       |

<sup>1</sup> Dz. Doppelzentner: 220.46 pounds.

<sup>2</sup> Tariff rate, 36 per cent.

List of contemplated increases of customs duties in the United States of America by which German exportation will probably be especially affected—Continued

SCHEDULE 1.—CHEMICALS, OILS, AND PAINTS—Continued

| Tariff No. | Designation of articles | Approximate percentage of the average increase | German exportation in 1928, in 1,000 reichsmarks | German rate of duty RM/1 dz. |
|------------|-------------------------|--|--|------------------------------|
|            | Glue.....               | 25 per cent <sup>3</sup> .....                 | 760  | 7.                           |
| 50         | Magnesium oxide.....    | 100 per cent.....                              |  | Free.                        |
| 53         | Wool grease.....        | 100-200 per cent.....                          | 1,392  | Free; 12 gross weight.       |
| 67         | Artists' paints.....    | Addition of a specific duty <sup>4</sup> ..... | 176  | 30.                          |
| 70         | Lithopone.....          | 50-80 per cent.....                            | 312  | 2.50.                        |
| 79         | Potassium nitrate.....  | 1,000 per cent.....                            | 914  | Free.                        |
| 83         | Sodium sulphate.....    | 100 per cent.....                              | 1,513  | 0.25.                        |
|            | Sodium phosphate.....   | 400 per cent.....                              |  | 1.80 and 2.                  |

SCHEDULE 2.—EARTHS, EARTHENWARE AND GLASSWARE

|     |   |  |        |                    |
|-----|---|--|--------|--------------------|
| 202 | Wall and floor tiles.....                     | 10-20 per cent.....  | 126    | 2 and 8.           |
| 207 | Fluorspar.....                                | Extension of the increase in duty of Nov. 16, 1928, to a high percentage rate. | 2,120  | 20 and 48.         |
|     |   |  |        | Free.              |
| 211 | Earthenware.....                              | 60 per cent.....   | 4,797  | 0, 16, 20, and 35. |
| 212 | Porcelain articles:                           |  |        |                    |
|     | Porcelain ware.....                           | 45 per cent.....   | 12,533 |                    |
|     | Small dolls.....                              | 100 per cent.....  |        | 20, 45, and 60.    |
|     | Porcelain cross pieces for stop cocks.....    | 40 per cent.....   |        |                    |
|     | Insulators.....                               | 17 per cent.....   |        |                    |
|     | Small insulating objects.....                 | 70 per cent.....   |        | 20, 46, and 60.    |
| 218 | Hollow glassware, including ground glass..... | 10 per cent.....   | 432    | 5, 16, 20, and 30. |
| 210 | Table glass.....                              | 50 per cent minimum tariff.....  | 92     | 12.                |
| 227 | Optical glass.....                            | 10 per cent.....   |        | 15.                |
|     | Chemical-pharmaceutical glass-ware.....       | 30 per cent.....   | 12,073 | 16 and 80.         |
|     | Glass for lighting purposes.....              | 10 per cent <sup>4</sup> .....   | 522    | 5, 16, 20, and 30. |
|     | Jars, ink bottles, and other bottles.....     | 18 per cent.....   | 123    | 16.                |
|     | Christmas-tree decorations.....               | 10 per cent <sup>5</sup> .....   | 4,082  | 20.                |
| 233 | Plate glass.....                              | 30 per cent.....   | 4,420  | 16 gross weight.   |
| 228 | Optical instruments, in part.....             | 25 per cent.....   | 1,360  | 360.               |
| 230 | Glass paintings.....                          | 20 per cent.....   | 503    | 144.               |
| 235 | Granite:                                      |  |        |                    |
|     | Rough hewn.....                               | 60 per cent.....   |        | 0.25.              |
|     | Dressed.....                                  | 20 per cent.....   | 125    | 3, 45.             |

SCHEDULE 3.—METALS AND MANUFACTURES OF

|     |  |                                |       |                  |
|-----|--|--------------------------------|-------|------------------|
| 318 | Woven wire cloth:  |                                |       |                  |
|     | Of iron.....   | 12 per cent.....               | 1,078 | 11.              |
|     | Of copper.....   | do.....                        | 519   | 20.              |
|     | Metal cloths for paper machines.....                     | 80 per cent.....               |       |                  |
| 325 | Anvils of iron.....                                      | 100 per cent.....              |       | 4.50.            |
| 327 | Cast-iron pipes.....                                     | 50 per cent.....               |       | 3 to 6.          |
| 343 | Needles.....   | 10 per cent.....               | 1,013 | 30, 50, and 100. |
| 351 | Pens.....  | 30 per cent.....               |       | 180.             |
| 359 | Surgical and dental instruments.....                     | 75 per cent.....               | 2,870 | 110.             |
| 361 | Pliers, (except those with slip joint).....              | Up to 300 per cent.....        |       | 26.              |
| 366 | Revolvers valued at not more than \$4.....               | 60 per cent.....               | 202   | 400.             |
| 388 | Large clocks, taximeters, control clocks, and parts..... | 50 per cent <sup>7</sup> ..... | 3,007 | 120.             |

<sup>3</sup> Tariff rate, 50 per cent.

<sup>4</sup> Tariff rate 45-65 per cent.

<sup>5</sup> Tariff rate, 65.

<sup>6</sup> The increase in duties would, in the opinion of the German industrial circles, probably have a prohibitive effect, in view of the already extraordinarily depressed prices.

<sup>7</sup> Tariff rate for large clocks; for example, 60 per cent. In the opinion of the German clock and watch industry, especially in view of the contemplated increases in duties for spare parts for repairing, it will not be possible in the future to import German clocks and watches into the United States at all.

List of contemplated increases of customs duties in the United States of America by which German exportation will probably be especially affected—Continued

## SCHEDULE 3.—METALS—Continued

| Tariff No. | Designation of articles               | Approximate percentage of the average increase | German exportation in 1928, in 1,000 reichsmarks | German rate of duty R.M./1 dz. |
|------------|---------------------------------------|--|--|--------------------------------|
| 382        | Aluminum foil.....                    | 15 per cent.....                               | 3,033  | 120.                           |
| 385        | Tinsel wire products.....             | Addition of a special duty by weight.          |  | 80, 120, 360, and 525.         |
| 398        | Articles of base metals, gilded, etc. | 8 per cent.....                                | 1,837  | 525 and 360.                   |
|            | Wall plates of sheet zinc.....        | ( <sup>1</sup> ).....                          |  | 48.                            |

## SCHEDULE 4.—WOOD, AND MANUFACTURES OF

|     |                |                               |     |            |
|-----|----------------|-------------------------------|-----|------------|
| 413 | Furniture..... | 20 per cent and 50 per cent.. | 235 | 35 and 60. |
|-----|----------------|-------------------------------|-----|------------|

## SCHEDULE 7.—AGRICULTURAL PRODUCTS AND PROVISIONS

|     |                      |                   |     |      |
|-----|----------------------|-------------------|-----|------|
| 775 | Chocolate goods..... | 250 per cent..... | 602 | 200. |
|-----|----------------------|-------------------|-----|------|

## SCHEDULE 9.—COTTON GOODS

|     |  |                       |        |          |
|-----|--|-----------------------|--------|----------|
| 904 | Cotton cloth.....                              | 8 per cent.....       | 3,973  | 60/160.  |
| 908 | Upholstery cloths.....                         | 20 per cent.....      | 1,307  | 350-660. |
| 909 | Velvet, plush, etc., including velvet ribbons. | 25 per cent.....      | 2,459  | 270-360. |
| 915 | Cloth gloves.....                              | ( <sup>1</sup> )..... | 29,713 | 240.     |

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

|      |                               |                  |     |              |
|------|-------------------------------|------------------|-----|--------------|
| 1012 | Pile fabrics, partly cut..... | 12 per cent..... |     | 240 and 330. |
| 1013 | Table damask.....             | 12 per cent..... | 262 | 240-720.     |
| 1022 | Cocoa fiber matting.....      | 30 per cent..... |     | 3 and 36.    |

## SCHEDULE 11.—WOOL AND MANUFACTURES OF

|        |                                  |                           |       |          |
|--------|----------------------------------|---------------------------|-------|----------|
| 1108/0 | Woolen cloth.....                | 15 per cent.....          | 9,319 | 260-420. |
| 1110   | Pile fabrics.....                | 10 per cent.....          | 1,717 | 450.     |
| 1114   | Stockings.....                   | 8 per cent.....           | 762   | 190 210. |
|        | (Gloves).....                    | 8 per cent.....           | 1,190 | 100-210. |
| 1115   | Women's and girls' clothes.....  | 10 per cent.....          | 153   | 210.     |
| 1116   | Chenille carpets.....            | 100 per cent.....         |       |          |
|        | Other carpets.....               | 10 per cent and more..... | 2,695 | 300.     |
| 1117   | Carpets, (velours and Tournaix). | 50 per cent.....          |       |          |
| 1119   | Upholstery goods.....            | 16 per cent.....          | 245   | 405-750. |

## SCHEDULE 12.—SILK AND MANUFACTURES OF

|      |                   |                  |        |                  |
|------|-------------------|------------------|--------|------------------|
| 1205 | Silk fabrics..... | 20 per cent..... | 11,544 | 1,500.           |
| 1206 | Silk velvet.....  | 10 per cent..... | 14,179 | 1,875 and 2,075. |

## SCHEDULE 13.—RAYON AND MANUFACTURES OF

|      |                   |                               |       |     |
|------|-------------------|-------------------------------|-------|-----|
| 1301 | Rayon, plain..... | 10 per cent, (fine yarn)..... | 9,163 | 60. |
|------|-------------------|-------------------------------|-------|-----|

<sup>1</sup> Even a slight increase in duties would have a prohibitive effect, in the opinion of German industrial circles, in view of the already extraordinarily depressed prices.

<sup>2</sup> In the opinion of the German industry, the contemplated increase in duties would have a prohibitive effect on articles of current consumption.

