TARIFF SCHEDULES

BRIEFS AND STATEMENTS

FILED WITH THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

SIXTY-THIRD CONGRESS
FIRST SESSION

ON

H. R. 3321

N ACT TO REDUCE TARIFF DUTIES AND TO PROVIDE
REVENUE FOR THE GOVERNMENT, AND
FOR OTHER PURPOSES

(IN THREE VOLUMES)

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SUBJECT INDEX IN VOLUME III

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SCHEDULE A.

CHEMICALS, OILS, AND PAINTS.

SCHEDULE A.—CHEMICALS, OILS, AND PAINTS.

Par. 1.—ACIDS AND BASKET CLAUSES.

MALLINCKRODT CHEMICAL WORKS, PER BROWN & GERRY, ATTORNEYS.

Attention is directed to the following paragraphs of H. R. 3321, to wit: Paragraphs 1, 5, 7, 12, 17, 18, 21, 57, and 66. Each and all of these paragraphs are what is known as a catchall or basket clause, and, whenever any given article of merchandise can not be classified under some eo nomine provision, either directly or by similitude, it must be classified under some general catchall provision of the act. It is perfectly clear, therefore, that these so-called basket clauses or catchall provisions, not only include or take care of such articles as are not provided for by name at the time of the passage of the act, but they also are useful and necessary in that they cover and take care of any and all articles which may be invented, created, or produced subsequent to the passage of the act, and which manifestly could not have been provided for by name in the tariff act, inasmuch as they did not exist at the time said act was passed. It is therefore apparent, after the most casual consideration of this subject, that there is not a single paragraph in a given schedule which may not have some article that would be involved therein by virtue of the similitude clause of the tariff act, taken out of it by virtue of some change, construction, or manufacture, and the only safeguard of the revenue lies in the fact that these catchall provisions take care of and cover all such changes, modifications, or new creations, and provide a rate of duty upon their importation into the United States.

Broadly, it would seem true that these catchall provisions should provide a rate of duty at least equal to that provided for in the general body of the act. In the Payne-Aldrich Act most, if not all, of these so-called basket clauses specified or provided for a rate of duty in excess of what might be termed the mean average equivalent ad valorem which the general body of the schedule provided, and the particular point or proposition to which the attention of your committee is directed is that, unless such a plan is followed, there will unquestionably be a disposition on the part of foreign manufacturers to so produce their merchandise as to come within the basket clauses instead of under the paragraphs providing rates of duty for articles by name.

It is obvious that everybody will be offered an inducement to so manufacture or produce merchandise that it will not be included in

the eo nomine provisions of the tariff act if, as a matter of fact, the basket clauses specify a lesser rate of duty than that which is set forth in any given paragraph, and this condition is particularly true with reference to the chemical schedule. For instance, it does not make any difference how many eo nomine provisions there may be in the act, it is always possible in chemistry, by the inclusion of some additional element or radical, to give the article a new name and modify its medicinal or therapeutic effect. Almost every one of the articles covered by name in the chemical schedule have a fixed and well-established formula which is recognized by the United States Pharmacopœia or National Formulary. If some element or radical be added to this formula whereby the medicinal value is changed or claimed to be changed, then manifestly the article is not that specified in the United States Pharmacopœia, and is not covered by name in the tariff act, and hence such article, when so changed, can only be taken care of in one of these basket clauses. It is possibly true that there is not a single schedule in the entire tariff act, with respect to which it can be said that there is so little certainty in regard to the eo nomine provisions, as in the chemical schedule, and this for the reason that practically every single article covered by the chemical schedule by name is a chemical compound, and if there be added some element, other than those which are recognized by the United States Pharmacopœia or National Formulary, as the proper constituents of a given chemical compound, then it is perfectly obvious that there has been produced a new chemical compound, which can only be taken care of under the catchall provisions of the act.

In the preparation of the Underwood bill, we are advised that it was the intention to depart from the practice or plan followed in the Payne-Aldrich Act, and most, if not all, of the other tariff acts which have been enacted by the Congress, and instead of providing in the catch-all provision for a rate of duty in excess of the mean average equivalent ad valorem, they have proceeded on the theory that these catch-all provisions should specify a rate of duty less than that fixed in the body of the act. This matter was called to the attention of the committee, and it is understood that, after due deliberation, the rates of duty provided for in the catch-all provisions were increased, but that subsequently such increases were stricken out.

For the purpose of showing that the claim we make in regard to the basket clauses is not a fiction of the brain we attach hereto four pages of decisions rendered by the Board of General Appraisers and the courts,[1] each one holding that certain merchandise, the subject matter of the decision, is not dutiable under some eo nomine provision, but is dutiable as a chemical compound not otherwise provided for under one or other of the basket clauses included in the chemical schedule. These decisions show beyond a peradventure what the disposition on the part of the importing public would be at the rate of duty specified under, say, paragraph 5 of the act, which provides for alkalies, alkaloids, and all chemical and medicinal compounds. The rate of duty herein provided is 15 per cent. There are rates in this bill ranging as high as 60 per cent or more, which rate of duty was undoubtedly fixed in a bona fide effort to establish such a rate of duty as was properly applicable in that particular case. If it lies within

[1] Decisions referred to omitted.

the power or capability of any given manufacturer to take an article out of an eo nomine provision by the mere inclusion of some harmless radical, then a duty of, say, 60 per cent can be wiped off the tariff act and the merchandise brought in as a chemical compound n. s. p. f. at 15 per cent ad valorem. If the catch-all provisions specify a higher rate of duty than is provided for in the body of the act, there manifestly will not be any effort on the part of foreign manufacturers or shippers to get articles out of the paragraphs wherein they would be provided for by name and have them classified under the basket clauses, and if the basket clauses provide broadly for a rate of duty equal to or in excess of that specified in the general body of the act it makes for the easy administration of the customs and uniformity throughout the United States and all the customhouses the collection of the proper rate of duty, because of the willingness on the part of manufacturers and importers to let their merchandise be provided for or classified under the ordinary eo nomine provisions of the act.

This matter has received the consideration of many customs experts, and we do not believe there is one who will not take it as his opinion that the foregoing argument is fundamentally correct and that if the plan outlined in the Underwood bill be followed it would be absolutely contrary to well-recognized principles and would be productive of disputes and litigations and great uncertainty on the part of customs officers, and a resulting lack of uniformity in the administration of the act. For these reasons we most respectfully request that this matter be given your careful consideration, and that without regard to the rate of duty which your committee shall see fit to establish in the body of the act that the duty provided for in the catch-all provisions be in excess thereof. In making this request we desire to impress upon your committee that it is made without reference in any way, direct or indirect, to the rates of duty specified in the general paragraphs of the bill. It doesn't make any difference whatsoever as to these rates. They may be high or low, and the mean average equivalent ad valorem may be high or low, but unless the rates of duty specified in the basket clauses of the act are in excess of the said equivalent ad valorem, then the entire act is open to attack from every man, and must necessarily be broken down to that rate of duty which is provided for in the basket clauses by reason of the constantly changing conditions of the chemical industry, the discovery of new elements, and the invention or combination of new chemical compounds, and in its present form the act is so written that a very material inducement is offered to everybody to break it down. This feature of the act, therefore, should be changed and each and every one of the basket clauses should provide for or specify a higher rate of duty.

ETHERS, SULPHURIC, AND CHLORAL HYDRATE.

These articles are provided for in H. R. 3321 under paragraph 30 and paragraph 19, respectively. Paragraph 30 contains the proviso that no article containing alcohol shall be classified for duty under this paragraph. According to the United States Pharmacopœia, sulphuric ethers must contain 3 per cent of alcohol. It would therefore seem that the inclusion of the article in this paragraph was in

error, and the probability is that although ethers, sulphuric, are specifically named in paragraph 30, that in the light of the provision in the United States Pharmacopœia, the same will be classified for duty under paragraph 17. With respect to chloral hydrate, this merchandise is also made with alcohol. Objection is not made to the rate of duty provided in the act for ethers, but we do think that the language should be such as not to take the same out of paragraph 30 and subject them to duty as chemical and medicinal compounds under paragraph 17.

TANNIC ACID OR TANNIN.

This merchandise is provided for in paragraph 1 of the proposed Underwood bill at the rate of 4 cents per pound. The present rate is 35 cents per pound; so that the reduction is approximately about 800 per cent.

First, we desire to say that tannic acid is the same thing as tannin, and therefore the provision which reads "tannic acid and tannin" should be changed to read "tannic acid or tannin," just as it appeared in the Payne-Aldrich Act. It is true that since this rate of duty was established, the conditions in this country, with respect to solvents, has changed, and the duty of 35 cents could be reduced, but to bring this duty down to 4 cents is altogether beyond the pale of reasonable action. Germany can produce this acid in large quantities, and not only has she the advantage of freight rates on the raw material used, but Germany has a market for her product throughout the entire world; whereas the American manufacturer of this merchandise is confined to the United States territory.

Furthermore the value of the merchandise is dependent upon the percentage of tannic strength. On the basis of the paragraph as it appears in the proposed bill an expensive article; that is, one containing a high percentage of tannin, would pay the same duty only as would be paid on an article of very much inferior quality. This fact establishes beyond all possibility of argument to the contrary that the single rate of duty of 4 cents per pound is altogether inadequate to meet the situation. We suggest therefore that the language of paragraph 1 be changed by striking out the words "tannic acid and tannin, 4 cents per pound," and inserting in lieu thereof "tannic acid or tannin over 70 per cent, 25 cents per pound; less than 70 per cent, 10 cents per pound." Such a provision will afford ample basis for the collection of revenue on such portion of the tannic acid or tannin as is used in the industrial arts and will likewise come nearer to giving the American manufacturer the actual differential duty that it is necessary for him to have in order for him to live at all.

CALOMEL, CORROSIVE SUBLIMATE, AND OTHER MERCURIALS.

The rate of duty provided for at the present time on quicksilver (mercury), which is the crude material for the manufacture of these articles, is 7 cents per pound. Paragraph 15 of the bill proposes to put a duty on calomel and other mercurials of 15 per cent ad valorem. Now, the attention of the committee is drawn to the fact that paragraph 161 of the proposed bill places a duty of 10 per cent ad valorem on quicksilver (mercury). Quicksilver is worth approximately 50 cents per pound, and with the flask, which contains about

75 pounds and is worth about 50 cents, the duty on the basis of 10 per cent ad valorem is about 5¼ cents per pound. Under the old act the rate of duty on mercurials was 35 per cent ad valorem, and hence it will appear that whereas the rate of duty on quicksilver has been reduced from 35 to 15 per cent, and hence whatever differential there was under the old act has been absolutely destroyed. If it is the intent and determination of the committee to reduce the duty on quicksilver, then there is no objection to a reduction of duty on the mercurials, provided the reduction be not greater than that which has been made on the quicksilver. In other words, the proposition is that the present compensating duty as between quicksilver and mercurials be maintained. In many instances, in the discussion of rates before the Ways and Means Committee, the suggestion was made that it was the desire to place merchandise here and abroad on a competitive basis, and it was further said that if the imports amounted to 25 per cent of the domestic production that fact was accepted as indicating that the merchandise here and abroad was on a competitive basis and that it would not be necessary to reduce the duty to accomplish this end. The imports of mercurials have been constantly increasing in the face of the 35 per cent ad valorem duty imposed at the present time under the Payne-Aldrich Act. In 1900 the imports were 16,647 pounds, whereas the imports during the year 1912, in so far as we have been able to ascertain, far exceed an amount of 100,000 pounds.

We would therefore suggest that this provision be amended so as to read as follows:

Calomel, corrosive sublimate, red precipitate, and all mercurial medicinal preparations, 35 per cent ad valorem.

GALLIC AND PYROGALLIC ACID.