List of contemplated increases of customs duties in the United States of America by which German exportation will probably be especially affected—Continued

## SCHEDULE 14.—PAPER AND BOOKS

| Tariff No. | Designation of articles   | Approximate percentage of the average increase | German exportation in 1928, in 1,000 reichsmarks | German rate of duty BM/1dz |
|------------|---------------------------|--|--|----------------------------|
| 1409       | Pictures, calendars, etc. | 25 per cent.                                   | 1,471  | 15 and 20.                 |
| 1410       | Cards.                    | 10 per cent.                                   | 160  | 50.                        |

## SCHEDULE 15.—SUNDRIES

|      |                                       |                                    |        |                 |
|------|---------------------------------------|------------------------------------|--------|-----------------|
| 1501 | Asbestos cement shingles.             | 20 per cent.                       |        | 13 and 30.      |
| 1503 | Glass pearls.                         | 100-300 per cent.                  | 411    | 2 and 15.       |
| 1507 | Brushes.                              | 10 per cent.                       | 1,168  | 21.             |
| 1511 | Cork stoppers.                        | 20 per cent.                       |        | 12.             |
| 1513 | Dolls, (dressed).                     | 30 per cent.                       |        | 50.             |
| 1517 | Cartridges.                           | 30 per cent.                       | 146    | 20-50.          |
| 1519 | Furs, dyed.                           | 20 per cent.                       | 20,039 | Free.           |
| 1527 | Jewelry.                              | Pinchback <sup>10</sup>            | 2,360  | 175-525.        |
| 1530 | Leather.                              | Previously duty free <sup>11</sup> | 23,284 | 30-50.          |
| 1531 | Leather goods.                        | 17 per cent. <sup>12</sup>         | 6,106  | 100-360.        |
| 1532 | Leather gloves.                       | 30 per cent.                       | 12,000 | 600.            |
| 1536 | Wax candles.                          | 80 per cent.                       | 803    | 23 and 30.      |
| 1537 | Combs of hard rubber.                 | 60-275 per cent. <sup>13</sup>     |        | 45-60.          |
| 1542 | Gramophone needles.                   | Addition of a specific duty        |        | 50.             |
| 1549 | Lead pencils.                         | 35 per cent.                       | 1,617  | 20, 25, and 40. |
| 1550 | Mechanical lead pencils.              | 2,000 per cent.                    |        |                 |
| 1551 | Photographic objectives.              | 50 per cent.                       | 775    | 360.            |
|      | Photographic dry plates.              | 65 per cent.                       |        | 48.             |
| 1552 | Cigar and cigarette holders of paper. | 500 per cent. <sup>14</sup>        |        | 73.             |

<sup>10</sup> Tariff rate of 50 per cent.

<sup>11</sup> Tariff rate in the future 12½-30 per cent.

<sup>12</sup> Tariff rate not less than 50 per cent.

<sup>13</sup> Tariff rate 57-98 per cent. The contemplated increases in duties would, in the opinion of the German hard rubber comb industry make exportation impossible, and this for a class of articles which, with a value of about 1½-1¼ million Reichsmarks annually, is almost negligible in comparison with the total American exports.

<sup>14</sup> Price, 1 cent apiece; duty 5.6 cents apiece; therefore a tariff rate of 560 per cent.

## GREAT BRITAIN

DEPARTMENT OF STATE,  
Washington, July 29, 1929.

Hon. REED SMOOT,

Chairman Finance Committee, United States Senate.

SIR: Pursuant to your request that you be furnished by this department with copies of all communications from foreign governments to this Government touching tariff questions, I have the honor to inclose for your information a copy of a note dated July 13, 1929, with inclosure thereto, from the British ambassador, the inclosure to the note being a memorandum with regard to the duties on sperm oil and spermaceti.

I have the honor to be, sir, your obedient servant,

HENRY L. STIMSON.

BRITISH EMBASSY,  
Washington, D. C., July 13, 1929.

Hon. HENRY L. STIMSON,  
Secretary of State of the United States, Washington, D. C.

SIR: In connection with the hearings before the Senate Finance Committee on the subject of tariff readjustment, I have the honor to transmit a copy of a memorandum prepared by Messrs. Hugh Highgate & Co., (Ltd.), of Paisley, Scotland, referring to the duties on sperm oil and spermaceti.

2. I should be very grateful if the good offices of the Department of State could be granted to insure that this document is transmitted to the committee in question for consideration with other evidence submitted in connection with tariff revision.

I have the honor to be, with the highest consideration, sir,

Your most obedient, humble servant,

ESME HOWARD.

[Submitted through British Embassy, Washington, D. C., July 13, 1929]

MEMORANDUM IN REGARD TO THE DUTIES ON SPERM OIL AND SPERMACETI, BY  
MESSRS. HUGH HIGHGATE & CO., (LTD.), PAISLEY, SCOTLAND

In reference to the evidence of Mr. Gilbert P. Smith before the Committee on Ways and Means of the United States House of Representatives, and the brief of the Cook, Swan & Young Corporation submitted by him to the committee, which he was given permission to file, as also to the rates of duties in the tariff bill as passed by the House of Representatives on the May 28, viz, 14 cents per gallon on sperm oil and 6 cents per pound on spermaceti, the following remarks are submitted.

A. The arguments advanced in favor of an increase in the duty on refined sperm oil from 10 cents to 14 cents per United States gallon, and of placing a duty of 6 cents per pound on spermaceti, hitherto on the free list, do not take into account in any way the interests of the numerous oil merchants and oil blenders in the United States who require sperm oil for mixing with mineral oils for lubricating and other purposes, nor of the interests of many thousands of pharmaceutical chemists who sell ointments and cosmetics manufactured in the United States of which spermaceti is the basis.

B. There is only one firm of sperm-oil refiners in the United States viz, The Cook, Swan Oil Corporation, who have now taken over the Cook, Swan & Young Corporation. This firm is not placed in any unfair position as compared with British sperm-oil refiners in regard to importing of crude sperm oil or spermaceti. On the American production they have no duty to pay, and if they import from abroad they have the same duty to pay as is imposed on refined oil imported from abroad.

It is quite true that this duty has to be paid on the spermaceti contained in the foreign crude oil imported, (usually a content of about 12 per cent), whereas refined spermaceti pays no duty. But on the quantity of spermaceti contained in the American domestic production of crude sperm oil no duty is of course chargeable. On the foreign crude oil the duty on a 12 per cent content at 10 cents per gallon of 7.33 pounds amounts to \$3.70 per ton of 2,240 pounds which is equivalent to a sterling charge of 15/3 per ton. The British exporter, however, has to face a freight rate of 30/- on the gross weight of the refined oil equal to 36/- per net ton of 2,240 pounds. The freight on the crude oils direct from the fishing grounds into either the United States or Great Britain is included in the sale prices and may be taken as equal.

It is therefore clear that the American importer of foreign crude sperm oil at 10 cents per United States gallon does not pay half as much in duty on the spermaceti contained therein as the British exporter of refined sperm oil containing no spermaceti has to pay in freight from his country to the United States eastern Atlantic ports. The freight to Pacific ports is, of course, much higher.

It comes out therefore that the United States buyer of crude sperm oil is not prejudiced in favor of the British exporter of refined sperm oil by having to pay a duty of 10 cents per gallon on the spermaceti contained in the crude oil, the freight

on the refined oil from Great Britain to the United States being more than twice as much as this comes to.

There is evidently no reason in Mr. Smith's argument on this ground for discriminating between crude sperm oil and refined sperm oil as regards rates of duty.

C. The statement that the American sperm oil fishers would receive a very low price for their production if it were not for the American demand for the crude oil can not be upheld in face of the fact that the demand is insignificant in relation to the demand from other countries. Indeed the undersigned themselves have at times bought the larger portion of the American production.

D. There being only one firm of refiners of sperm oil and spermaceti in the United States, the brief in favor of increased protection means simply protection for that firm as against the interests of all the American consumers of these goods, for it is certain that the British refiners can not compete against a rate of 14 cents per gallon on refined sperm oil and 6 cents per pound on spermaceti. Mr. Smith's corporation would then have a monopoly. Having secured a monopoly of the home market and raised the prices to a high level therein, any surplus produced could be exported, at prices much below those possible for firms abroad who have no such opportunity. The larger output possible under such circumstances would, of course, also reduce the cost of production.

E. The reason given by Mr. Smith for the Cook, Swan & Young Corporation being in the hands of a receiver as the result of the tariff conditions does not accord with information received on this matter from other sources.

F. The claim for a duty of 6 cents per pound on refined spermaceti imported into the United States is made solely for the benefit of one firm of refiners as against the interests of the many handlers and consumers of the article.

G. It is evident from Mr. Gilbert P. Smith's evidence that he does not anticipate the entry of any other United States firm into the business of refining sperm oils and spermaceti.

DEPARTMENT OF STATE,  
Washington, July 30, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications with regard to tariff questions received by this Government from foreign governments, I have the honor to inclose for your information a copy of a note, dated July 22, 1929, from the British ambassador, with which the ambassador transmitted a memorandum concerning the duties on lime juice.

I have the honor to be, sir, your obedient servant,

HENRY L. STIMSON.

BRITISH EMBASSY,  
Washington, D. C., July 22, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State of the United States,*  
Washington, D. C.

SIR: In connection with the question of tariff revision I have the honor to transmit copies of a memorandum prepared by Messrs. L. Rose & Co., (Ltd.), London, with regard to the duties on lime juice imported into the United States.

2. I should be very grateful if the good offices of the Department of State could be granted to insure that the memorandum is brought to the notice of the chairman of the Senate Finance Committee for consideration with other evidence submitted on the subject of tariff readjustment.

I have the honor to be, with the highest consideration, sir, your most obedient, humble servant,

ESME HOWARD.

MEMORANDUM PREPARED BY MESSRS. L. ROSE AND COMPANY, LIMITED, LONDON,  
ON THE UNITED STATES TARIFF PROPOSALS REGARDING LIME JUICE.

(Par. 806)

The United States tariff revision bill makes provision under Schedule 8 for the taxation at 70 cents per gallon of "Cherry juice, prune juice, or prune wine and all other fruit juices and fruit syrups not specially provided for containing less than one-half of 1 per cent of alcohol."

It is respectfully suggested that lime juice fit for beverage purposes should be deleted from Schedule 8 and should be exempt from duty as hitherto.

In this schedule lime juice is placed in the same category as juice of lemon and orange. A protective duty on lemon and orange juice is understandable, as in all probability importations from Sicily and Spain would tend to hinder the progress of the home industry in California and possibly Florida. The lime, however, requires a tropical climate for its successful cultivation; and although small quantities are produced in subtropical areas, it has not been possible to build up a successful lime industry in regions which are suitable for the cultivation of other citrus fruits.