The present rate of duty on gallic acid is 8 cents per pound, under paragraph 1 of the act of August 5, 1909. The rate of duty provided in paragraph 1 of H. R. 3321 is 4 cents per pound. This is a reduction in duty of exactly 50 per cent. Taking the present foreign cost of this article, 32 cents per pound, the rate of 8 cents is equal to an equivalent ad valorem of 25 per cent. The proposed rate of duty therefore is not in excess of 12½ per cent on the present valuation. If that valuation should increase the rate of duty, of course, would be less. Under the Dingley Act the duty on this merchandise was 10 cents per pound, and under the Payne-Aldrich Act the duty was 8 cents, which constituted a reduction at that time of 20 per cent, and therefore it is not evident why the duty should be reduced any further at this time. Gallic acid is a highly manufactured article produced from nutgalls. Nutgalls are, at the present time, and have for a long number of years, been on the free list; but gallic acid, which is a highly refined product, has always been on the dutiable list, and the duty should at no time be less than 8 cents per pound, for the very obvious reason that the Germans can secure their raw material, to wit, nutgalls, on the same favored basis as the Americans, but in the production of the refined article, to wit, gallic acid, the Germans have a number of advantages over the American manufacturer, as is true throughout the entire line of chemical products.

Gallic acid is produced in this country from nutgalls, but there is absolutely no question that the American manufacturer is unable to compete with the Germans on anything like an equal basis, and a duty of 4 cents per pound is in no sense whatever a proper compensatory duty to the American manufacturer.

Gallic acid is used as the raw material for the production of pyrogallic acid. Pyrogallic acid is colloquially known in the photographic fraternity as pyro, and is a developer for photographic plates and films. About 100 pounds of gallic acid are used in the production of 40 pounds of pyrogallic acid. Under the old act pyrogallic acid was subject to a duty of 25 per cent ad valorem, which was equivalent to 25 or 30 cents a pound. The rate of duty proposed in the Underwood bill is 10 cents per pound, and hence, on the basis of a production of 40 pounds of pyro, with the use of 100 pounds of gallic acid, the duty on the gallic acid being 4 cents a pound, then 2½ times 4 would be 10, or the exact amount of duty which is imposed on the pyrogallic acid. If an American manufacturer were to import gallic acid at 32 cents per pound and there was only a 40 per cent recovery in pyro from such gallic acid, then each pound of pyro so produced would cost the American manufacturer 32 cents plus 4 cents duty, and this multiplied by 2½ would be exactly 90 cents a pound. The German manufacturer of pyro can deliver this merchandise f. o. b. New York, duty paid, for 90 cents per pound, and it is perfectly apparent, therefore, that the duty of 10 cents on pyrogallic acid is absolutely insufficient on the face of it, because it is merely the same amount of duty that is assessed on the gallic acid without any consideration whatever being given to the proposition that it costs more to manufacture in the United States than it does in Germany, and that the American manufacturers have spent a very considerable sum of money in the installation of plants for the manufacture of pyro from gallic acid, and if there be no more of a compensating duty on the pyro than is provided for in the proposed act, this branch of the chemical industry will, without doubt, be turned over to the Germans.

It is obvious that the German manufacturer can sell his pyro at his own price and pay the duty of 10 cents and still undersell the American manufacturer; therefore, it is most respectfully submitted to this committee that the rate of duty on gallic and pyrogallic acid be fixed at 25 per cent ad valorem; or, if in the wisdom of this committee, the rates provided for in the basket clauses be moved up from 15 per cent to 25 per cent, then we would suggest that the provision for gallic acid and pyrogallic acid be stricken out of paragraph 1 of the proposed bill.

SALACIN AND SANTONIN.

These articles are provided for on the free list of H. R. 3321, in paragraphs 596 and 599, respectively. Salacin is an intestinal antiferment, worth about $3.60 per pound, and Santonin is a worm remedy worth about $24 per pound. This latter article is made from a raw material absolutely controlled by the Russian Government. The price is fixed at will. Under the old act santonin and all salts thereof were dutiable at 50 cents per pound. The demand for this article in this country is very limited, and there is no reason what-

ever for placing the merchandise on the free list. It could be made a source of revenue without burden to the American public, and at the rate of $1.50 per pound would not be excessive. None of it is made or is likely to be made in this country.

Salacin is also used in comparatively very small quantities. None of it is made in this country, and a duty of 25 per cent would afford a revenue without disadvantage to anyone.

The above are only by way of suggestion for a source of revenue, and without intention to provide protection to any American industry, since neither of the products are made or are likely to be taken up by American makers.

MENTHOL.

This article is provided for in paragraph 44 of the proposed bill, at 50 cents per pound.

Menthol is a mild disinfectant used largely in toilet preparations and perfumery. It has ranged upward in value as high as $13 per pound, and at the present time is selling at $7 per pound. There is not a single pound of it made in this country. The source of raw materials and supplies of the finished product is in Japan, and as it has to be imported the rate of duty could just as well be $1 as 50 cents. This increase in rate would be but adding to the revenue without the slightest inconvenience or hardship to the American public.

PHOSPHORIC ACID.

This merchandise is at present provided for on the free list under paragraph 482 of the act of 1909, and this provision is repeated in paragraph 398 of the proposed Underwood bill, H. R. 3321.

There are two grades of phosphoric acid on the market, one being the pure acid made from phosphorus and the other is the so-called technical acid, which is made from bones or phosphate rock. The foreign price of pure phosphoric acid made from phosphorus is fixed by agreement among the European manufacturers, who work together under a combination. In order to encourage the manufacture of phosphoric acid in this country, and to the end that the American public should not be subjected to the will or caprice of foreign trade combinations or price agreements, there should be a distinction made between pure phosphoric acid and the technical acid, and the duty on the former should be not less than 25 per cent ad valorem.

Phosphoric acid sirup should not be confused with the commercial grades, or "crude," made from bone or phosphate rock, nor with the acid phosphate sold for fertilizing purposes, which is acid phosphate of lime, made by treating phosphate rock with sulphuric acid and sold at low prices by thousands of tons. Phosphoric acid is not used as fertilizer. Pure phosphoric acid is produced in a diluted state by burning phosphorus in large chambers constructed of sheet lead, which chambers are themselves very expensive, and owing to the destructive nature of the acid, require frequent repairs and have to be replaced entirely every few years.

It is furthermore true that in the manufacture of acids of this character it is necessary for the American manufacturer to buy all his por-

celain and earthenware abroad, because American-made ware of this character, as shown by tests and experiments made with it, is not of a quality to resist frequent changes of the high temperatures employed in the boiling and concentrating or the acid action of the liquors, and hence the American manufacturer has to buy his materials abroad and pay duty on them, as against a provision in the free list for the manufactured article. It is true that the duty on some of these articles has been reduced, but these duties still are very considerable; and when it is appreciated that the process of manufacture is difficult and dangerous, requiring skilled labor and the careful supervision by expert chemists, accompanied by the loss of raw material and utensils, and the further fact that the wages of laborers and the salaries of chemists paid by American manufacturers are at least double those paid by the foreign concerns, it is perfectly evident that a duty should be placed upon pure phosphoric acid. Under H. R. 20182 a duty of 2 cents a pound, which was equivalent to about 10 per cent ad valorem, was proposed, but in the light of the facts as set forth above this duty is not sufficient to offset the increased cost of manufacture in this country, and we believe that a duty of 25 per cent ad valorem would yield the Government a considerable revenue and would also offer an inducement to the American manufacturer to engage in the production of this merchandise, and that, as has been the case with other articles controlled by a price agreement abroad, the successful production of the merchandise in the United States under the encouragement of an adequate differential has ultimately led to the breaking down of the price agreement and the sale of the article on this market, notwithstanding the price agreement abroad, at a very much reduced cost to the purchasing public.

IODOFORM.

The present rate of duty on this merchandise is 75 cents per pound under paragraph 28 of the act of 1909. In paragraph 39 of H. R. 3321 the rate on iodoform and potassium iodide is fixed at 15 cents per pound. Under the old act hydriodate, iodide, and iodate of potash were dutiable at 25 cents per pound.

It is perfectly obvious that whereas the value of iodoform, which is about 13s. 9d., or an equivalent of $3.20 per pound, in England, a duty of 15 cents per pound represents less than 5 per cent ad valorem. Potassium iodide is worth about $2.50 per pound, and therefore the duty of 15 cents per pound is approximately equivalent to 6 or 7 per cent. If these duties were allowed to be 50 cents on iodoform and 25 cents on potassium iodide it would be very much more nearly correct than to have a flat rate of 15 cents per pound on both articles.

Crude iodine is the raw material from which iodoform is produced. Crude iodine can remain on the free list, as provided for in paragraph 520, but the paragraph should be amended by striking out the words "or resublime," and on the basis of the valuation of 11s. 8d., which is equivalent to $2.87 a pound, the present duty of 20 cents is equivalent to less than 8 per cent ad valorem. The process of resublimation requires skillful labor, careful manipulation, and involves loss of material. It is therefore obvious that the crude article and the manufactured article produced therefrom should not be provided for in the same paragraph of the free list. The rate of duty

provided on the resublimed should certainly be not less than that which has prevailed heretofore, which, on the basis of values, it must be conceded is very low.

ETHER SULPHURIC.

These articles are provided for in H. R. 3321 under paragraph 30 and paragraph 19, respectively. Paragraph 30 contains the proviso that no article containing alcohol shall be classified for duty under this paragraph. According to the United States Pharmacopœia, sulphuric ether must contain 3 per cent of alcohol. It would therefore seem that the inclusion of the article in this paragraph was in error, and the probability is that although ether sulphuric is specifically named in paragraph 30, in the light of the provision in the United States Pharmacopœia, the same will be classified for duty under paragraph 17.

Objection is not made to the rate of duty provided in the act for ether; but we do think that the language should be such as not to take the same out of paragraph 30 and subject them to duty as chemical and medicinal compounds under paragraph 17.

COLLODION.

Paragraph 26 of the Underwood bill provides for collodion and all other liquid solutions of pyroxylin, etc., 15 per cent ad valorem; if polished or if finished articles are produced with collodion or pyroxylin, the element of chief value, the duty is fixed at 35 per cent ad valorem.

Many technical and practically all photo and medicinal liquid collodions are made with ehyl alcohol as the chief solvent, and as we do not believe it is the intention of the framers of the present bill to classify such ethyl alcohol containing collodions under this paragraph, we recommend that there be added to this paragraph the following clause:

Provided, That no article containing alcohol shall be classified for duty under this paragraph.

SALTS AND OTHER COMPOUNDS OF BISMUTH.

These salts are covered in paragraph 66 of the proposed Underwood bill at the rate of 10 per cent ad valorem. It must be borne in mind that these salts are used in small quantities, and that their production is necessarily coupled with a very much greater overhead expense than is true where the merchandise is sold in large quantities. The American manufacturer, in the production of merchandise of this character, is broadly limited to the American market, whereas the English and German makers not only have their home markets and those of their colonies on either a free or preferred basis, but by virtue of the cheap labor and owing to the excessively moderate salaries at which German professors and doctors of philosophy are willing to work, the German can produce his merchandise and practically defy the world to compete with him. He sells to England, France, Italy, notwithstanding the ability of French and Italian

chemists, and so far as South America is concerned, and in fact, any place on the Western Hemisphere outside of the United States, he has the market without fear of competition. The same condition prevails with regard to practically all parts of the world, and if this tariff act shall be so written that the American manufacturer is not offered any inducement which will compensate for the difference in conditions and cost of production so that he may be placed on a fair competitive basis, he will have to abandon manufacture and leave the market to the foreign producers. Such a condition is not likely to secure benefits to American consumers, because of the system of trade combinations and pools pursued by makers and allowed under the laws of the various countries abroad, and that as soon as American makers have been gotten out of the way, prices will be advanced to present, if not higher levels. The net result will be that the American merchants and public will pay probably higher prices than at present, and that American manufacturers and labor will suffer through loss of employment and wages.

The rate of duty, therefore, on this merchandise should not be less than 25 per cent ad valorem.

STRYCHNIA OR STRYCHNINE AND ALL SALTS THEREOF.

The present rate of duty on this merchandise is 15 cents per ounce. Under the Underwood bill, paragraph 619, it has been placed upon the free list. On the basis of a valuation of 50 cents per ounce the duty was equivalent to 30 per cent ad valorem. There is absolutely no sound reason for placing strychnia on the free list. It is an article sold in small quantities and administered in medicine in very minute doses, and its use for other than medical purposes is in any event in very small quantities in any one individual case.

The crude material for the production is nux vomica, which contains a very small percentage of strychnine, averaging less than 1¼ per cent. The method of extraction is a very scientific one, highly laborious, and involves the expenditure of considerable money for solvents and in plant and equipment. The total consumption at best is not large, and the present rate of duty, 15 cents per ounce, is no more than a compensation for the difference in the conditions under which American makers are operating. Strychnine in the United States is selling to-day as low as it is in Canada, and we respectfully urge that the present rate of duty be maintained.

Par. 1.—FORMIC ACID.

MERRIMAC CHEMICAL CO., BOSTON, MASS., BY A. H. WEED, ATTORNEY.

Boston, Mass., *June 2, 1913.*

Hon. Charles F. Johnson,
Committee on Finance, United States Senate,
Washington, D. C.

Dear Sir: On behalf of the Merrimac Chemical Co., of Boston, Mass., I should like to call to the attention of your subcommittee

formic acid, which carries a duty of 1½ cents per pound, under paragraph 1 of H. R. 3321.

It is respectfully submitted that this rate of duty places formic acid on a fair competitive basis with foreign countries and should be retained. This acid was formerly dutiable at 25 per cent ad valorem under the basket clause of the act of 1909. In the revision of Schedule A drafted by the Ways and Means Committee in 1912 (H. R. 20182) the rate was changed to a specific duty of 1½ cents per pound. The Ways and Means Committee again adopted this rate by H. R. 3321.

The report accompanying H. R. 3321 shows imports in 1910 amounting to 769,712 pounds, in 1912 to 678,524 pounds, and an estimate for a 12-month period under H. R. 3321 of 900,000 pounds.

Although there are no available figures showing the exact amount of domestic consumption, nevertheless it can be confidently asserted that the quantities imported or estimated to be imported will be far in excess of 50 per cent of the domestic consumption.

It is therefore requested that no change be made in the rate provided by H. R. 3321.

A. KLIPSTEIN & CO., BOSTON, MASS., BY T. J. CLEXTON, MANAGER.

BOSTON, MASS., *May 24, 1913.*

Hon. WILLIAM F. MURRAY,
Congressman, Washington, D. C.

DEAR SIR: We beg to call your especial attention to two articles affected by the proposed tariff, namely, formic acid and tetrachloride of carbon.

Formic acid.—We notice that the new tariff places a specific duty of 1½ cents per pound on this article and takes it out of the general clause, where it has always been and has paid a 25 per cent ad valorem duty, but which in the proposed bill will be reduced to 15 per cent ad valorem.

One and one-half cents per pound is 33 per cent of the import value. The new tariff, therefore, in this case instead of lowering the duty has increased it 50 per cent.

As this acid has become of very great importance to the textile industry we respectfully request that the duty be made not more than 15 per cent ad valorem.

Tetrachloride of carbon.—This article has become a necessity in the textile industry because it is the only substitute for the dangerous benzine. By placing a specific duty of 1 cent per pound on it the consumer is deprived of the benefit of cheaper cost of production. The cost is the great drawback to its extended use, and anything that can be done to reduce the cost is a public benefit. We respectfully request that the new duty be made 15 per cent ad valorem instead of being fixed at 1 cent per pound, which, with lower cost of production, may become 35 per cent ad valorem.

Any assistance which you can render will be very much appreciated.

Par. 1.—SALICYLIC ACID.

HEYDON CHEMICAL WORKS, BY GEORGE SIMON, VICE PRESIDENT AND TREASURER.

WASHINGTON, D. C., *May 27, 1913.*

Hon. CHARLES F. JOHNSON,
Chairman Subcommittee Finance Committee,
United States Senate.

DEAR SIR: In re section 1, H. R. 3321.

We are manufacturers of salicylic acid. Section 1 of the Underwood House bill puts a tariff on this article of 2½ cents per pound. The Dingley tariff put a duty of 10 cents per pound on salicylic acid. The Payne-Aldrich bill reduced this to 5 cents per pound. It is now proposed to again cut it in half.

We respectfully ask that the duty on this article be put upon an ad valorem basis of 15 per cent instead of the present proposed specific basis. In the statistical reports attached to the Underwood tariff bill the Treasury experts estimate the ad valorem equivalent of 2½ cents at 13.89 per cent.

It must be remembered that there are three kinds of salicylic acid—the natural salicylic acid, made from oil of sweet birch, which retails at $2 per pound; secondly, the artificial salicylic acid, retailing at from 24 to 28 cents per pound, which is the main article of commerce; and, thirdly, crude salicylic acid, which is not a commercial article and which must be refined before it can be used. We manufacture artificial salicylic acid.

Salicylic acid is a basic product used in the manufacture of chemicals for pharmaceutical purposes. It is consequently essential that the source of supply of this product shall not become wholly foreign. Formerly the entire supply of salicylic acid came from Europe. This European supply is controlled by a syndicate, which has fixed uniform selling prices for all countries except the United States. This house is not connected in any way with this syndicate, and we constitute an active, strong competition to the European salicylic acid manufacturers. We are connected in one way with one of the members of the European syndicate, but the undersigned concern is an American corporation with a large plant at Garfield, N. J., in which plant is invested about $500,000 of capital.

We ask that the duty be put at 15 per cent for the following reasons:

1. To decrease the duty from 5 to 2½ cents will raise the price of the commodity, because since the margin of profit is so small in this business we would be unable to compete with the European syndicate, and they would again obtain control of the American salicylic acid business. The fact that there exists strong active competition in this country has caused the members of the European syndicate to sell salicylic acid at a cheaper price in the United States than anywhere else in the world. The price of salicylic acid abroad is 26 cents. With 1 cent added per pound for freight and a duty of 5 cents per pound the price would ordinarily be at least 32 cents per pound in this country, while, as a matter of fact, it is sold at from 24 to 28 cents. Our average price is about 25 cents per pound, and this is

supported by the reports of certified public accountants submitted to the Ways and Means Committee.

That this contention of ours is actual and not the ordinary fear of an American manufacturer is supported by the annexed letters from Lehn & Flink the Dodge & Olcott Co., and Merck & Co. (See briefs.) These concerns are chemical houses using over one-half of the entire supply of salicylic acid, and they have filed with the committee letters asking that the duty be retained at 5 cents per pound in order to insure them, as consumers, the opportunity of buying salicylic acid cheaper than it can be bought abroad. They know the actual conditions, and the fact that they advocate this retention of the 5 cent duty shows that our fear is well grounded.

Before salicylic acid was manufactured in this country the price was $1.25 per pound. The American manufacturers cut the price so far below the European prices as to cause the reduction to 56 cents, and gradually to the present price of from 24 to 28 cents per pound.

2. The manufacturers actually need a differential of at least 15 per cent. The machinery used is expensive and is partly imported from Europe and bore a duty of 45 per cent ad valorem. It is admitted that the labor cost is twice as much in this country as abroad. Since this is a fine chemical and has to go through a number of operations, the labor item is a highly important element in the cost of production.

To make 100 pounds of salicylic acid are needed 75 pounds of synthetic phenol or carbolic acid made from benzol, upon which there is a proposed ad valorem duty of 5 per cent. While salicylic acid can be made from natural carbolic acid, it has been found that the synthetic carbolic acid is much preferable, as it gives a better and purer yield. This synthetic carbolic acid is manufactured almost entirely abroad, the amount manufactured in this country being infinitesimal, and this synthetic carbolic acid is manufactured exclusively by our competitors, and we have to pay them a considerable price therefor. There is also used caustic soda, upon which there is an equivalent ad valorem duty of 10 per cent; carbonic acid, with a proposed ad valorem duty of 15 per cent; and sulphuric acid and muriatic acid. While these last two elements are free of duty, the price here is at least 50 per cent higher than abroad. It can thus be seen that the cost of manufacture in this country is because of natural reasons and because of the fact that we have to pay a duty upon the components entering into its manufacture considerably higher than abroad.

The profits in this business are not large, and in order for us to compete it will be necessary for us to reduce our selling price to such an extent as to impair the possibility of further active competition.

The products made from salicylic acid are, in chief, salol, acetyl salicylic acid or aspirin, and sodium salicylate and methyl salicylate. The proposed duties on these articles are, respectively, 25, 25, 15, and 20 per cent. As the prices on these articles are much higher than salicylic acid the products are thus protected in a material manner.

We advocate an ad valorem basis because there are three widely different qualities of salicylic acid. The Treasury experts have figured that the ad valorem equivalent of 2½ cents is 13.89 per cent, but this is taking into consideration the cheap crude salicylic acid, which

can not be used until it is refined. The basket clause in reference to acids is on a 15 per cent basis. We respectfully suggest that there is no reason why salicylic acid should be selected for any particular discrimination. As a matter of fact, the actual selling price of pure salicylic acid in Europe is 26 cents per pound. Two and one-half cents on this is an ad valorem equivalent of about 9½ per cent.

In view of the admitted facts, that we have to pay a higher price for labor, that we have to pay duty upon the raw materials, that our raw materials cost us more in this country than abroad, we ask that we be given a differential of at least 15 per cent. As a matter of fact the proposed 2½ cents duty is but a 9½ per cent tariff instead of 13.89 per cent, as calculated by the Treasury experts, as their calculations are based also upon the cheaper grade noncommercial salicylic acid.

Two and one-half cents specific duty on natural salicylic acid costing $2 per pound is of course negligible. Fifteen per cent would be a fair average and would also yield a larger and more equitable revenue. If the committee is of the opinion that it can not change the specific basis to an ad valorem basis we respectfully suggest that the specific duty be left at 5 cents, or at least be not reduced below 4 cents or a 15 per cent equivalent.

LEHN & FINK, 120 WILLIAM STREET, NEW YORK, N. Y.

NEW YORK, *May 21, 1913.*

The CHAIRMAN OF THE FINANCE COMMITTEE,
United States Senate, Washington, D. C.

DEAR SIR: We wish to call your attention to the fact that the proposed reduction in the rate of duty for salicylic acid to 2½ cents per pound from 5 cents per pound, which is the present rate of duty, will not be instrumental to bring about a corresponding reduction in cost to the consumer.

Investigations which we carried on at different times have convinced us that an import duty of 15 per cent based upon chemical products will put American manufacturers on an even basis with foreign manufacturers, compensating for our higher labor cost, provided all other conditions are equal.

In the matter of salicylic acid, however, it can be readily shown that American manufacturers are compelled to pay import duties upon a number of the most necessary ingredients, and that therefore the protection they would have under the proposed rate would be less than 10 per cent, for 2½ cents per pound is equivalent to 10 per cent on the price ruling abroad at the present time.

We are now paying 27 cents per pound for salicylic acid, which is exactly the foreign price plus freight. A reduction in the duty will cripple the American manufacturers and give an open field to the foreign syndicate, with the ultimate result that as soon as the American producers shut down we will be compelled to buy our supplies from the foreign syndicate at 26 cents plus the duty, with prospects of an advance as soon as the American competition has been overcome.