The continued free entry of lime juice for beverage purposes is not therefore likely to interfere with any possible development of a home industry. In support of this contention reference is made to the fact that the quantity of limes grown in Florida is sufficient only to cater only for the fresh green-lime trade in and around New York.

It is therefore suggested that the exclusion of lime juice fit for beverage purposes from Schedule 8 will not affect the American citrus fruit industry and will prevent an increase in the cost to the American consumer of lime juice, already greatly in excess of other citrus fruit juices.

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DEPARTMENT OF STATE,  
*Washington, August 1, 1929.*

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications concerning tariff questions received by this Government from foreign governments, I have the honor to inclose for your information a copy of a note dated July 22, 1929, with inclosure, from the British ambassador, the inclosure to the note being a memorandum with regard to the duties on manila ropes.

I have the honor to be, sir, your obedient servant,

HENRY L. STIMSON.

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BRITISH EMBASSY,  
*Washington, D. C., 22d July, 1929.*

Hon. HENRY L. STIMSON,  
*Secretary of State of the United States,  
Washington, D. C.*

SIR: In connection with the question of tariff revision I have the honor to transmit copies of a memorandum prepared by the Rope, Twine, and Net Manufacturers Federation, London, with regard to the duties on Manila rope imported into the United States.

2. I should be very grateful if the good offices of the Department of State could be granted to insure that the memorandum is brought to the notice of the chairman of the Senate Finance Committee for consideration with other evidence submitted on the subject of tariff readjustment.

I have the honor to be, with the highest consideration, sir,

Your most obedient, humble servant,

ESME HOWARD.



MEMORANDUM IN REGARD TO THE DUTIES ON MANILA ROPES, BY THE ROPE, TWINE, AND NET MANUFACTURERS FEDERATION, LONDON

[Paragraph 1005]

In reference to the evidence of Mr. E. C. Heidrick, jr., Mr. S. Strauss, the Orchard Paper Co., and the supplemental brief of the cordage manufacturers<sup>s</sup> before the Committee on Ways and Means of the United States House of Representatives, the following remarks are submitted:

(1) Manila rope is an important article of international commerce and is admitted into Great Britain free of duty.

(2) The chief claim of United States of America makers for an increase in duty on Manila rope rests upon statements of comparative costs. The Rope, Twine, and Net Manufacturers' Federation can not accept the figures put before the committee. Manila rope manufacturers in Great Britain are under a Trade Board in so far as wages are concerned, but it must be remembered that these are minimum wages only, and collective bargaining by the trade unions concerned has resulted in a rate far higher than the Trade Board rate; for instance, the Trade Board minimum for *unskilled* male labor is 40s. per week of 48 hours, but London rope manufacturers are paying 51s. for a week of 47 hours, and the various higher grades in proportion, whilst for women the Trade Board rate is 26s. per week of 48 hours, but London rope manufacturers are paying 32s. for a week of 47 hours, and the various higher grades in proportion. Therefore, the argument of Mr. E. C. Heidrick, jr., (p. 4972, vol. 24), re duty asked for being "only sufficient to bridge over the difference between American and foreign factory costs," must be disregarded, as an examination of the costings by the various rope-manufacturing firms in this federation, (98 per cent of the trade in Great Britain), gives—

|                             | Per ton  |    |    |
|-----------------------------|----------|----|----|
|                             | £        | s. | d. |
| Labor, (actual wages) ----- | 6        | 6  | 10 |
| Overhead charges -----      | 9        | 10 | 0  |
|                             | 15 15 10 |    |    |

Say 3.44 cents per pound, which, added to the proposed duty of 2½ cents per pound, equals 5.94 cents per pound, against the American cost of 4.77 cents per pound.

The above does not take into account the proposed additional 15 per cent ad valorem on sizes below ¾-inch diameter, which amounts to a further 10s. 9d. per hundredweight, 2.32 cents per pound, and is quite unjustified.

(3) *Competition.*—The federation submit as a fact that 50 per cent of the total imports of manila rope into the United States of America come from the Philippine Islands, and these are steadily increasing. It is admitted the wage rate in Philippine Islands is 10 cents per hour—less than one-half paid in Great Britain. The American manufacturers can not be protected whilst Philippine manufactured rope enters the United States of America duty free, especially as Philippine makers may use ungraded manila hemp.

An increase in duty, therefore, would not stop importation, but give further substantial preference to rope makers in Philippine Islands. Also on page 4973, volume 24, is an admission of competition from wire-rope manufacturers which equally applies to the hemp-rope trade in Great Britain, unemployment figures for which are 9.2 per cent; and against President Loring of the Plymouth Cordage Co., stated at their meeting—September, 1922—"The competition of low wages does not come wholly from abroad but comes from the prison plants in the United States, which are, and have been for some time, quite a factor in the twine business and are now entering other branches of the cordage business."

(4) *Exports.*—For foreign cordage trade United States of America makers successfully compete with other nations, and it should be noted that the exports of rope considerably exceed the imports into United States of America. The entire import into United States of America from all countries other than the Philippine Islands is, approximately, only 6,000,000 pounds, or about \$800,000 worth yearly.

(5) The federation can not accept the statements re comparative costs of rope. It is important for the committee to know that the term "first-grade manila rope" does not cover a world-wide standard of quality. On page 4979 is shown an invoice giving the price of so-called "first-grade rope" as 13.85 cents per pound at port of shipment, (London). This equals 64s. per hundredweight, but at the date mentioned—December 20, 1927—the price of genuine first-grade rope was

83s. per hundredweight f. o. b., (16.74 cents per pound). At same date comparable United States of America cost is shown at 19 cents per pound, whereas the federation has evidence that first-grade rope of reputable United States of America makers was selling at 19½ cents per pound in United States of America, and members of this federation were unable to compete thereat.

To-day rope can be bought in the United States of America under description "first grade" at prices from 16½ to 22 cents per pound, which obviously can not be same quality, and any comparison of prices and costs is, therefore, misleading and worthless, unless for identical quality, which is obviously not so in exhibit No. 3 under review.

(6) British stocks are carried in store in the United States of America mainly for supply to British steamers domiciled in the United States of America and which consequently have to take their cordage supplies there instead of in Great Britain, where the parent firm would place a rope contract for delivery to their steamers in the United States of America, and it is respectfully submitted that ropes may be forwarded to steamers of all nationalities, (other than under the United States of America flag), as "ships' stores in transit" free of duty, as is customary at almost every other port in the world.

(7) The federation submit that in accordance with United States of America practice, existing contracts are for yearly supplies, and if any alteration of the duty takes place it should be deferred until the 1st of January in the year next following the confirmation of the duty.

(8) In conclusion the federation submit that the average proposed tariff increase is 10 per cent, whereas in the case of manilla rope the increase is, approximately, 500 per cent. Such a figure is not equitable and amounts to an embargo.

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DEPARTMENT OF STATE,  
Washington, August 22, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I inclose for your information a copy of Note No. 453, dated August 14, 1929, from the British Embassy, transmitting a memorandum from the Government in Bermuda regarding the proposed increase in duty on lily buds.

Very truly yours,

J. P. COTTON,  
*Acting Secretary of State.*

BRITISH EMBASSY,  
Washington, D. C., August 14, 1929.

Hon. HENRY L. STIMSON,  
*Secretary of State of the United States, Washington, D. C.*

SIR: In connection with the revision of the United States tariff I have the honor to transmit copies of a memorandum received from the Government in Bermuda which specially relates to the proposal to increase the duty on lily buds. I shall be grateful if the good offices of the Department of State could be granted to insure that this memorandum is placed before the Senate Finance Committee for consideration with other evidence submitted in connection with this schedule.

I have the honor to be, with the highest consideration, sir,  
Your most obedient humble servant,

ESME HOWARD.

STATEMENT PREPARED FOR THE INFORMATION OF THE FINANCE COMMITTEE OF THE UNITED STATES SENATE REGARDING THE TRADE IN LILY STEMS AND BUDS BETWEEN BERMUDA AND THE UNITED STATES OF AMERICA

1. In the brief presented to the Finance Committee of the United States Senate by the Society of American Florists it is recommended that the present duty of 40 per cent ad valorem on cut flowers be increased in the case of lilies to \$6 per 100 buds or flowers; and to \$24 per 100 on whole heads.

2. We respectfully beg leave to petition the Finance Committee not to increase the duties on these articles, and more particularly on the cut stems or whole heads. Such a move would entail a hardship upon Bermuda growers and serve no useful purpose to the American florists for the following reasons.

3. The amount of agricultural land in Bermuda is small, only a very small proportion of this land is adapted to the growing of lilies and this area is further reduced by the fact that lilies can not be grown continuously on the same soil year after year. The output is therefore limited by natural conditions.

4. The season during which cut stems can be shipped from Bermuda is limited to not more than six weeks. This is a very short period when compared with that of the domestic florist who can produce lily flowers throughout the year.

5. The number of buds shipped on cut stems is extremely small, particularly when we compare it with the population of the United States. Not over 7,000 boxes of these stems were shipped to the United States of America during the season of 1929. By far the greater number of these were shipped by one party. This industry is distinct from the shipment of short buds, of which the shipping figures are not at present available.

6. In the brief referred to the contention is made that lily buds are a by-product. This may be true with respect to short buds, but is not true in the case of cut stems. Under Bermuda conditions Easter lily bulbs are in the ground for 10 or 11 months. When the stem is cut close to the ground for shipment the bulb fails to complete its growth, and is utterly useless for forcing purposes. In many cases it is useless for any purpose whatsoever.

7. The cut stems do not come into direct competition with those grown by domestic florists. This point is well illustrated by a study of the order books of one of the most prominent shippers of cut stems in Bermuda. Of the first 256 cities and towns of the United States listed in one of these order books only eight cities or towns had received five boxes or over during the season of 1929, while for the most part the shipment to any particular city or town amounted to only one single box. The largest shipment was to Brooklyn and New York City, whose combined orders amounted to only 50 boxes.