On basis of 15 per cent protection the rate of duty on salicylic acid would be 4 cents per pound, and even 5 cents per pound is not too

high when we take into account that American manufacturers are paying import duties upon some of the ingredients entering into its manufacture.

We ask you to take these facts into consideration; competition between American and German manufacturers will secure better terms for us than if we were entirely at the mercy of the foreign syndicate.

DODGE & OLCOTT CO., 87 FULTON STREET AND 88 ANN STREET, NEW YORK, N. Y., BY CHRISTIAN BEILSTEIN, SECRETARY.

NEW YORK, *May 20, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: The undersigned are heavy purchasers and consumers of salicylic acid, our requirements probably amounting to between 15 and 20 per cent of the total annual consumption of the material in the United States. We do not manufacture the product ourselves and are not interested in it except as consumers, and our sole concern is as consumers to get salicylic acid at the lowest price possible in this country.

We respectfully protest against the proposed reduction from the Payne duty of 5 cents per pound on salicylic acid to 2½ cents in H. R. 3321.

We are informed and believe that abroad this product is under the control of a foreign combination which dictates prices and restricts the selling territory for every country except the United States.

Under the proposed reduction of the tariff the American salicylic acid manufacturers would be unable to compete with the European. The entire product would be manufactured abroad, and the price to the American consumer would be greatly advanced because of the lack of competition.

We therefore respectfully ask that the duty on salicylic acid be retained at 5 cents per pound, in order to permit American manufacturers to exist and thus secure actual competition with the foreign combination and consequently the most favorable prices to the American consumer.

MERCK & CO., NEW YORK, N. Y.

NEW YORK, N. Y., *May 21, 1913.*

The FINANCE COMMITTEE,
United States Senate.

GENTLEMEN: We urge reconsideration by your committee of the rate of duty on salicylic acid at 2½ cents per pound proposed by the tariff bill (H. R. 3321) as passed by the House of Representatives.

This rate of 2½ cents per pound is equivalent to something over 9 per cent ad valorem, based on the lowest foreign market value for the largest wholesale quantities. The scale of wholesale prices in Germany is as follows: Bulk, 2.80 marks per kilo; 100 kilos, six months' contract, 2.65 marks per kilo; 500 kilos, six months' contract, 2.50 marks per kilo; 1,000 kilos, six months' contract, 2.40 marks per kilo.

At 2.40 marks per kilo the parity in American currency is about 26¼ cents per pound. The prices given are f. o. b. European seaports. It will be seen, therefore, that salicylic acid is discriminated against as compared with the general rate on acids, which is 15 per cent.

Then, again, it is also to be taken into consideration that most of the raw material used in the production of salicylic acid is dutiable, or at least costs more in the United States than in Germany. Caustic soda and carbonic acid are dutiable; sulphuric acid and muriatic acid are free, but cost about 50 per cent more in the United States than in Germany.

There is no valid reason why under these circumstances salicylic acid should be singled out for such a severe cut from the present rate and even below the general rate proposed for acids not specially provided for.

Par. 1.—TANNIC ACID.

F. BREDT & CO., 240 WATER STREET, NEW YORK, N. Y.

NEW YORK, *May 27, 1913.*

Hon. CHARLES F. JOHNSON,
Finance Committee, Washington, D. C.

HONORABLE SIR: Pursuant to your request at the hearing before your honorable committee, we respectfully call your attention to the following:

Tannic acid (par. 1).—Proposed duty 4 cents per pound, which is entirely inadequate to meet the difference in the cost of production in this country and the cost of production of the article in foreign countries.

The price of this article is 35 to 45 cents per pound on the pure technical tannin and up to 70 cents per pound on the higher grades and pharmaceutical qualities. As the actual price of pure technical tannin is 35 to 45 cents per pound, an ad valorem duty of 15 per cent would justify a rate of 6 cents per pound instead of the 4 cents per pound proposed, and on the finer pharmaceutical qualities even a higher rate would be warranted. We therefore respectfully submit that instead of a duty of 4 cents per pound the duty should not be less than 6 cents per pound on tannic acid to offset the higher cost of manufacture in this country.

We further call your attention to—

Nutgall extract.—Present duty one-fourth cent per pound and 10 per cent ad valorem. Nutgall extract is really a tannic acid in solution, in which tannic acid is the ingredient of chief or sole value. In fact, nutgall extract can be converted into tannic acid by drying. Nutgall extract in the proposed tariff (H. R. 3321), has been placed on the free list, page 127, paragraph 262, under tanning materials, evidently by mistake, as it is not a tanning material, for it is not and can not be used as a tanning material.

We therefore respectfully request that you give this your kind attention and would suggest that—

Paragraph No. 32 read as follows: "Extract of chlorophyl, extract of nutgall, 15 per cent ad valorem."

We respectfully submit these rates for your further kind consideration and adoption.

ZINSSER & CO., HASTINGS UPON HUDSON, N. Y.; BY F. G. ZINSSER.

HASTINGS UPON HUDSON, N. Y., *May 26, 1913.*

Hon. CHAS. F. JOHNSON,
United States Senator, Chairman Tariff Committee,
Washington, D. C.

DEAR SIR: Pursuant to request made by you when undersigned appeared before your committee, we have the honor to submit to you the following facts:

Tannic acid or tannin (Schedule A, par. 1).—The proposed duty of 4 cents represents 15 per cent on 26 cents. No full strength commercial tannin can be sold for less than 35 cents, varying from this price to 75 cents for the medicinal qualities.

All lower priced articles are adulterated to meet the wishes of some consumers who have been working with formulas established at a time when tannin was not produced in its present pure form.

A minimum duty of 6 cents per pound is necessary to continue the manufacture of this article.

Gallic acid (Schedule A, par. 1).—Produced from tannin. Practical yield not over 80 per cent of the tannin employed. Proposed duty, 4 cents. Is used almost entirely for the manufacture of pyrogallic acid; small quantities used for medicinal purposes. The duty should be based on the duty on tannic acid and not be lower than 8 cents per pound.

Pyrogallic acid (Schedule A, par. 1).—Made from gallic acid. Theoretical yield. 66 per cent; actual, not over 50 per cent. Duty should therefore be based on that of gallic acid and should not be less than 16 cents.

We wish furthermore to call your attention to an error in classification:

Nutgall and sumac extracts (free list, par. 626).—These have been classified as tanning materials. Neither is used as such and nutgall extract can not be used for that purpose. Gall extract is a solution of tannic acid in water. A simple method of evaporation converts it into commercial tannic acid. If this is retained on the free list the contemplated duty on tannic acid would be nullified. Duty on these articles should be retained as at present.

We ask your earnest consideration of these facts and your recommendation for revision along the lines suggested.

Par. 1.—OXALIC ACID, ETC.

THE AMERICAN ALKALI & ACID CO., BRADFORD, PA., BY LEWIS EMERY, JR., PRESIDENT.

Senator F. M. SIMMONS,
Chairman Senate Finance Committee:

The American Alkali & Acid Co., Bradford, Pa., manufacturers of oxalic acid, respectfully submits the following facts to show that the duty of 2 cents per pound on oxalic acid ought to be maintained and that the duty of 25 per cent ad valorem on salts of oxalic acid

also should be maintained, the said salts of oxalic acid being calcium oxalate, potassium oxalate, ammonium oxalate, and all other oxalic-acid salts not mentioned.

Before presenting our facts we desire to call your attention to the following: We are up against two foreign trusts, both of which are strongly supported and protected by the German Government—the German Potash Trust, which controls the supply of potash, and, incidentally, our most needed raw material, caustic potash, made from kali, and, secondly, the German Oxalic Acid Syndicate.

These two trusts go hand in hand. The German Government controls this product, because it has retained an interest in the mineral products of the soil of the German Empire, and acted wisely in so doing, therefore they have a direct interest in this product, and they permit syndicated power throughout the entire German Empire to their advantage and to the advantage of the manufacturers in Germany.

Below we give the reasons why the tariff should not change:

1. In the year 1911 the German Government, against the extended protest of the United States Government, placed an export duty of $0.0119 per pound on muriate of potash, or raw material, from which we obtain caustic potash.

2. We are the first and only manufacturers of oxalic acid in the United States, and never have exported any of this product.

3. The difference in labor cost is in favor of the foreign manufacturers, as labor makes up 50 per cent of the cost of production.

4. The German Government Potash Syndicate controls the base raw material, potash.

5. Oxalic Acid Syndicate or Trust in Germany control the production and sales of oxalic acid, as Germany produces seven-tenths of all the oxalic acid consumed.

6. The industry is young and needs the Government's assistance for a time.

7. During the years 1903 to 1907 the German syndicate succeeded in driving the American Acid & Alkali Co. to the wall, and their property was sold at sheriff's sale on June 2, 1908. In 1909 the duty of 2 cents per pound was granted and we have revived the business, and at the present time oxalic acid is not so expensive to the American consumer as it was a number of years previous to this time, even with the duty upon it. (See reference for prices in 1903–1907 in statistical list.)

8. Germany protects her oxalic-acid manufacturers with an import duty on oxalic acid of about 1 cent per pound.

The manufacture of oxalic acid and its by-products is a new American industry, the first and only American factory being located at Bradford, Pa. The American Alkali & Acid Co., of Bradford, Pa., incorporated under the laws of the State of Pennsylvania, was organized for the purpose of manufacturing oxalic acid, and 19 large buildings, covering 10 acres of land, were built and equipped to this end, at a cost of $500,000. This does not cover the entire money which we have spent; the total amount has been several hundred thousand more, because we have been up against the real thing.

We would call your attention to the four important differences in the cost of manufacture and sale of oxalic acid in the United States

compared to those existing in Germany and other foreign countries, where are located the principal manufacturers of this article.

It is a well-known fact that common labor in the United States is paid over 100 per cent more than is paid for the same labor in Germany. We pay an average wage per hour in our oxalic acid plant of 20 cents, and the German wage for the same class of work is 8 cents and 9 cents per hour. For factory superintendents, chemists, engineers, and other positions of responsibility there is an even greater difference in the scale of wage paid. In the manufacture of oxalic acid the cost of raw material used is now practically constant, but we would call your attention to the fact that the price of our raw materials has increased 40 per cent within the last four years, while the price of oxalic acid has remained about the same. The labor cost in the manufacture of oxalic acid is the larger part of the total cost, and the cost of raw materials, though increased in the last three years, being constant, reduction in the manufacturing cost must necessarily be borne by the labor item.

As is well known, there are no commercial deposits of potash salts in the United States. Potash is necessary for the manufacture of oxalic acid, and the Germans control, through the German Government and the potash syndicate, all the raw material for the world's supply of potash in its various forms. It is also a well-known fact that the German Government aids the kali syndicate, or German Potash Trust, in almost any manner they may desire. According to the imperial German law and the regulations regarding the sale of kali or potash (par. 24), the German Government forbids the sale of potash cheaper abroad than for the German interior. (Imperial German law and regulation regarding the sale of kali or potash, par. 24.) "The price for selling and delivering potash abroad must not be lower than those given for the German interior," a direct discrimination against the United States.

This restriction guarantees to the German consumer of potash potash in any form from the Potash Syndicate at a maximum or highest price, which can not be more than the minimum or lowest price abroad, and this guaranty is upheld by the German Government.

In other words, that the minimum price paid by the American is the maximum price paid by the Germans. It can be as much lower as they see fit to sell it. Therefore, there is an agreement that the price in this country shall be fixed at a stipulated sum, but they can make it as much lower to the German oxalic manufacturer as they see fit.