8. The cut stems are sold directly to individuals. Contrary to the statement that this business is detrimental to the interests of domestic florists, we contend that it has done much to stimulate the interest of the American citizen in the Easter lily and has been effective in increasing rather than decreasing the sales of domestic florists. This is due to the extensive circularization practiced by one of our largest shippers. Over 300,000 circulars have been distributed by this shipper since 1925, and plans have already been made for sending 100,000 additional circulars next year. This must certainly have had its effect in creating interest in the Easter lily and have helped the trade in general.

9. Stationery, used in connection with circulars; cartons and wax paper, used in packing, are all purchased in the United States. Our largest shipper, (who shipped 43,000 boxes during the season just passed), has all of these boxes posted in the New York office, paying not only ordinary postage but special-delivery and special-handling charges as well. Approximately \$81,000 was paid this season in duties, postage, and shipping expenses. In all approximately \$25,000 has been paid into the United States Treasury since 1926 for postage, duties, etc.

10. It should be pointed out that all lily fields in Bermuda are subject to rigid inspection by a fully qualified plant pathologist, and this serves in large measure to safeguard the quality of the material being shipped.

11. Should the proposed duties become effective they will be prohibitive, and our shippers will have a considerable loss, in view of the preparations already made for next season's business.

12. In conclusion I would point out that the foregoing paragraphs clearly show that shipments of cut stems from Bermuda are not detrimental in any way to the interests of domestic florists.

H. S. CUNNINGHAM,  
*Acting director of Agriculture.*

## ITALY

DEPARTMENT OF STATE,  
Washington, August 13, 1929.

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with all representations made by foreign governments to this Government touching tariff questions, there is inclosed for your information a copy of a memorandum from the Royal Italian Embassy, dated August 7, 1929, concerning the effects of the tariff bill as passed by the House of Representatives on Italo-American trade.

Very truly yours,

J. P. COTTON,  
*Acting Secretary of State.*

ROYAL ITALIAN EMBASSY,  
Washington, D. C., August 7, 1929.

The Italian ambassador presents his compliments to His Excellency the Secretary of State and has the honor to send him herewith a memorandum on the effects of the tariff bill, as passed by the House of Representatives, on the Italy-American trade.

The ambassador would be very grateful to His Excellency the Secretary of State for kindly giving this memorandum his kind attention and for using the information therein contained in the way he may deem advisable.

SCHEDULE II.—WOMEN'S AND GIRLS' HAT BODIES AND CLOTHES

(Par. 1115, Tariff Act of 1922)

The above said paragraph covers a long series of articles, among which are included women's and girls' hat bodies, cloaks, suits, capes, dressing gowns, riding jackets, etc., composed wholly, or in chief value, of wool. The existing tariff law imposes a duty of 24 cents per pound and 40 per cent ad valorem if these products are valued at no more than \$2 per pound; if valued at more than \$2, but not more than \$4 per pound, the duty is of 30 cents per pound and 45 per cent ad valorem; if valued at more than \$4 per pound, a duty of 45 cents per pound and 50 per cent ad valorem. The new tariff bill passed by the House of Representatives, (par. 1115, H. R. 2667), has substantially increased the existing high duties, specifying those on the bodies, hoods, forms, and shapes for hats, bonnets, capes, berrets, and similar articles, manufactured wholly or in part of wool felt, for which the new duty is of 40 cents per pound and 75 per cent ad valorem, and in addition thereto, on all the foregoing, if pulled, stamped, blocked, or treated, (including finished similar articles), 25 cents per article.

The change in the paragraph referred to is a clear discrimination against the Italian industry, for these hat bodies come mainly from Italy, to satisfy the demand from the working classes of this country, as most of these products have been valued at less than \$2 per pound. The increase in the imports of this Italian product was mainly the result of recent changes in the fashion, marked by the desire of the American working girls to wear a cheap, soft hat of vivid color, peculiarly suited for wearing almost all year round. This is quite true, because statistics show that prior to 1927 the United Kingdom was the main source in the imports of these articles. This basic characteristic emphasizes the danger confronting the Italian manufacturers, for a change in the fashion would totally destroy any possibilities for further expansion, or sale. Domestic producers, in asking for further protection, have put an unjustified emphasis to the

difference in the labor costs prevailing in Italy and in the United States. First of all, it is to be pointed out that the figures submitted purporting to represent wage levels in the Italian woolen hat industry are utterly wrong and substantially underestimated. As a matter of fact, any honest student of the situation would admit that in a production of this character, costs are more dependent on the organization system than on wages, for methods of extensive production could be easily adopted in this industry. This statement finds complete confirmation in the results obtained by several American firms, who have adopted modern methods and have been in a position to easily compete with the Italian producers, for they have enjoyed a substantial protection in the existing tariff law. Furthermore, it is to be pointed out that the Italian producers of woolen hats are dependent on the United States for substantial purchases of wool and various types of leather used in the production of hats. There is no doubt that if the demand for such a peculiar type of product should continue the American producers will conveniently modernize their plants so as to keep complete control of the domestic markets at the existing duty levels, which offer a substantial protection.

The substantial increase in the duty, as proposed by the House of Representatives, would result in a new heavy burden for the classes of most modern means, which now consume, almost entirely, this Italian product.

Finally, the Italian Embassy calls the attention of the Finance Committee of the Senate to the fact that the wording of paragraph 1115 of H. R. 2667 is not very clear, with reference to the meaning of "pulled" in the second sentence of that paragraph. As we are aware, in the trade do not exist hats which are "pulled"; if the House of Representatives meant hats, or cloches, pulled in the brim, in order to give a determined shape to the hat, then it would be advisable to change the expression in question with "if pulled in the brim."

A careful and honest comparison of the industrial organization, competitive conditions, and possibilities between the domestic and Italian producers would show very conclusively that the existing duty for the products in question is more than sufficient to protect the domestic industry.

The Finance Committee of the Senate is kindly prayed for a reconsideration of the matter, so as to assure an equitable adjustment.

WASHINGTON, August 5, 1929.

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## LATVIA

DEPARTMENT OF STATE,  
Washington, July 30, 1929.

HON. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications concerning the tariff received by this Government from foreign governments, I have the honor to inclose for your information a copy of an undated memorandum with regard to Latvian exports to the United States, the original of this memorandum having been left with the department by Mr. Arthur B. Lule, the Latvian consul general at New York.

I have the honor to be, sir, your obedient servant,

HENRY L. STIMSON.

## CONSULATE GENERAL OF LATVIA NEW YORK (PRO MEMORIA)

The values of main articles imported by Latvia into the United States during the year 1928 and the first quarter of 1929 are as follows:

|                             | 1928      |             | First quarter 1929 |             |
|-----------------------------|-----------|-------------|--------------------|-------------|
|                             | Lats      | Approximate | Lats               | Approximate |
| Raw hides and skins.....    | 1,459,000 | \$282,000   | 66,000             | \$12,000    |
| Furs.....                   | 1,060,000 | 204,000     | 290,000            | 55,000      |
| Matches.....                | 442,000   | 85,000      | 153,000            | 29,000      |
| Casings.....                | 274,000   | 52,000      | 20,000             | 3,000       |
| Canned fish.....            | 241,000   | 46,000      | 45,000             | 8,000       |
| Vatches and vetch seed..... | 171,000   | 32,000      |                    |             |
| Textiles.....               | 102,000   | 10,000      |                    |             |
| Wood articles.....          | 83,000    | 10,000      |                    |             |
| Lubricating oil.....        | 243,000   | 27,000      | 43,000             | 8,000       |

On all of these articles the import duty has been considerably increased, and further trade with the United States in these articles appears problematic. Most of the articles imported from Latvia are raw products or semimanufactured goods which undergo further manufacturing processes in the United States. Most of the manufactured articles imported are of a kind which are not produced in the United States and for the manufacture of which there is even a lack of adequate material in this country. For example, matches; the matches exported from Latvia to the United States, which are of the ordinary safety-match type and have square aspen sticks, packed in boxes of wooden veneer—there is no manufacture of matches of this type in the United States. Such matches can not be manufactured in the United States due to the lack of suitable wood, wherefore an increase of duty on this product is entirely unjustified. The canned fish which is imported from Latvia, especially sprats, packed in oil, are not produced in the United States and are different from the canned fish put up by American firms.

Further attention is called to the sum total of Latvian exports to the United States for 1928, which amounts to 4,687,000 lats, (approximately \$904,000), whereas the Latvian imports from the United States amount to 17,068,000 lats, (\$3,294,000), approximately four times the amount of exports.

DEPARTMENT OF STATE,  
Washington, August 23, 1929.

HON. REED SMOOT,  
Chairman Finance Committee, United States Senate.

SIR: Pursuant to your request that you be furnished by this department with all representations made by foreign governments to this Government touching tariff questions, there is inclosed for your information a copy of a note verbale received by the American Legation at Riga, Latvia, from the Ministry for Foreign Affairs, dated July 30, 1929, in regard to American tariff rates on goods exported by Latvia.

Very truly yours,

J. P. COTTON,  
Acting Secretary of State.

## NOTE VERBALE

## MINISTÈRE DES AFFAIRES ÉTRANGÈRES DE LETTONIE

*Riga, July 30, 1929.*

The Ministry for Foreign Affairs has the honor to inform the American Legation that the Latvian Government has been advised by its consul general in New York that the Congress of the United States is considering the enactment of legislation which provides for an increase of the import tariff on a list of various articles in merchandise entering the United States.

It is the understanding of the Latvian Government that this list includes matches, cattle hides, and bricks, articles which comprise a large proportion of Latvian exports to the United States.

The American imports into Latvia exceed the Latvian sales to the United States, and an increase of the import duty on Latvian goods entering the United States would necessarily reduce the purchasing power of Latvia to the detriment of American goods, create the greatest difficulty for the exporters, and menace considerably the mutual trade relations between the two countries.

In view of the above, the Latvian Government expresses the hope that the increase in rates in products exported by Latvia will not be adopted.

It would be appreciated if the American Legation would be good enough to convey the views of the Latvian Government to the Government of the United States.

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**THE NETHERLANDS**

DEPARTMENT OF STATE,  
*Washington, July 30, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications touching tariff questions received from foreign governments, I have the honor to inclose for your information a copy of a note dated July 17, 1929, from the Royal Netherland Legation transmitting a memorandum with regard to the proposed duty on edible gelatine.

I have the honor to be, sir, your obedient servant,  
HENRY L. STIMSON.

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ROYAL NETHERLAND LEGATION,  
*Washington, D. C., July 17, 1929.*

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the attached brief and supplementary brief of the New York agency of the Delft Gelatine Works, regarding the proposed duty on edible gelatine.

The legation would feel greatly obliged if those authorities, especially the Senate Finance Committee, would give to the memorandum all the attention it seems to deserve.

(NOTE.—The briefs referred to are printed at pages 195 and 401 of Volume I of the Senate hearings.)

DEPARTMENT OF STATE,  
Washington, August 1, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications concerning tariff questions received by this Government from foreign governments, I have the honor to inclose for your information a copy of a note dated July 23, 1929, with inclosure, from the Royal Netherland Legation with regard to the proposed duty on earthenware.

I have the honor to be, Sir,  
Your obedient servant,

HENRY L. STIMSON.

ROYAL NETHERLAND LEGATION,  
Washington, D. C., July 23, 1929.

Referring to its not of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the attached brief of the "Société Anonyme pour la Fabrication des Faiences Fines et Produits Ceramiques de toute Espèce," (manufactures of earthenware), regarding the proposed duty on earthenware.

The legation would feel greatly obliged if those authorities, especially the Senate Finance Committee would give to the memorandum all the attention it seems to deserve.

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SOCIÉTÉ ANONYME POUR LA FABRICATION DES FAIENCES FINES  
ET PRODUITS CERAMIQUES DE TOUTE ESPÈCE

MAESTRICHT, 4 July, 1929.

*To the Competent Authorities of the United States of America:*

GENTLEMEN: Owing to the proposed increase of duty on earthenware imported into the United States the undersigned take the liberty to draw your kind attention to the following:

The House Committee on Ways and Means proposed in the original tariff bill to increase the existing duty of 45 per cent on white and 50 per cent on colored earthenware respectively to 50 per cent and 55 per cent. These rates, however, having been modified by a House amendment now read as follows in the bill presented to the United States Senate:

White Earthenware 45 per cent duty plus \$0.10 per dozen pieces.

Colored Earthenware 50 per cent duty plus \$0.10 per dozen pieces.

Should this bill be enacted and come into effect, the Maestricht works will practically be excluded from the United States market, this duty being prohibitive for the class of articles they export to your country. This will mean a considerable loss of labor, our exports of earthenware to the United States being of great importance.

It may be that the said committee has proposed such a high tariff with a view to hit the products of some countries, imposing heavy duties on American goods or of countries where your actual duty does not compensate the difference in the cost of production, but this can not be said of our country, where the import duty is not more than 8 per cent ad valorem and where the cost of production is one of the highest of the Continent.



We sincerely hope, that the matter may be reconsidered and that the legislative power may return to the rates originally proposed by the House Ways and Means Committee, which rates no doubt, are the result of a thorough study of the matter.

Trusting that our present request may be taken into serious consideration, we remain gentlemen,

Yours obediently,

SOCIÉTÉ CÉRAMIQUE.

DEPARTMENT OF STATE,  
*Washington, August 5, 1929.*

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications with regard to the tariff received by this Government from foreign governments, there is inclosed for your information a copy of a note dated July 29, 1929, with inclosure, from the Royal Netherland Legation, concerning the proposed duty on earthenware.

Very truly yours,

J. P. COTTON,  
*Acting Secretary of State.*

ROYAL NETHERLAND LEGATION,  
*Washington, D. C.*

Referring to its note of July 23, 1929, No. 2726, the Royal Netherland Legation has the honor to recur to the kind intermediacy of the Department of State in order to transmit the attached brief of the "Nederlandsche Vereeniging van Aardewerfabrikanten," (Dutch Association of Earthenware Manufacturers), regarding the proposed duty on earthenware.

The legation would feel greatly obliged if those authorities, especially the Senate Finance Committee, would give to the memorandum all the attention it seems to deserve.

Washington, D. C., July 29, 1929.

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NEDERLANDSCHE VEREENIGING VAN AARDEWERKFABRIKANTEN,  
KEIZERSGRACHT 586,  
*Amsterdam, July 9, 1929.*

*To the Competent Authorities of the United States of America.*

GENTLEMEN: The committee of the Dutch Association of Earthenware Manufacturers supporting the note presented to you by the "Societe Ceramique" and the "Aardewerfabriek de Sphinx," both at Maastricht, beg to draw your attention to the following with reference to the duty of 45 per cent ad valorem for white, 50 per cent for decorated earthenware increased with an additional specific duty of \$0.10 per dozen pieces as adopted by the House amending herewith the original rates of 50 per cent for white and 55 per cent for decorated earthenware originally proposed by the House Ways and Means Committee.

If these duties as adopted in the House bill will be passed by the Senate the consequences with regard to the trade with your country will be fatal for the members of our association, who manufacture the common bulk articles as plates, cups, saucers, ordinary dinner ware, and who have been marketing this class of goods for many years in the United States. Obviously the additional specific duty of \$0.10 a dozen uniformly imposed on all earthenware articles, disregarding their class, size, or intrinsic value, will amount in many cases to a percentage higher than 100 per cent of the value of these goods and will practically exclude them from your market.

The Committee of the Dutch Association of Earthenware Manufacturers can not believe the new tariff bill to have been drafted with the intention of cutting out earthenware imports from Holland, which only imposes fiscal duties on its imports, inasmuch as these imported goods do not enter the country free of duty. The committee, however, presumes that the duties in the tariff bill are intended to compensate more or less the difference in the cost of production. Where in our country the standard of living is high, the committee is of opinion that through the existing rates of duty of 45 per cent ad valorem for white earthenware, 50 per cent ad valorem for decorated earthenware, this difference is amply covered.

The original proposition of the House Ways and Means Committee increasing these rates with 5 per cent, made, without doubt, after a serious study of the subject by competent experts, confirms us in our opinion.

Referring to the administrative provisions of the tariff bill, we fear that the uncertainty which will exist for all importers of foreign goods with regard to the value to be applied by the appraiser, (foreign value or export value, cost of production, American selling price of such article), and the fact that the appraiser's decision is to be final, may prove a serious obstacle against doing business, as all calculations will be unsettled by these circumstances.

We sincerely hope that these matters may be reconsidered; that the competent authorities will abandon for earthenware the additional specific duty of \$0.10 a dozen; and that the administrative provisions may be reformed in a more lenient sense.

We are yours very respectfully,

\_\_\_\_\_, *President.*  
\_\_\_\_\_, *Secretary.*

DEPARTMENT OF STATE,  
*Washington, August 29, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I inclose for your information a copy of note No. 3123, dated August 21, 1929, from the Royal Netherland Legation, transmitting a brief of the Chamber of Commerce of Zwolle with regard to the proposed changes in the United States tariff.

Very truly yours,

HENRY L. STIMSON.

ROYAL NETHERLAND LEGATION,  
*Washington, D. C., August 21, 1929.*

Referring to its note of June 12, 1929, No. 2134, the Royal Netherland Legation has the honor to transmit to the Department of State a brief of the Chamber of Commerce of Zwolle, (Netherlands), dated August 3, 1929, with regard to the proposed tariff bill.

It would be greatly appreciated that the Department of State forward the attached document to the appropriate United States authorities with the request that due attention be given to the statements put forth in this brief.

ZNOLLE, *August 3d, 1929.*

VERZOEKE DATUM EN NUMMER DEZES BIJ DE BEANTWOORDING AAN TO HALEN

The Chamber of Commerce for the district of North-Overijssel, at Zwolle, begs to draw your attention to the increase in custom duties, which is being proposed in connection with the new tariff bill, regarding the following articles:

*Chicory.*—The duty on dried chicory roots is 1½ American cents per 1 pound, or per 1,000 kilos \$33.60.

The duty on roasted and ground chicory is now 3 American cents per 1 pound, or per 1,000 kilos \$67.20.

The duty on roasted and ground chicory is proposed to be increased to 4 American cents per 1 pound, or per 1,000 kilos \$89.60.

|  |          |
|--|----------|
| Dried chicory roots can be delivered c. i. f. New Orleans parties of 5,000 kilos a per 1,000 kilos at..... | \$59. 00 |
| Duty see above.....  | 33. 60   |

92. 60

For 1,000 kilos chicory are needed 1,200 kilos chicory roots.

|   |         |
|---|---------|
| 1,200 kilos costs, (see above), 1,200×92.60.....      | 111. 00 |
| Cost of manufacturing in Holland for 1,000 kilos..... | 25. 00  |

136. 00

|   |         |
|---|---------|
| Roasted and ground chicory can be delivered in parties of 5,000 kilos c. i. f. New Orleans per 1,000 kilos..... | 100. 00 |
| Duty.....   | 67. 20  |

167. 20

Difference between roasted and ground chicory imported in United States of America and chicory roots is \$167.20-\$136=\$31.20. Also on 1,000 kilos the difference is \$31.20 for more costs of manufacturing in United States of America than in Holland and larger profits, which is more than sufficient.

As the duty will be raised to 4 American cents, the imported chicory will come to \$100 and duty \$89.60=\$189.60 with a difference of \$189.60 and \$136 is \$53.60, which is much too high for a difference in the cost of manufacturing in the United States of America and in Holland.

*Potato starch.*—The intention of increasing the import duties is of a great blow, particularly to the Dutch potato-starch industry, as from almost no other country potato starch is exported.

The Dutch manufacturers of potato starch are working in a country in which the 8-hour working day is rigorously maintained, the wages for the laborers are rather high, and the general expenses being high, there is no disloyal competition.

To-day's price of potato starch is \$2.40 per 100 pounds local mills, the freight for delivery c. i. f. New York is \$0.35 per 100 pounds.

Present import duties are \$1.75 per 100 pounds, is about 70 per cent of to-day's market value, and the new import duties will be increased to \$2.50 per 100 pounds, which is more than 100 per cent of the present market value.

The ruling import duty is already too high for the Dutch manufacturers to be able to compete in the American market, so that we are sure that lots bought from this country are only special qualities. We therefore suggest that to safeguard the American manufacturers of potato starch this new is quite unnecessary.

In Holland a much greater lot of maize starch is imported from the United States of America, which does not meet any import duty on its way to the Dutch consumers of maize starch, which should already be enough reason for not increasing the custom duties.

The chamber expresses its hope that the above remarks will, as yet, induce the United States Government to maintain the old tariff.