The oxalic-acid manufacturers of Germany, Russia, England, Belgium, Norway, and Austria have formed a syndicate, headed and controlled by the German manufacturers, to hold at a high level the price of oxalic acid in their respective countries, and to deliver the surplus to the United States. Prior to the control of the oxalic acid trade by the German manufacturers, through the syndicate, all foreign producers sold their product in the United States on a competitive basis, and the consumer in the United States bought his oxalic acid at a very low figure because of the keen competition among the European manufacturers. By maintaining a high price abroad for a major part of their product, the foreign manufacturers were able to

sell their surplus production in the United States at the best price they could obtain in the open market. The use of oxalic acid in the United States has increased nearly 70 per cent in the past eight years, and the price has remained practically constant for the last six years.

(In fact it has increased since its introduction in 1884, the first statistics we had of it, over 600 per cent.)

This, we believe, was due to our presence as manufacturers in the oxalic acid market in the United States. We have been a check in the advancing trust price as is shown by the following incident: In 1906 the price of acid was 7½ cents per pound, New York. In the early part of 1907 our plant in Bradford was shut down to overcome some difficulties in our process. Remember, that we knew nothing about this business and we could not get the necessary expert labor from Germany or from any other country to teach us how, and our process was rather crude at first, and we were shut down nearly a year. Simultaneously the price of oxalic acid jumped to 9 cents f. o. b. New York, and that price was maintained until we started operations again; then the price of oxalic acid dopped again to 7½ cents. We believe that with all competition removed by the reduction in the tariff, the German syndicate would immediately raise the price in the United States to a figure as high, or higher, than that maintained during the time of our shutdown. The 2-cent duty on oxalic acid is no burden to the ultimate consumer. This is shown by the fact that the price of oxalic acid for the four years since the duty has been effective has not been as high as for the two years preceding the imposing of the tariff. We give below a table showing the import prices of oxalic acid in the years shown in the table:

Government statistics.

Year.	Pounds.	Value.	Average unit value.	Year.	Pounds.	Value.	Average unit value.
1884	1,371,842.00	$145,392.00	$0.11	1898	3,747,041.00	$242,276.00	$0.075
1885	1,371,030.00	137,137.00	.10	1899	3,981,788.00	246,027.94	.06
1886	1,488,539.00	106,008.82	.07	1900	4,990,123.00	275,747.00	.055
1887	1,865,878.00	129,149.00	.07	1901	5,622,908.00	300,879.00	.054
1888	1,387,527.00	100,831.00	.07	1902	5,678,139.00	301,675.00	.053
1889	1,851,682.00	142,575.00	.08	1903	5,363,646.00	257,289.00	.048
1890	1,973,050.00	139,676.00	.07	1904	6,726,150.00	329,836.00	.049
1891	2,743,222.00	200,595.00	.07	1905	7,906,886.00	360,951.00	.046
1892	2,209,940.00	150,529.75	07	1906	7,129,105.00	334,855.00	047
1893	2,464,443.00	143,194.00	.06	1907	7,296,246.00	376,800.00	.052
1894	2,783,876.00	159,026.00	06	1908	8,853,539.00	524,836.00	.06
1895	2,889,513.00	189,506.00	.066	1909 [1]	9,797,901.00	621,387.00	.063
1896	3,164,964 00	219,630.00	.07	1910	1,002,626.00	61,271.00	.061
1897	3,602,124.00	246,200 00	07	1911	4,832,553.00	279,714.00	.058

[1] Duty in effect Aug. 6, 1909, $96,651.06.

Sales price to consumer during the following years:

Year	Cents.	Year	Cents.
1904	5 and 5¼	1909	7¼ and 7½
1905	5 and 5¼	1910	7½ and 7¾
1906	5¼ and 7½	1911	7 and 7½
1907	9 and 7¼	1912	7 and 7¼
1908	7 and 6¾		

In addition to the foregoing reasons why the duty of 2 cents a pound be maintained on oxalic acid and be placed on the salts of

oxalic acid, we would respectfully call your attention to the fact that the German Government imposed a duty of approximately 1 cent per pound on any oxalic acid imported into Germany. Russia has also placed a tariff of 3 cents per pound on oxalic acid, and Austria and Belgium have followed on the same line. They are very jealous of their manufacturers, and each one has attempted to take care of their manufacturers in the respective countries, and they do it well.

This fact, together with the natural advantages of cheap raw material, cheap transportation, cheap labor, and unlimited supply of potash, gives the German manufacturers the power with which they can completely destroy all competition unless the present duty is retained.

We trust that we have made clear the necessity for duty on oxalic acid and its salts, and ask that you recommend to the Congress of the United States that the present tariff of 2 cents per pound on oxalic acid be retained, and that a 25 per cent ad valorem duty be retained on the salts of oxalic acid.

I might say, Mr. Chairman and gentlemen, that quite a number of people started out in the manufacture of this oxalic acid, but as we say, in common parlance, "they got cold feet" because of the enormous amount of money we had expended. They let go because of this competition to which I have referred, and on June 2, 1908, the plant was sold at sheriff sale for its debts. A copy of evidence of sale[1] is hereto appended. On that point I would like to call your attention, for a moment, to the reason we were obliged to shut down.

We commenced the construction of that factory in 1903, and immediately upon our doing so the German manufacturers reduced their prices from 6 cents in 1901 to 4.7 cents in 1903, 4.6 cents in 1904, 4.7 cents in 1905, and to 5.2 cents in 1906. Then we came into the market. We feared they would attempt to break our back again, as our backs were broken financially in our first attempt, and we then asked the United States to protect us, and this they did by levying an import duty of 2 cents a pound, which went into effect August 6, 1909.

Now, we would like to have the 2 cents duty remain. Why? Because, as you will note from the said figures indicating the Government statistics of the United States, the price at which the goods were billed from Germany, England, and Norway to their respective representatives in the United States for resale were, from 1884 to 1903, maintained at a high price. We are also appending hereto a schedule of the average sale price for the consumer from 1904 to 1912, inclusive.

The American Alkali & Acid Co., in whose behalf I ask the maintenance of a 2 cents duty on oxalic acid, due to ignorance of manufactures, was not a success from the start. The plant was not constructed along the proper lines and was rebuilt three separate times, and did not start the manufacture of oxalic acid until the fall of 1907. You will note that the prevailing price in 1904 and 1905, during the early construction of our plant, was from 5 and 5¼ cents. This was due to the fact that we had produced a small quantity of goods and put them on the market during that period. However, during 1906 we shut the plant down completely, and you will note in that year

[1] Not printed.

the German manufacturers combined with the English and Norwegians to form the oxalic syndicate, raised the price to 7¼ cents, and from that, in 1907, to 9 cents, which price prevailed until the fall of the year, when we again started operations in our plant.

The financial strain was so heavy in the years 1907 and 1908 that on June 2, 1908, the plant was sold at sheriff sale, as above stated. I purchased same and became the sole owner of this company, which was reorganized under the name of the American Alkali & Acid Co. In 1908 we became a factor in the oxalic business in the United States, and the German Oxalic Syndicate immediately reduced the price to 6½ cents, which price was maintained until August 6, 1909, at which time a tariff of 2 cents went into effect on the commodity. The price was then raised to 7¼ and 7½ cents, which price had been prevalent before our plant was in operation and during the following years: 1910, 1911, and 1912; and you will note by the schedule incorporated in this paper that the German syndicate raised the price as soon as we were incapacitated, but immediately upon our return to the market the prices were lowered, with the evident intention of driving us out of business.

The manufacture of oxalic acid requires caustic potash, made from kali as its base raw material. The next product that is put into the caustic potash is sawdust. After that, we use sulphuric acid. We use 15,000 pounds of lime a day, and we use about 10,000 pounds of sawdust a day, and for every pound of oxalic acid that we produce we use 1.17 pounds of sulphuric acid. We have done everything that we could to cheapen our products. We built a large sulphuric-acid plant, that we might get it down to the manufacturers' cost, and we have gone so far as to buy tracts of timber, that we might be sure of having a source of supply for our sawdust in the future. The question of lime is a serious one.

Now, the enormous amount of lime that we use, the enormous amount of sawdust that we use, and the enormous amount of sulphuric acid that we use, give employment to hundreds of men, although the number employed immediately in the factory is only about 70 or 80 men.

Since I have been at the head of the American Alkali & Acid Co. we have had in our employ continually research chemists, and the reason that these goods have gained to the enormous percentage of 70 per cent in the last six or seven years is because we have found new uses for this product, and it is but in its infancy at the present time.

In 1911 there was 7,538,000 pounds brought into this country, and we manufactured about 2,000,000 pounds additional, making 9,000,000 pounds and upward. The United States Government received from the duty on the importation of oxalic acid $141,177.98.

Our case is entirely in your hands, and it merits your serious and favorable consideration in the maintenance of the present duty, that we may continue in the manufacture of oxalic acid.

Respectfully submitted.

THE AMERICAN ALKALI & ACID CO.,
LEWIS EMERY, Jr., *President.*

Pars. 4 and 208.—EGGS AND ALBUMEN.

THE JOHN LAYTON CO., BY J. G. KAMMERLOHR, ATTORNEY, NO. 1 BROADWAY, NEW YORK, N. Y.

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

GENTLEMEN: We are concerned with the following provisions of H. R. 3321, now pending before your honorable committee:

(1) PAR. 4. Egg albumen, 3 cents per pound.

(2) PAR. 208. Eggs not specially provided for in this section, 2 cents per dozen; eggs frozen or otherwise prepared or preserved in tins or other packages, not specially provided for in this section, including the weight of the immediate coverings or containers, 2½ cents per pound.

Adding to our brief to the Ways and Means Committee, as contained in the published hearings, page 2755, we desire to comment upon and urge certain changes in the House bill by your committee. This will, in our opinion, remove inconsistencies and injustice that will result if the bill becomes law as it now stands.

EGG ALBUMEN.

We import separated whites of eggs—that is, the whites of eggs separated from the yolks—placed in containers of 5 gallons each, frozen to a solid and sold exclusively to the baking trade.

Egg white is technically known as egg albumen. Egg albumen is imported in two conditions:

(1) In a dried condition; that is, in a flaky or powdered form, which is the egg white separated from the yolk with the water extracted. The water extracted represents 75 per cent of egg white in its natural condition. About 95 per cent of the dried egg albumen is sold for chemical and manufacturing purposes, such as photography, tanning, etc. The balance may find its way into the confectionery or baking trade, but is not generally approved of for this use, for the reason that it has lost its natural form and consistency, a condition not satisfactorily obviated by the addition of water to the dried substance.

(2) Egg white or albumen is also imported in a frozen condition. This is the egg white separated from the yolk as taken from the shell. The freezing process renders it a solid without losing its quality or strength. No preservative whatsoever is added. It is a food product and an essential one to the bakers. The bakers thaw it out and immediately use.

Under the tariff act of 1909, as well as in several previous tariffs, egg white or albumen was contained in the agricultural schedule, and therefore undoubtedly the view of Congress that it was a food product. The rate of duty in the tariff act of 1909, paragraph 257, was 3 cents per pound, the same rate in paragraph 4 of H. R. 3321.

The article has been shifted from the agricultural schedule to the chemical schedule, and we understand this was done in the belief that egg albumen was principally if not entirely imported in a dried form for chemical purposes.

The inconsistency arises in the fact that dried egg albumen is four times as valuable as a pound of frozen egg albumen without the water extracted, still under the proposed classification frozen egg albumen will pay the same rate of duty.

We respectfully ask that the word "dried" be inserted in paragraph 4, and that provision be made for frozen egg albumen or egg white in paragraph 208 at an equitably lower rate, say three-fourths of 1 cent per pound.

EGGS.

Paragraph 208 provides a rate of 2 cents per dozen on eggs. This clearly means shell eggs, while it also provides a rate of duty of 2½ cents per pound for frozen eggs. Shell eggs have many uses, while frozen eggs have a limited use, and that for baking purposes only.