THE CHAMBER OF COMMERCE FOR THE DISTRICT OF NORTH OVERIJSEL.  
(Signature illegible), *Chairman.*  
(Signature illegible), *Secretary.*

## PORTUGAL

DEPARTMENT OF STATE,  
*Washington, August 3, 1929.*

Hon. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all communications with regard to the tariff received by this Government from foreign governments, I inclose a

copy of a note dated July 18, 1929, with inclosure thereto, from the minister of Portugal concerning commercial relations between Portugal and the United States as affected by the proposed changes in the tariff.

Very truly yours,

J. P. COTTON,  
*Acting Secretary of State.*

LEGACAO DE PORTUGAL NOS ESTADOS UNIDOS,  
*Bar Harbor, Me., July 18, 1929.*

HON. HENRY L. STIMSON,  
*Secretary of State, etc.*

SIR: I have the honor to inclose a memorandum on the commercial relations between Portugal and the United States as affected by the proposed changes in the tariff.

I would esteem it a great favor if you would be so kind as to transmit this memorandum to the Finance Committee of the Senate, which is at present considering the matter.

Thanking you in anticipation, I beg you, sir, to accept the renewed assurances of my highest consideration.

ALTE.

MEMORANDUM

Commercial relations between two countries can only be normally and safely developed on a basis so far as possible advantageous to both.

And it is a friendly act on the part of one government to advise the other of circumstances which may, should they not be corrected, threaten the exchange of commodities between the two countries, in order that the governments may in concert devise means to avert impending difficulties. It thereby shows the high price which it attaches to the amicable intercourse which has subsisted between their peoples.

When during a long period of time the balance of commerce under existing conditions—whether the most favored rule or any other—is persistently and overwhelmingly adverse to one country, the government thereof can not, in justice to its own citizens, shirk the responsibility of having recourse to the methods which may seem to it best adapted to redress the position.

That the trade situation between Portugal and the United States is already perilously near to such a point, even a cursory examination of the following figures, will show.

From an average of \$6,552,000 in the years 1910-1914 the imports from the continent of Portugal into the United States have dwindled to \$4,565,000 in 1927, while the exports from the United States to continental Portugal have increased in the same period from \$3,610,000 to \$10,672,000.

The same tendency is apparent if we take the other principal divisions of the statistics of the Department of Commerce which refer to Portuguese territories, viz, Azores and Madeira Islands, Mozambique, and other Portuguese Africa.

In the case of Mozambique, for instance, American exports have increased from \$2,501,000 in 1922 to \$4,872,000 in 1927, while imports have decreased from \$5,789,000 to \$1,300,000 in the same years.

In the first three months of 1929 exports to Portuguese territories amounted to \$6,615,115 and imports to \$2,193,878.

And while exports from the United States to Portugal consist almost entirely of highly manufactured articles, such as machinery, automobiles, etc., (in 1927, manufactured, \$15,306,786; unmanufactured, \$3,357,214), the imports from Portugal are largely composed of food and raw materials for American industries. The labor of many thousands of American workmen finds a market in Portugal; that of but a few hundred of Portuguese workmen finds a market in the United States.

In these circumstances, the Portuguese Government can not view without concern an increase in the duties on the very few articles imported into this country, which, to some extent, give employment to Portuguese labor, such as cork products and embroideries.

The brief submitted to the Portuguese Government by the Portuguese Industrial Association—the most important association of this kind in Portugal—of which a summary is appended to this memorandum, gives a very clear insight into the conditions under which the increase in duties on cork products was sought.

The handmade embroideries of Madeira do not come into competition with any similar industry in the United States. This industry, on which a considerable part of the population of the island of Madeira depends for its subsistence, is at present in a precarious condition. It can bear no additional burdens, and the Portuguese Government, in order to afford it some relief, has recently been obliged to permit the entry free of duty of the materials it employs.

The two Governments are unquestionably desirous of favoring the exchange of commodities between their respective countries, and, with this purpose in mind, they can not lose sight of the fact that the irresistible pressure of economic conditions must, in the long run, impel each country to buy preferably in those markets where it can also sell.

It has been thought advisable to call the attention of the American Government to the serious condition of the commercial relations between Portugal and the United States in the hope that a means will be found to avoid rendering them still more difficult to maintain.

But, whatever the outcome of the present situation may be, it will assuredly not be of a nature to impair the confidence of the Government and people of Portugal in the sincere desire of the Government and people of America to deal by others as they themselves would wish to be dealt by.

LEGATION OF PORTUGAL.

*Washington, July 18, 1929.*

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EXTRACTS FROM A BRIEF SUBMITTED TO THE PORTUGUESE GOVERNMENT BY THE  
PORTUGUESE INDUSTRIAL ASSOCIATION

\* \* \* The section of cork products of the association has met in order to consider the statements made to the American Congress by manufacturers interested in having the duties on cork products raised and also those presented in rebuttal by American importers.

The first-mentioned statements try to prove:

1. That the increase requested is exclusively intended to equalize the difference in the cost of production, that the petitioners declare is as 7 to 1 between American and Portugal;

2. That once these duties are enacted, the manufacturers in Portugal will, in the matter of prices, remain on a footing of equality in the American market with American producers, and that is all that American industry desires;

3. That, in this manner, American industry will receive a just compensation without any increase in prices to the consumer nor cause for complaint on the part of the countries producing the raw material.

The American importers, on the other hand, state that the allegations made by the manufacturers have no foundation in fact and that their object is not exclusively to obtain the imposition of duties to meet the difference in the cost of production, which is more than covered by the present duties.

This seems to be convincingly established in the importers brief. Their statements, however, refer only to cork board. This association must add a few words on the subject of cork stoppers. The manufacturers say (a) that the imports of cork stoppers in 1927 amounted to 14.5 per cent of the quantity produced in the United States; (b) that this percentage of imports was only made possible because the present duty of 30 per cent ad valorem can not be considered sufficient to prevent such imports; (c) this being so, American producers must ask for a higher duty, which should be—

\$0.40 per pound on cork stoppers over three-fourths of an inch in diameter;  
\$0.50 per pound on cork stoppers of three-fourths of an inch or less.

In answer to these statements the association begs to present the two following comparative tables of the cost of production under the conditions alleged by the manufacturers:

## PORTUGUESE MANUFACTURERS' COSTS

Stoppers of less than  $\frac{3}{4}$  inch with, for instance, the following dimensions: Length,  $\frac{7}{8}$  inch; head,  $\frac{1}{16}$  inch; point,  $\frac{1}{32}$  inch:

|                                 |          |
|---------------------------------|----------|
| Cork.....                       | \$1, 327 |
| Wages.....                      | 360      |
| Incidental expenses.....        | 140      |
| Total cost.....                 | 1, 827   |
| Deduct by-products.....         | 296      |
| Net cost of 2,200 stoppers..... | 1, 631   |

## AMERICAN MANUFACTURERS' COSTS OF THE SAME STOPPERS

|  |          |
|--|----------|
| Cork.....  | \$1, 327 |
| Wages, (\$360 by 7 difference alleged by manufacturers<br>1 to 7)..... | 2, 474   |
| Incidental expenses.....   | 140      |
| Total cost.....  | 3, 941   |
| Deduct by-products.....  | 296      |
| Net cost of 2,200 stoppers.....  | 3, 645   |

According, therefore, to the brief of the American manufacturers, American costs should be \$3,645 and Portuguese costs \$1,631.

These figures seem to show that the alleged difference in wages is not real or, if it is, that American industry would need a protective duty of about 300 per cent to equalize prices and to enable an industry, clearly without proper conditions of existence, to survive, by obliging the consumer to pay three times the price of the article in the world market. Let us take another example, that of cork stoppers of more than three-fourths inch diameter, with the following dimensions: Length,  $1\frac{1}{2}$  inches; head, 1 inch; point,  $\frac{1}{16}$  inch.

|                                    | Portuguese costs | American costs |
|------------------------------------|------------------|----------------|
| Cork.....                          | \$1, 230         | \$1, 230       |
| Wages.....                         | 164              | 1, 148         |
| Incidental expenses.....           | 55               | 55             |
| Total costs.....                   | 1, 449           | 2, 433         |
| Deduct by-products.....            | 250              | 250            |
| Net costs of 600,000 stoppers..... | 1, 199           | 2, 183         |

This table also shows that either the alleged difference in wages is not real or that, if it is, a protective duty of about 100 per cent would in this case be necessary to cover that difference. This means that the American consumer would have to pay double the price in the world market.

In regard to cork board or cork insulation the arguments presented by the American importers seem to be conclusive and make it unnecessary for the association to insist on showing that the statements of the manufacturers have no foundation in fact and that it is indispensable to look further afield to discover their real motives.

What has been said clearly shows that, if the wages were really sevenfold in the United States what they are in Portugal, the proposed duties would be absolutely inadequate to protect American industry. And as it is not conceivable that the manufacturers would ask for duties too low to serve their purpose we must therefore conclude that the difference in wages as stated does not exist.

Once the chief foundation of the case of the manufacturers has by reductio ad absurdum been shown to be erroneous, their brief would hardly seem to be a proper document on which to rest a decision in such an important matter.

When American producers declare that their industry can not survive in the face of an importation from foreign countries of 14.5 per cent of the quantity of cork stoppers consumed in the United States, a considerable part of the imported corks being produced by American factories abroad, they simply show by their own figures how heavily foreign manufacturers are handicapped in the American market by the present duty of 30 per cent.

<sup>1</sup> 164 times 7.

Spain and Portugal are the only producers of cork in quantity. From these two countries the great bulk of the raw material necessary to several important American industries must be obtained. Neither country has, as yet, even considered imposing an export duty on this raw material, which they control, in order to protect their own industries. Cork reaches the American manufacturer unhampered by restrictions of any kind.

But there is another very serious aspect of the situation to which the Portuguese Industrial Association must call attention. It has already been convincingly explained in the brief submitted to the Ways and Means Committee by the American importers, but we wish to add a few pertinent details to those that have been mentioned and to show the full extent of the danger that threatens consumers and manufacturers alike.

We refer to the danger that the three firms chiefly interested in having the duties on cork products raised may obtain entire control of the industry and create a monopoly with all the consequences that usually attend such operations. Such is, in our opinion, the real object of those who are agitating for higher duties on cork products.