Inasmuch as the recognized number of eggs to the pound is 10, it is clear that the rate per pound of 2½ cents on frozen eggs is in effect much higher as compared with shell eggs. Further, the House has not placed a duty on the cartons or crates containing shell eggs, but it has added a clause that frozen eggs for duty purposes shall include the weight of immediate coverings or containers, which greatly increases the difference. While the cartons containing shell eggs may be of no further use, certainly the crates are of further use, while, on the other hand, the containers which hold frozen eggs are chopped away from the substance and thus completely destroyed. The inclusion of the containers makes a difference of 8 per cent in the duties, which, together with the higher rate on frozen eggs, makes practically a duty of 3 cents per dozen for the frozen product, as against 2 cents per dozen for shell eggs.

We urge that inasmuch as frozen eggs are strictly a recognized food product with a limited market, if there be any preference the frozen product is clearly entitled to the lower rate. It is a product which is much more expensive to handle in that it must be imported in refrigerator vessels, and kept at a freezing point in cold storage until consumed in the same manner as meat, fish, etc. This must be done at all times of the year; while shell eggs when placed in cold store obtain a lower storage rate, and this cold storing is done only at times, unless for speculative purposes.

We would respectfully ask that rate of duty for frozen eggs be made 1 cent per pound, including the containers, or 1¼ cents per pound, excluding the containers.

Par. 6.—DRY COLORS.

DRY-COLOR MANUFACTURERS OF THE UNITED STATES, BY ARTHUR S. SOMERS, 100 WILLIAM STREET, NEW YORK, N. Y.

NEW YORK, *May 23, 1913.*

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

GENTLEMEN: On behalf of the dry-color manufacturers of the United States we beg to call your attention to certain unjust discriminations made against this trade by the tariff bill (H. R. 3321) passed by the House of Representatives.

We manufacture all kinds of dry and pulp colors used in the paint, printing ink, and wall-paper industry. We are therefore interested in many of the paragraphs of Schedule A, and we will take them up in their order.

Alizarin.—In paragraph 6, alizarin, now free, is made dutiable at 10 per cent ad valorem. This is used by color manufacturers in the manufacture of lake colors. We believe it should be returned to the free-list inasmuch as it is not made in this country and for the further reason that it is proposed to reduce the duty on colors made from alizarin from 30 to 20 per cent. Alizarin is used to make several colors covered by paragraph 64. All colors in the said paragraph were formerly dutiable at 30 per cent, but the House bill has reduced the same from 30 to 15 per cent, excepting on color lakes, which they have reduced from 30 to 20 per cent. This hurts us both ways.

Coal-tar dyes and colors.—Paragraph 21 retains a duty of 30 per cent on coal-tar dyes as at present. These dyes are used in our trade for making dry colors as specified in paragraph 64.

Paranitranilin.—Parapragh 24 imposes a duty of 10 per cent ad valorem on aniline colors, formerly free, such as toluidine, paranitranilin, etc. These anilines are also used in the manufacture of colors and color lakes referred to in paragraph 64.

We contend that to retain the 30 per cent duty on coal-tar colors; to impose a 10 per cent duty on alizarin, toluidine, paranitranilin, and other anilines included in paragraph 24 formerly free, and at the same time reduce the duty from 30 to 15 and 20 per cent, respectively, on the articles specified in paragraph 64, which are manufactured in this country and into which the aforesaid anilines enter very largely in percentages varying from 2 to 95 per cent, is an unjust discrimination against American manufacturers and we believe that these paragraphs should be amended; that alizarin, toluidine, paranitranilin, etc., should be restored to the free list; that coal-tar dyes should be reduced from 30 to 20 per cent, or, if the proposed duty is retained, then the duty on the colors specified in paragraph 64 should be restored to 30 per cent.

Blues.—Paragraph 53 provides a duty of 20 per cent ad valorem on Berlin, Prussian, and Chinese blue. The former duty was 8 cents per pound.

Under our brief filed with the Ways and Means Committee on January 6 of this year (p. 344 Tariff Hearings) we pointed out that in 1911 there was imported into this country approximately 190,000 pounds of blue, paying a duty of 8 cents per pound and having an average value of 18.4 cents per pound. The proposed duty on that basis would be 3⅗ cents per pound. This would make the cost of foreign blue, duty paid, 22 cents per pound. This is considerably below the figure at which blue can be manufactured in this country, even with the proposed reduction of the duty on yellow prussiate of potash in paragraph 65.

It means that the manufacture of blue in this country will be seriously curtailed and instead of 190,000 pounds being imported, as is now the case, there will be at least 75 per cent of our entire consumption imported from foreign countries. It means that the blue industry in this country will be completely wiped off the slate.

We ask, therefore, that a duty of not less than 6 cents per pound, the same as was provided in the Wilson bill, be inserted as against the proposed 20 per cent.

Chrome colors and lead pigments.—Paragraph 55 provides for a 20 per cent ad valorem duty on chrome yellow, chrome green, and other chromium colors in the manufacture of which lead, etc., are used.

Paragraph 57 provides for 25 per cent duty on lead pigments referred to in paragraph 55. Is this not an unjust discrimination? We believe that we should have at least 25 per cent in paragraph 55, and even at that it would be a considerable reduction from the present duty of $4\frac{3}{8}$ cents per pound.

We do not believe that this matter needs much arguing, and we hope that the reasonableness of our request will appeal to your committee.

Paris green.—Paris green is put on the free list. The article at present carries a duty of 15 per cent. In our brief of January 6, presented to the Committee on Ways and Means (p. 343, Tariff Hearings), we went into this matter very extensively. We have nothing to add except to emphasize the arguments contained in that brief.

We merely ask that American manufacturers be accorded the same protection against Canadian manufacturers as that which the Canadian Government gives its manufacturers against American manufactures, and that is a duty of 10 per cent.

It is impossible for us to sell goods in Canada because of their 10 per cent duty. Why, then, should they be permitted to come into the States with their goods free of duty? We believe a reduction from 15 to 10 per cent is not unreasonable, and we hope that your committee will give us this consideration.

In conclusion, we summarize as follows:

Alizarin, paranitranilin, toluidine, and such colors, formerly free, should be restored to the free list.

Coal-tar dyes and colors should be reduced to 20 per cent or colors and color lakes, etc., covered by paragraph 64 should be increased to 30 per cent. Either will be satisfactory to dry color manufacturers.

Blues should have a duty of not less than 6 cents per pound. This will put us on a competitive basis with the rest of the world, if the proposed reduction in the duty on prussiate or potash is adhered to, but will give us no advantage.

Chrome yellow and chrome green should have the same duty as that put upon lead pigments, namely, 25 per cent.

Paris green should have a duty of at least 10 per cent to give us an opportunity of competing with Canadian manufacturers.

In submitting the above brief we do not wish to be understood as protesting against a reduction of duty. We want to be understood as asking merely for an equalization of the duties as between the raw material that we purchase and the manufactured article that we produce.

There are many heavy reductions in various articles that we manufacture, but the House bill has provided corresponding reductions on the raw materials entering into these goods, and we therefore make no protest, believing that there has been no discrimination.

We feel sure, however, that calling your attention to the above paragraphs you will be convinced that our position with regard to this is sound and reasonable.

Par. 6.—ALIZARIN, ETC.

CADGENE SILK DYEING & FINISHING CO., BRANCH STREET, SIXTH AVENUE AND PASSAIC RIVER, PATERSON, N. J., PER W. L. WIRBELAUER.

PATERSON, N. J., *May 19, 1913.*

Hon. WILLIAM HUGHES,
United States Senator from New Jersey, Washington, D. C.

DEAR SIR: We have before us a reprint from the Congressional Record showing part of the debate on the chemical schedule while the tariff bill was before the House of Representatives. We are greatly alarmed of the intention of taking alizarine and anthracene colors and their derivatives (helindone, algol, ciba, indanthrene) from the free list and placing them under 30 per cent duty.

It was through the writer's scientific research work a few years ago that means and methods were found to introduce these so-called "vat" colors to the silk dyeing trade. In spite of their eminent value as colors fast to almost any demand, and decidedly superior to any other colors in the market, it proved to be problematic to consume these colors quantitatively on account of their extra high price. If it is taken into consideration that the average market price for anilines runs from 35 cents to a dollar for type products and that the prices for the alizarine and anthracene colors and their derivatives, as sold in New York to-day, run from $3.75 to $8.25 per pound, the difficulty of close figuring and the utmost economy of the methods applied in consuming these anilines will be easily understood.

The trade wants fast dyeings; the trade has a right to ask for them, respectively must have them in order to be able to compete with imported goods. The trade is unable to pay more for the dyeing of these shades and is, nor ever has been, impressed by the dyers' cry to the excessive cost of such dye stuffs which accomplish what vat colors do. Only most modern facilities and the highest developed technical methods made it possible under the present prices to establish a new branch of dyeing textile goods with these alizarine and anthracene colors and their derivatives.

New companies were formed and new plants built within the past two years to make the dyeing with these vat colors a specialty. They solicit their orders from the shirting, blouse, handkerchief, and other trades, the big consumers of which are the working class. These concerns up to date have not made any money, but held their own, in anticipation of a soon reduction of price for vat colors, as a consequence of a further step forward at the manufacturing end of these entirely new products made in Germany. If now a 30 per cent increase to the price of alizarine and anthracene colors and their derivatives would take place, due to an extra duty, instead of the expected reduction, we, who have helped to introduce this new branch

of textile industry and who expected to make a living of it some early day, all know that it would ruin this business entirely.

The writer knows of two establishments, handling vat colors, for purposes as outlined above, and is perfectly convinced that those two concerns have to shut their doors the day the proposed increase of duty will become effective.

The products in question as well as aniline and direct acid dye stuffs are manufactured abroad. This branch of industry has become a German monopoly, not on the basis of a protective tariff, neither under the protection of a world-wide trust; the splendid results of this industry are due to cooperation of science and technics, the secret of almost any progress made by modern Germany within the past 25 years.

Mr. Metz knew exactly what he meant when he said, "We can not make these colors and never will." As we, consequently, can not buy domestic alizarines and their derivatives and never will, why should we be forced to pay for an article which must be imported an extra charge of 30 per cent duty? As a matter of fact we can not pay this extra charge; it will drive us out of business.

In taking the pleasure of putting this matter before you, sir, we hope that you may give it your special attention and careful consideration. The future of an entire industry lays in your hands. Knowing that this serious question is in good hands, we do not give up the battle. Our present Government could not pass anything so unjust that it would mean the ruination of a total industry.

CASSELLA COLOR CO., 182 AND 184 FRONT STREET, NEW YORK, N. Y., BY H. J. MOODY, TREASURER.

NEW YORK, *May 31, 1913.*

Hon. F. M. SIMMONS,
United States Senate Office Building, Washington, D. C.

SIR: Attached hereto is a photographic print (see Farbenfabriken of Elberfeld Co.) of a printed circular believed to have been widely distributed throughout the textile industry, signed by the Farbenfabriken of Elberfeld Co. and dated May 26, 1913.

Your attention is directed to the following facts: Imports into the United States for the year 1912 of alizarin and anthracin derivatives were $1,381,936: imports into the United States for the same period of all other coal-tar dyes were $6,965,121.

All of the above are derived from the same source and are a part of the same industry.

In analyzing the statements made by the Farbenfabriken of Elberfeld Co. in behalf of free anthracin derivatives the following comments seem fair. The quotations given are from their circular.

Dyes derived from alizarin and anthracin have always been on the free list.

Special interests having in the past succeeded in securing this inequality without any call from the consumer, you will agree, is no reason for perpetuating an injustice.

These dyes and dyes derived from indigo, which have lately come into the market, have better properties than other dyestuffs (fastness to washing, light, etc., are far superior, and therefore these colors are in general demand for all classes of materials).