In this connection it is interesting to note: (a) That the firms mentioned above own cork-board factories in Portugal and in Spain. One of them has recently obtained control of the most important Spanish-owned cork-board factory. There are to-day in Spain only five locally owned factories and one small one in Portugal.

(b) That the recent increase in the importation of cork board into the United States on which the case of the manufacturers rests, was entirely from factories owned by these manufacturers themselves. The imports from locally owned factories, which amount to barely 18 per cent of the consumption in the United States, have not increased. It would perhaps not be uncharitable to think that these manufacturers were simply building up a case to present to the committees of Congress, especially as more than a year ago they sent an agent to Portugal who, on the pretext of wanting to buy the Portuguese factories, investigated wages, cost of raw material, general conditions in the industry, etc.

(c) That in Portugal only one factory is exporting cork board to the United States. That of L. Mundet & Sons, one of the signers of the brief. The other Portuguese factories have had to close, the present duty of 30 per cent making it unprofitable to export to the United States and they could not compete with the prices made by the American-owned factories. It would be illuminating to investigate what profit these latter have made on their recent operations.

(d) That in the last two months the price of virgin cork in Portugal has been depressed 40 per cent by operations of certain foreign firms who own factories in Portugal.

(e) That it is at least singular to witness firms agitating for an increase in duties against the products of their own factories abroad, when it can not be alleged that their object is to benefit their factories in the United States, as these are already amply protected by the present duty of 30 per cent.

All these facts point to the conclusion that should the three firms who have engineered the campaign for higher duties on cork products achieve their aim of excluding definitively from the American markets the foreign manufacturers, they will be in a position to entirely control the industry in the United States, to exact from the American consumer any price they choose, dump with the proceeds of their operations in the United States their products in Europe at prices which would put foreign factories out of business and end by being absolute monarchs of an industry that produces articles which to-day are necessities.

They might even from their dominating position fix at their own convenience the price of the raw material, if measures were not taken to protect the growers.

We trust that, when the circumstances we have outlined are brought to the attention of the committees of the American Congress, and duly considered by them, a fair and wise decision will be reached in the matters with which we are concerned.

The rapacious greed displayed in certain quarters in this question is not—our dealings in the part with American business have convinced us—a trait of the American people.

Lisbon and seat of the Portuguese Industrial Association, June 18, 1929.

## SWEDEN

DEPARTMENT OF STATE,  
*Washington, August 22, 1929.*

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with copies of all representations made by foreign governments to this Government touching tariff questions, I inclose for your information a copy of a note dated August 17, 1929, from the Swedish Legation transmitting a brief submitted by a Swedish firm relative to the rates of duty on surgical instruments.

Very truly yours,

J. P. COTTON,  
*Acting Secretary of State.*

LEGATION OF SWEDEN,  
*Washington, D. C., August 17, 1929.*

HON. HENRY L. STIMSON,  
*Secretary of State, Washington, D. C.*

SIR: Acting upon instructions from my Government I have the honor to transmit herewith a brief submitted to me by the Swedish firm, A/B Stille Werner, Stockholm, manufacturers of surgical instruments, containing certain observations relative to the change in the rates of duty on surgical instruments proposed by the House of Representatives in H. R. 2667.

I should appreciate if through your excellency's good offices the views set forth in the brief may be brought to the notice of the Senate Finance Committee and receive due consideration when the duty on surgical instruments is to be decided by Congress.

With renewed assurances of my highest consideration, I have the honor to remain, sir,

Your most obedient servant,

V. ASSARSSON.

BRIEF OF A/B STILLE WERNER, OF STOCKHOLM, SWEDEN, IN REFERENCE TO INCREASE OF DUTY FROM 45 PER CENT TO 70 PER CENT ON SURGICAL INSTRUMENTS IN THE HAWLEY BILL, (H. R. 2667), NOW UNDER CONSIDERATION BY THE COMMITTEE OF FINANCE OF THE UNITED STATES SENATE

Fully cognizant of the fundamental principles underlying the legislative program of the Congress of the United States in the pending revision of the tariff, and with assurances of our profound respect for the purposes sought to be attained for the benefit of American labor and American industry, we desire herewith to present facts concerning the manufacture of steel surgical instruments in Sweden and our views of the manner in which the export of such instruments to the United States affects the conditions upon which the tariff is intended to operate, as well as the correlative reaction of the American tariff upon this Swedish industry. In presenting this brief, we disclaim all thought or intent of attempting to do anything which might appear to be an unwarranted intrusion into the legislative deliberations of the Congress, and express the hope that this brief may be given such consideration by the Senate as that honorably body may be pleased to give in its study of the facts and conditions governing the making of rates of duty.

The A/B Stille Werner, which, for convenience, we shall refer to as the "Stille Werner Co.," has been established in Stockholm for more than 100 years, during all of which time it has been engaged in the manufacture of high quality steel surgical instruments.



The Stille Werner Co. has uniformly striven to produce instruments of the highest degree of excellence, both as to workmanship and finish as well as to the quality of the steel used with the result that the Swedish industry has become firmly rooted and has a long tradition and impartial judges concede a superiority to the products of the Stille Werner factory.

A good instrument must be capable of maintaining a fine, hard, cutting edge, must not lose its temper despite frequent sterilizing in boiling water, and must possess the right degree of toughness without being brittle and the exact quality of tension or springiness without yielding too much or too little to pressure. The character of the temper and the degree of tension given to an instrument depends largely upon the skill and experience of the workman. Upon him and his hand labor also depend the precision and perfect alignment of the instruments used by surgeons in their critical work which often is a matter of life or death.

The Stille Werner Co. has had, for four generations, a body of highly skilled artisans employed in the manufacture of such high-grade surgical instruments. Skilled workmen of the type engaged in this industry are not easily obtained, and a body of such workmen is the result of long years of growth and development. Usually the workmen continue in the instrument business all their lives and their sons adopt the same career after first going through a long period of apprenticeship.

Some very fine instruments are made in the United States, which compare favorably with the Swedish products, but these American instruments are made in relatively small shops which do not pretend to manufacture on a large scale or to have the capacity to supply more than a small fraction of the demand in the United States. Such shops are not affected by the tariff, and will continue regardless of tariff rates.

For some years the Stille Werner Co. has been making its instruments of the best grade of stainless steel known to the world. The great body of American surgeons are purchasing stainless steel instruments in increasing quantities each year, despite the fact that the wholesale selling prices of the Swedish stainless steel instruments range from 10 per cent to 100 per cent higher than the wholesale prices at which the imported and also the domestic steel surgical instruments are sold.

The Stille Werner instruments are sold at higher prices because the cost of production of these products is much higher than that of other foreign-made instruments. The cost of skilled labor in Stockholm is very substantially greater than that in Germany, a greater amount of hand labor is devoted to each instrument, and the cost of the stainless steel is far in excess of that of ordinary carbon steel. The superior finish of the Swedish instrument naturally means a greater labor cost. We desire to emphasize the fact of the higher cost of production, lest it might seem that the Stille Werner Co. is deriving more than a normal profit.

The fact that the Swedish instruments are sold at higher prices in the United States, as stated above, indicate that these instruments are in a class by themselves, and hence their importation does not affect domestic manufacturers in the same manner as they would be if they were comparable to the other instruments sold in the United States, whether domestic or imported. In any event, the Swedish instruments sell at wholesale, in the American market, at prices not less than 10 per cent higher than those paid for similar domestic articles.

The Stills Werner Co. does not export any soft-metal instruments to the United States. Generally speaking, the American manufacturers produce all the soft-metal instruments sold in the United States, and it is our understanding that, with the exception of special lines, practically all the steel instruments used in the United States are imported. We are familiar with the brief which has been submitted to the Senate Finance Committee by the Kny-Scheerer Corporation of America and other importers of steel surgical instruments, and we are in accord with what is there stated concerning the two branches of the surgical instrument business, i. e., the soft-metal branch and the steel branch. The American manufacturers have always controlled the domestic market for instruments made of brass, copper, German silver, aluminum, or other similar soft metals. In recent years they have also captured the market for a certain few types of steel instruments, which are used in large quantities and can, therefore, be manufactured on a mass-production basis.

On the other hand the United States does not produce the vast variety of steel instruments—some ten or twelve thousand patterns—regularly used in surgical work and its many specialties. It lacks the skilled labor, and the small volume of sales is no inducement to invest in the expensive dies required for each instrument.

It would seem, therefore, that whatever rates are fixed in the proposed tariff bill they will aid or otherwise affect the American manufacturer with reference to those instruments only which he can and does produce. As to all other steel surgical instruments, imported very largely from Germany and to a lesser extent from Sweden, an increase in duty will result in adding an increased burden on hospitals and surgeons, the only users of these products.

In the case of the Swedish instruments the added cost to the hospitals, due to any substantial increase in duty, would be an especial hardship. Many hospitals, struggling along on limited incomes, would feel compelled to forego the purchase of the more expensive Stille Werner instruments and content themselves with less-costly and lower-grade equipment. If such additional tax on the hospitals and surgeons would result in any benefit to the American steel surgical-instrument industry then we would refrain from making any representations to the honorable committee of the Senate. Such benefit, however, will not follow, and there will be no substantial expansion of the American industry merely because of the tariff increase.

Why, then, make it more expensive for the hospitals and surgeons to acquire high-grade instruments of types not manufactured in the United States?

Because of the higher cost of their products, the Stille Werner Company, of course, would suffer a decrease in volume of sales to the United States, following any substantial tariff increase, and we make no pretense that this brief is presented without any thought of self-interest. Inasmuch, however, as our self-interest is not in conflict with the legitimate welfare of the domestic industry, we feel we shall not be charged with impropriety or indelicacy in expressing the wish that the duty on surgical instruments be not increased beyond the rate of 45 per cent, as provided for in the Fordney-McCumber bill.

Most respectfully submitted.

A/B STILLE WERNER.

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## AUSTRIA

DEPARTMENT OF STATE,  
Washington, September 3, 1929.

Hon. REED SMOOT,

*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished by this department with all representations made by foreign governments to this Government touching tariff questions, there is inclosed for your information a copy of note No. 1979/84, dated August 26, 1929, from the minister of Austria, submitting representations made by the Association of Austrian Textile Manufacturers.