If colors are to be assessed according to degrees of fastness, then there must be innumerable rates covering widely varying standards. This argument reduced to its logical conclusion, would mean a bonus to the faster colors.

For that reason they are used in Europe by dyers and printers and lake manufacturers, and in Europe these dyes are free.

In Europe anthracin derivatives are not freer than are any other coal-tar dyes.

The American textile industry, which is being hit very hard in the proposed tariff, has to compete against goods imported from Europe dyed and printed with these free dyes.

Not more than it has for years had to compete with goods dyed and printed with other coal-tar dyes that are equally free in Europe.

They can not compete if they have to pay duty, for they would have to give up the use of these dyes and use less good dyes and thus fall behind the European competition, which will be able to continue the use of dyes derived from alizarin and anthracin and indigo.

This needs no comment in view of the first four answers.

It is patent that all coal-tar dyes should be treated alike—all taxed or all free. Any other provision savors of unfair discrimination and favoritism.

The Underwood bill taxes anthracin derivatives and thus corrects the inequality in previous bills.

CASSELLA COLOR CO., 182 AND 184 FRONT STREET, NEW YORK, N. Y., BY ROBERT ALFRED SHAW, VICE PRESIDENT.

NEW YORK, *May 13, 1913.*

Hon. HOKE SMITH,
2117 California Avenue, Washington, D. C.

SIR: At the hearing before the Committee on Ways and Means we had the honor to submit a brief dealing with the tariff tax on the anthracin and carbazol derivatives and indigo.

The bill as it has now passed the House has made the anthracin and carbazol derivatives taxable the same as other coal-tar colors; but breaking away from this uniform principle, the product indigo, which is also a coal-tar color, is left on the free list and is the only coal-tar color thus favored.

The suitability of this exception it is hardly proper for us to discuss. The needs of the textile industry have undoubtedly been placed before your committee and the Committee on Ways and Means. What we beg to draw to your attention is this:

If indigo is made free there are other coal-tar colors of competing and superior character which ought similarly be placed at the disposal of the textile manufacturer, and as evidence of this we hand you herewith copies of numerous letters addressed to the Ways and Means Committee urging the same treatment for hydron blue (a carbazol derivative) as for indigo.

Hydron blue, a product of coal tar, is a recent discovery, having qualities of remarkable fastness which have not only been recognized by the textile manufacturer throughout the world, but by the United

States, French, German, and British military establishments. Specifications of the Quartermaster General of the United States no longer stipulates the use of indigo in Government contracts.

That you may fully appreciate its advantages over indigo we hand you herewith dyed patterns of denim, one dyed with indigo and one dyed with hydron. A portion dyed with indigo has been subjected to a washing with boiling soap three times immersed. A portion of the hydron-dyed denim has been similarly treated. The results in both cases are evident to the eye. Hydron holds its depth of shade; indigo loses much of its depth. The sample of indigo-dyed denim was cut from a pair of overalls purchased in a retail store in this city.

The present tariff revision is based upon an effort to remove inequalities in taxation, to reduce the cost of living, and to incite the American manufacturer to the production of improved fabrics.

We therefore submit that these three considerations entitle hydron blue to the same classification as indigo: (*a*) They are both products of coal tar; (*b*) they are both used for the coarser class of fabrics required by the laboring man; (*c*) the overall made from a hydron-dyed denim will give the wearer vastly better service than the overall indigo dyed.

We ask your very careful consideration of this matter, believing that you will agree that indigo left free with hydron 30 per cent taxed is to perpetuate an unfair and unwise discrimination opposed to the best interests of American manufacturers and consumers, and is equivalent to granting a monopoly to the manufacturers of this type of coal-tar product. We suggest that paragraph 519 of the Underwood bill be amended to read: "Indigo and hydron blue natural and synthetic, dry or suspended in water."

The amount of revenue involved is insignificant.

FARBENFABRIKEN OF ELBERFELD CO., 117 HUDSON STREET, NEW YORK, N. Y., BY I. J. MUURLING, PRESIDENT.

NEW YORK, *May 26, 1913.*

GENTLEMEN: Our united efforts to have dyes derived from alizarin and anthracin, as well as derivatives from indigo, placed on the free list have made an impression on the Finance Committee, that has the tariff bill now in hand. But that does not mean that the matter is settled.

From influential quarters strong efforts are being made to leave these products on the dutiable list. It is difficult to fight against these influences, for we do not know their contention and consequently can not refute it.

But this we know, that it would be more than a hardship—it would be disastrous for the textile industry, both cotton and wool, and the lake industry if these dyes had to pay duty, and in order to convince the Finance Committee, as well as the Ways and Means Committee, that it is absolutely just and necessary to place these products on the free list, we urge you to again impress upon your Senators and Congressmen, and such other powers in Washington as are accessible to you, the dire necessity of doing all they can to

have dyes derived from alizarin and anthracin and dyes derived from indigo placed on the free list.

We repeat the argument in favor of this proposal. It is very simple and just:

(1) Dyes derived from alizarin and anthracin have always been on the free list.

(2) These dyes and dyes derived from indigo, which have lately come into the market, have better properties than other dyestuffs (fastness to washing, light, etc., are far superior and therefore these colors are in general demand for all classes of materials).

(3) For that reason they are used in Europe by dyers and printers and lake manufacturers, and in Europe these dyes are free.

(4) The American textile industry, which is being hit very hard in the proposed tariff, has to compete against goods imported from Europe dyed and printed with these free dyes.

(5) They can not compete if they have to pay duty, for they would have to give up the use of these dyes and use less good dyes, and thus fall behind the European competition, which will be able to continue the use of dyes derived from alizarin and anthracin and indigo.

Conclusion: Put these dyes on the free list.

FORSTMANN & HUFFMANN CO., PASSAIC, N. J., BY JULIUS FORSTMANN, PRESIDENT.

PASSAIC, N. J., *May 29, 1913.*

Hon. F. McL. SIMMONS,
Chairman Finance Committee, Washington, D. C.

SIR: As woolen and worsted manufacturers, who use annually large quantities of dyestuffs, we desire to protest most emphatically against the duty which it is proposed to place upon dyes derived from alizarin and anthracin and indigo.

These dyes have always been on the free list, and in view of the radical cuts which it is proposed to make in the wool schedule it is not fair to transfer now to the dutiable list articles that, even under the present tariff, are free and which should, by all processes of reasoning, remain free under the new tariff.

These dyes are now in general use in our business here and abroad, and the placing of a duty on them will either tend to increase the American cost of production, thus still further handicapping the industry in this country, or if other, inferior dyes are used American mills will not be able to compete with the European product.

We trust that your committee will agree to the desirability of retaining these dyes on the free list.

GERMANIA MILLS, HOLYOKE, MASS., BY WM. MAUER, SECRETARY.

HOLYOKE, MASS., *April 24, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: It has come to our attention that in the proposed Underwood tariff bill, according to paragraph 6, alizarin, natural or synthetic, dry or suspended in water, is to pay 10 per cent duty on the

value. This might be construed to mean that only one alizarin red, a substitute for alizarin made from madder root, would be free, while all dyes derived from alizarin or from anthracene would have to pay a duty of 30 per cent ad valorem or, with other words, alizarin blue, green, black, brown, etc., alizarin indigos and algol colors, which are now free, would have to pay 30 per cent ad valorem.

While the reduction on the duty on woolen and worsted cloth will most seriously affect the ability of American woolen and worsted manufacturers to compete with foreign manufacturers, the additional disadvantage imposed upon the American woolen and worsted industries, by making the dyes mentioned dutiable instead of keeping them free as at present, would be a very serious blow to these industries, and we take the liberty of asking you to kindly use your influence to keep these materials free or, if this should be impossible, to try to have the words "and dyes derived from alizarin and from anthracene" added to paragraph 6.

Par. 7.—AMMONIA, SULPHATE OF.

TUPELO FERTILIZER FACTORY, TUPELO, MISS., BY L. M. BOGLE, SECRETARY AND MANAGER.

TUPELO, MISS., *May 12, 1913.*

Hon. JOHN S. WILLIAMS,
Washington, D. C.

SIR: It is our understanding that the tariff bill, which has just been passed by the House of Representatives, includes a tax of 10 per cent on sulphate of ammonia. This article has for several years been on the free list. Such a tax would add about $6 per ton to this material, which enters largely into the composition of several million tons of fertilizer sold annually in the South. The first cost, of course, will be against the manufacturer, but must be figured into the cost of production and will untimately have to be paid by the farmer. The imposition of a tax like this seems to be directly the reverse of the pledge of the Democratic Party to revise the tariff and bring about a cheaper cost of living, and we trust you will use your good influence to have this article put back upon the free list when this bill comes up in the Senate.

Par. 8.—AMMONIA, CARBONATE.

MICHIGAN AMMONIA WORKS, DETROIT, MICH., BY GEO. OSIUS, SECRETARY AND TREASURER.

DETROIT, MICH., *May 23, 1913.*

Hon. F. M. SIMMONS,
Chairman Senate Finance Committee,
Washington, D. C.

DEAR SIR: As manufacturers of aqua ammonia and carbonate ammonia, we beg to submit our most earnest protest against a possible reduction in the duties on these two articles.

Aqua ammonia.— The gradual increasing cost of the raw material, the continuous advances in labor in this country against cheap labor and cheap material of foreign countries, has handicapped the manu-

facture of this article considerably. The manufacture requires an expensive plant, careful and conscientious attention, and only a large production permits the American manufacturer to operate on a small margin if the duty will at least remain at its present state. A standard of a high-grade article must be maintained on account of the efficiency expected from aqua ammonia in its ultimate application. A reduction of duty would not result in any advantages to the individual at large.

Carbonate ammonia.—The manufacture of this article requires an expensive plant and very careful attention to the process. Its consumption is confined almost entirely to the bakers of this country in the baking of sweet goods, and it is limited to comparatively small consumption. Largely on account of the limited demand for this article we can operate the plant only a few months in the year, but if foreign competition could be excluded the limited capacity of our plant could be utilized to better advantage.

The foreign manufacturers have the following advantages over us: Their cost of labor is about half of ours. Their cost of raw material is much less than ours. Their larger production gives them the advantage over us by lessening their total cost. They are in position to maintain profitable prices at home and to use the foreign markets for the disposal of their surplus production at a low price and sometimes below cost.

High cost of labor and material in this country, together with the increased cost of manufacture on account of the limited home consumption by the American market, make it absolutely necessary to at least retain the present duty in order to permit the domestic manufacturer to continue the production of this article. Before carbonate ammonia was manufactured in this country the market price was about 25 cents per pound. Since the article is produced in this country, even in its limited way, the market price has been steady at about 8 to 9 cents per pound. A possible reduction of duty on this product would in no way benefit the ultimate consumer. Less than a pound of carbonate ammonia is used in a barrel of flour, yielding about 400 pounds of sweet baked goods. If the present tariff on this product would be decreased the foreign manufacturer would be in position to cover the United States market practically without competition, as a further decline in price and an increase of importation would eventually involve the American manufacturer into a very serious loss, and may finally prevent him from further manufacturing this article.

We therefore respectfully and most urgently ask you not to decrease the present duties on these articles.

Par. 9.—CREAM OF TARTAR.

STICKNEY & POOR SPICE CO., 182 AND 184 STATE STREET, BOSTON, MASS., BY JAMES S. MURPHY, PRESIDENT.

BOSTON, MASS., *May 20, 1913.*

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

GENTLEMEN: We do not think that the article of cream of tartar has been properly treated by the Underwood bill.

The largest manufacturer in our country tells me that Francis Burton Harrison's so-called expert on the chemical section was a party whom they discharged. At the present time there are four manufacturers in this country—the Tartar Chemical Co., of New York City; Messrs. Charles Pfizer & Co., of New York City; the Pan Chemical Co., of Hastings, N. Y.: Messrs. Harshaw, Fuller & Goodwin, of Cleveland, Ohio.