Very truly yours,

HENRY L. STIMSON.

AUSTRIAN LEGATION,  
Washington, D. C., August 26, 1929.

His Excellency Mr. HENRY L. STIMSON,

*Secretary of State, Washington, D. C.*

EXCELLENCY: I have the honor to submit to Your Excellency a reply of the Association of Austrian Textile Manufacturers to certain depositions made before the Ways and Means Committee by representatives of the kindred branch of American industry. This rejoinder is by no means complete, but merely refers to statements which are too obviously incorrect and biased.

For explanation I wish to remark that the Austrian exportation of woolen articles into the United States is almost entirely restricted to knitted goods.

Now, Mr. J. J. Phoenix, when testifying before the aforementioned committee on behalf of American Woolen Manufacturers, stated, among other things, that the cost of wool in Austria is considerably

below that of cotton, while in the United States, of course, reversed price conditions prevail. Austrian manufacturers are at a loss to comprehend the source of this information unless Mr. Phoenix confounded Austria with Australia in his mind. The fact is that Austria imports wool from South Africa, South America, and Australia and besides has to pay higher freight rates than the United States, so that, contrary to the testimony given before the committee, the price of wool is higher in Austria than in the United States.

Another surprising element, which developed from the hearings is that when figures are quoted with a view of proving the contention that sales prices in Austria are considerably lower than the cost of production of the same goods in the United States, such articles are picked out, (for instance, infants wear), which hardly, if any, are imported into this country, while knitted goods, which are chiefly imported, such as fancy sweaters, are not even mentioned, probably because the price of these goods is also high in Austria.

Furthermore, prices quoted before the committee are not those which generally and commonly prevail in Austria. If they were taken from actual sales, these must have been quite exceptional.

The fact is that American buyers coming to Vienna, mostly restrict their orders to high-priced, fancy goods, because, as they aver, they could buy inferior qualities considerably cheaper in the United States.

Similar incorrect evidence was given in regard to cost of production. Almost all the representatives of various industries, when testifying with an intent to prove need of protection against the ingress of foreign goods manufactured under lower costs, compare only wage scales in corroboration of their contention. Nothing is more misleading than this method of proving a case. It is a well-known fact that wages alone do not make up the total costs of production.

In Austria, for instance, manufacturers are heavily burdened with compulsory contributions toward social welfare, (accident and sick benefits, old-age pensions, unemployment doles, etc.), with very high taxes, high rates of interest, want of raw material at easy reach, etc. These are merely a few items comprised in cost of production which ought to be included into the calculations to give a true picture. Cheap labor, cheap production, a readily accepted slogan, would not stand closer observation.

Mr. Phoenix himself concedes in his testimony that production in his special branch of industry has arisen since 1899 from \$8,000,000 to \$200,000,000 and that knitted goods in the value of \$5,500,000 only, (respectively, \$12,500,000 when duty, freight, insurance, and other costs are included), are imported into the United States.

These figures show an import in the volume of 6 per cent of domestic production, too small a figure to justify the proposal of a prohibitive tariff far overreaching bounds of adequate protection.

How little American knitting industry needs protection is born out by the fact that it has become a serious and very successful competitor in foreign markets. American-made bathing suits, (Jantzen), just to cite one example, are swamping, for instance, European markets, successfully competing with domestic products even in Austria.

Your excellency would greatly oblige this legation by bringing the aforesaid to the attention of the appropriate authorities.

Accept, Excellency, the renewed assurances of my highest consideration.

EDGAR PROCHNIK.

## GREAT BRITAIN

DEPARTMENT OF STATE,  
Washington, September 5, 1929.

HON. REED SMOOT,  
*Chairman Finance Committee, United States Senate.*

SIR: Pursuant to your request that you be furnished with this department with copies of all representations made by foreign governments to this Government touching tariff questions, I inclose for your information a copy of note No. 475, dated August 26, 1929, from the British ambassador, transmitting a memorandum from the Association of British Chemical Manufacturers regarding proposed changes in duty on blanc fixe and sodium sulphide.

Very truly yours,

HENRY L. STIMSON.

BRITISH EMBASSY,  
Washington, D. C., August 26, 1929.

HON. HENRY L. STIMSON,  
*Secretary of State of the United States, Washington, D. C.*

SIR: With reference to my note No. 455 of August 14 regarding the desire of the Association of British Chemical Manufacturers to submit to the Senate Finance Committee certain evidence relative to proposals to increase the duty on blanc fixe and sodium sulphide, I have the honor to transmit herewith a copy of the memorandum referred to in paragraph 2 of my previous note. I should be very grateful if the good offices of the Department of State could be granted to insure that the memorandum receives the consideration of the Senate Finance Committee.

I have the honor to be, with the highest consideration, sir,  
Your most obedient, humble servant,

ESME HOWARD.

PROPOSED INCREASE OF DUTY ON BLANC FIXE INTO THE UNITED STATES

On behalf of the Association of British Chemical Manufacturers, of 160, Piccadilly, London, W. 1, we beg to submit an objection to the proposed increase in the duty on blanc fixe, (barium sulphate precipitated), paragraph 69, from 1 cent per pound to 1¼ cents per pound, as included in the tariff act before the Senate.

The imports of blanc fixe into the United States as against the total production is not heavy, and the present duty of 1 cent per pound is equal to 44.78 per cent ad valorem. (See p. 068 of Table IX, vol. 1, Annual Report of Foreign Commerce and Navigation of the United States, 1927.) It will be agreed that this duty is sufficiently high already, and does not warrant a further increase to 56 per cent ad valorem.

*Method of manufacture of blanc fixe*

1. By-product in hydrogen peroxide manufacture. (See p. 202 of Tariff Readjustment Hearing, 1929, Schedule 1, January 7, 1929.)

2. Direct manufacture with sodium sulphide as a by-product. (See p. 204 of Schedule 1, January 7, 1929.)

An attempt at arriving at the raw material costs for blanc fixe made from barium peroxide and sulphuric acid, based upon Exhibit A. A study of the raw materials required in the manufacture of sodium sulphide as a coproduct with blanc fixe, we have (see p. 204, Schedule 1, January 7, 1929):



1. Barium sulphide used = 1 ton, at \$31.478 = \$31.478.

2. Sodium sulphate = 0.838 ton at \$25 = \$20.95.

$$3. \text{ Value of sulphur in barium sulphide} = \frac{31.478 \times 46}{169.4} = \$5.96.$$

$$4. \text{ Value of sodium in sodium sulphate} = \frac{20.95 \times 46}{142.07} = \$6.78.$$

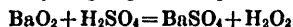
$$\text{Value of barium in barium sulphide} = (1:3) = 31.478 - 5.96 \dots = \$25.518$$

$$\text{Value of sulphate in barium sulphate (2:4)} = 20.95 - 6.78 \dots = 14.17$$

$$\text{Total raw material cost to barium sulphate} \dots \dots \dots = 30.688$$

One hundred per cent efficiency with 100 per cent barium sulphate will give 1.377 tons of barium sulphate with a raw material cost of \$39.688.

Comparing this with our hydrogen peroxide process we have—



Barium peroxide (BaO) mil. wt. = 169.37 (Ba = 137.37, O = 16).

Sulphuric acid (H<sub>2</sub>SO<sub>4</sub>) mil. wt. = 98 (H = 1, S = 32.07, O = 16).

Barium peroxide used = 1 ton at £32 = £32.0.

Sulphuric acid used = 0.58 ton at £5 = £2.9.

$$\text{Value of barium in barium peroxide} = \frac{137.37 \times £32}{169.37} \dots \dots \dots = £25.97$$

$$\text{Value of sulphate in sulphuric acid} = \frac{96}{98} \times £2.9 \dots \dots \dots = 2.84$$

$$\text{Total raw material cost to barium sulphate} \dots \dots \dots = 28.81$$

With 100 per cent efficiency and 100 per cent barium sulphate we get 1.377 tons of barium sulphate with a raw material cost of £28.81 = \$140.

Therefore, using the same arguments as are presented on page 204 of the schedule, we find that the raw-material costs in England are \$140 as against \$39.68 in the United States, and applying the arguments that are used for sodium sulphide, paragraph 6, page 204, there should be no duty on blanc fixe, as no possible difference in the manufacturing costs, (other than raw material), could equalize the cost of manufacture by the barium peroxide/sulphuric acid process, as against the barium sulphide/sodium sulphate process.

As already pointed out, one of the methods of making blanc fixe is as a by-product in the manufacture of hydrogen peroxide from barium peroxide. The American manufacturer is already favored with a duty of 6 cents per pound on barium peroxide, which is selling at 10 cents per pound. This is a duty of 150 per cent, and whereas in 1924 this country was exporting barium peroxide to the value of \$100,000, owing to the increase in duty from 4 cents to 6 cents per pound on barium peroxide exports from this country to the United States have been totally prohibited.

The American manufacturer is also favored with a duty of 25 per cent ad valorem on the hydrogen peroxide, which he manufactures as a coproduct with blanc fixe. In addition to this there is a duty of 1 cent per pound on blanc fixe, which is equal to 44.78 per cent ad valorem.

We respectfully submit that, in view of our statements above, the duty of 1 cent per pound, which is 44.78 per cent ad valorem, on blanc fixe, (barium sulphate precipitated), is already sufficiently high as to not warrant a further increase.

#### PROPOSED INCREASE OF DUTY ON SODIUM SULPHIDE INTO THE UNITED STATES

On behalf of the Association of British Chemical Manufacturers, of 166, Piccadilly, London, W. 1, we beg to submit an objection to the proposed increase in the duty on sodium sulphide, (par. 83), from ¼ cent to 1½ cents per pound for over 35 per cent strength and from ½ to ¾ cent for less than 35 per cent strength.

This application was made before the Ways and Means Committee of the tariff readjustment, 1929.

No increase was recommended to the House of Representatives. We now find that a further application has been made before the Senate Finance Committee by the Barium Reduction Co., asking for an increase to 1¼ cents per pound for over 35 per cent strength, and an increase to ½ cent per pound for less than 35 per cent strength.

The duty of ¾ cent per pound on sodium sulphide of over 35 per cent strength is approximately 37.5 per cent ad valorem. We respectfully submit that this is sufficiently high as not to warrant a reopening of the tariff question on this product, following the decision of the House of Representatives.



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