The Tartar Chemical Co. is the largest concern. They have a corporation in Europe with a capital of 1,000,000 francs, and we have agreed to buy our goods in Europe if convenient for them. We are the largest jobbers of cream tartar in this country, outside the above manufacturers. We job more cream tartar than all New York City put together. We sell it in one-quarter pound packages, and it is all used to make bread by the poorer people of the country. It enables them to save labor and time as compared with yeast. The present tariff cuts the protection from 5 to 2½ cents per pound, and leaves the raw materials, argols, taxed 5 per cent. just the same as the Payne-Aldrich bill.

If there is any earnest desire to reduce the cost of food products, why not take the duty off the crude material and then you may retain the business in this country? The importers of the raw material have been persecuted by the Government under that section of the old tariff which permits our Treasury Department to levy extraordinary fines when the invoice price is not fixed at the market price of the date of the bill of lading, no matter what may have been the real actual cost of the goods. Legal complications with the Government on raw material add materially to the cost of our manufactures. The history of celery seed during the past three years, where the Government has been absolutely wrong, and still compels everybody to fight his case up through all the courts, is a good illustration.

Only the man of capital can afford to fight law cases all the way through the courts and obtain justice from the Government.

We do not wish to have any more business with the customhouse than is absolutely necessary, and therefore we would prefer to buy our cream of tartar in the United States, from our own manufacturers, rather than be obliged to buy in Europe from the very same men. The raw material, or the acid of grapes, is the natural product of France, Italy, etc., and therefore foreigners naturally have considerable advantage in the manufacture.

Par. 9.—ARGOLS.

CHARLES PFIZER & CO. (INC.), 81 MAIDEN LANE, NEW YORK CITY, BY FRANKLIN BLACK, SECRETARY.

Hon. Charles F. Johnson,
Chairman Subcommittee Committee on Finance,
United States Senate, Washington, D. C.

Dear Sir: Supplementary to hearing you kindly afforded the writer on the 23d instant, we would respectfully submit the following:

In H. R. 3321 appears—

Par. 9. Argols, or crude tartar, or wine lees, crude or partly refined, containing not more than 90 per cent of potassium bitartrate, 5 per cent ad valorem; containing more than 90 per cent of potassium bitartrate, cream tartar, and

Rochelle salts, or tartrate of soda and potassa, 2½ cents per pound; calcium tartrate, crude, 5 per cent ad valorem.

We would respectfully suggest that this paragraph should read as follows:

PAR. 9. Argols, or tartar or wine lees, partly refined, containing not more than 90 per cent of potassium bitartrate, 5 per cent ad valorem; containing more than 90 per cent of potassium bitartrate, cream tartar, and Rochelle salts, or tartrate of soda and potassa, 2½ cents per pound; calcium tartrate, crude, 5 per cent ad valorem.

A new paragraph should then be introduced into the free list, reading as follows:

Argols crude, or tartar crude, or wine lees crude.

Par. 14.—CAFFEIN, ETC.

MONSANTO CHEMICAL WORKS, ST. LOUIS, MO., BY LEVI COOKE, ATTORNEY, WASHINGTON, D. C.

WASHINGTON, D. C., *May 3, 1913.*

Hon. HOKE SMITH,
United States Senate, Washington, D. C.

DEAR SIR: I hand you herewith statement regarding certain items in Schedule A, the chemical schedule, of H. R. 3321. The statement contains a concrete request for changes and a memorandum explaining the reasons therefor. I beg to urge that in the consideration of the bill in the Senate these changes be incorporated.

I make this statement in behalf of the Monsanto Chemical Works, of St. Louis, Mo.

In view of the detailed statement submitted, the following specific changes in H. R. 3321 are requested:

Caffein and tea waste: Page 4, paragraph 14, line 11, strike out "1 cent" and insert "one-half cent."

Page 5, paragraph 19, line 18, strike out "chloral hydrate," "phenolphthalein," "acetphenetidin," "salts and compounds of glycerophosphoric acid," "acetylsalicylic acid," "aspirin" and insert on

Page 9, paragraph 44, line 21, substitute semicolon for period and add:

Chloral hydrate, phenolphthalein, acetphenetidin, phenacetin, glycerophosphoric acid, salts and compounds of glycerophosphoric acid, acetylsalicylic acid, aspirin, and coumarin, 45 cents per pound.

Alternative requests in re vanillin and cloves: Either, page 17, paragraph 71, line 4, strike out "10" after vanillin and insert "15," or, page 58, paragraph 240, line 14, strike out "cloves, 2 cents per pound," and insert, at page 108, after paragraph 458, line 14, the word "cloves," i. e., place cloves on the free list.

[Memorandum regarding caffein and tea waste (par. 14, H. R. 3321), certain articles under paragraph 19, vanillin (par. 71), and cloves (par. 240).]

CAFFEIN AND TEA WASTE.

Caffein is manufactured from impure tea, tea waste, tea siftings, or sweepings. The present duty, at 25 per cent ad valorem, equals

76 cents per pound, and on this basis domestic producers compete with importations steadily increasing. Tea waste is now free.

H. R. 3321 puts caffein at $1 per pound and tea waste at 1 cent per pound.

It requires as a minimum 50 pounds of tea waste to make 1 pound of caffein. Actual practice shows 1¾ pounds of caffein from 100 pounds of tea waste. While some high-grade pure tea shows analytically 4 per cent of caffein, this can not be commercially secured in caffein manufacture, and the low-grade China and Japan teas, the impure quality and refuse of which is the basis of caffein manufacture, will commercially produce only about 1¾ per cent of caffein.

Therefore a duty of 1 cent per pound on material equals a tax of at least 50 cents per pound on caffein as produced here.

With the duty on caffein at $1 per pound, as fixed in H. R. 3321, the duty on tea refuse should be one-half cent instead of 1 cent, thus making the duty cost on raw material equal 25 cents per pound of finished caffein.

CERTAIN ARTICLES UNDER PARAGRAPH 19, H. R. 3321.

These articles are chloral hydrate, phenolphthalein, salts and compounds of glycerophosphoric acid, acetylsalicylic acid, aspirin, phenacetin, acetphenetidin, coumarin.

General note: Five of the articles, chloral hydrate, phenolphthalein, salts and compounds of glycerophosphoric acid, acetphenetidin (although the additional description "phenacetin" should also be employed), and acetylsalicylic acid, or aspirin, appear in paragraph 19, H. R. 3321, at 25 per cent ad valorem. Coumarin is not named, and falls under the basket paragraph 22 at 15 per cent ad valorem.

CHLORAL HYDRATE.

This is manufactured from chlorine gas and grain alcohol. Chlorine gas is a by-product of the potash industry in Germany, and sells there as low as six-tenths cent per pound. It is impossible commercially to be imported to the United States. Monsanto Chemical Works secures chlorine gas from a Niagara Falls concern, which manufactures it from salt at a cost of 9 cents per pound. Alcohol costs the domestic manufacturer an average of 45 cents per gallon against the German cost of 27 cents per gallon.

The German price of chloral hydrate is about 25 cents per pound with lower valuation made on sales for America. German cost of production is much below 25 cents per pound. Two years' average cost of production by Monsanto Chemical Works, on account of higher cost of materials and operation, amounted to 58.4 plus cents per pound. The domestic competition, possible only under a substantial specific rate, in four years has reduced the American wholesale price from 90 cents per pound to 72 cents per pound.

The present rate is 55 cents per pound. H. R. 3321 proposes 25 per cent ad valorem, which, applied to the low German export valuation, would mean less than 5 cents per pound. On this basis domestic production would cease, and, when ended, the allied German producers would restore the former American selling price. Reve-

nue would also be lost to the Government. Imports at present are about 60,000 pounds per annum.

PHENOLPHTHALEIN.

This is a fusion of phthalic acid and phenol, with other chemical products and alcohol employed in the manufacture. German producers who formerly monopolized the American market held the American wholesale price at $2.50 per pound. American competition under the present rate of 55 cents per pound has broken this price to $1.10 or $1.20 per pound. Imports at present are about 30,000 pounds per annum. At 25 per cent ad valorem on the low German selling price for export duties would produce only a small revenue and would cripple American domestic production, whereas a rate of 45 cents per pound would continue a substantial revenue from this article and permit home production to maintain competitive selling prices to home users.

SALTS AND COMPOUNDS OF GLYCEROPHOSPHORIC ACID.

This description should read "Glycerophosphoric acid and all salts and compounds of glycerophosphoric acid."

The materials for this product are higher in cost in the United States than in Germany, alcohol alone showing 5 cents extra cost per finished pound here. The imported refined glycerin used is dutiable at 2 cents per pound under paragraph 36, H. R. 3321. Phosphate of soda, which is largely used in the manufacture, is produced domestically but is 25 per cent higher in cost here than abroad. The difference in cost of materials here and abroad is 18 to 20 cents per finished pound, to which is added additional cost of apparatus and operation. At 25 per cent ad valorem the domestic production must be at a loss in competition with the foreign product. Against this is the fact that domestic production under the present 55 cents a pound duty has reduced the price from $1.30 per pound to $1.10 per pound wholesale, while the Government is collecting revenue at 55 cents per pound on about 30,000 pounds annually imported. A rate of 45 cents per pound will preserve competitive conditions and insure a substantial revenue.

ACETYLSALICYLIC ACID—ASPIRIN.

Acetylsalicylic acid is the chemical name and aspirin is the trade name of one and the same article. It is sold in Europe at wholesale at 50 cents per pound, the price at which it would be entered under the proposed 25 per cent ad valorem rate of paragraph 19, H. R. 3321, or 12½ cents per pound, the same as the present rate. Yet the wholesale price in the United States is $1.40 per pound in the largest quantities, this price being maintained by the foreign syndicate. The importations amount to not less than 100,000 pounds per annum, and are more likely in the neighborhood of 200,000 pounds. A rate of 45 cents per pound will increase the annual revenue upon this article from $12,500 or $25,000, according to the amount imported, to $45,000 or $90,000, and will lead eventually to domestic

competition which will break the present very high price exacted of home buyers by the German producers.

ACETPHENETIDIN.

In addition to the chemical name "acetphenetidin," the word "phenacetin" should also be used, this being the trade name under which large quantities of acetphenetidin are imported.

This article is produced, by employment of other chemicals, from the intermediate coal-tar product paraphenetidin.

Paraphenetidin, the basic raw material, is taxed 15 per cent under paragraph 22, "all other products or preparations of coal tar, etc."

The cost of production by the Monsanto Chemical Works over a period of two years for this article averaged 63.1 cents plus per pound, with certain overhead items of cost not included. This is against a European cost of production less than one-third the American cost, and a European selling price for exportation on which a 25 per cent ad valorem would produce only a few cents per pound. A rate of 25 per cent ad valorem would mean an immediate termination of domestic production. The patent rights under which the article was governed expired in 1906. At that time the American wholesale price was $12 per pound. The German producers under domestic competition lowered the price on the article under the name of phenacetin to $4 per pound and sold an inferior grade as acetphenetidin at $1.15 per pound. The domestic product is equal in purity to the best grade imported, and the price has been broken to 85 cents per pound. About 10,000 pounds are annually imported, on which a rate of 45 cents per pound will produce more revenue than a 25 per cent ad valorem rate would produce if applied to an importation of the entire supply for domestic consumption

COUMARIN.

This is a coal-tar flavoring product, formerly manufactured from other material in the United States but now imported exclusively and paying 20 per cent ad valorem duty. The value figures at which which the article is imported can not be furnished, but they are trifling as compared with the price of $3.10 per pound at which the wholesale price is held in the United States by the foreign shippers. Not less than 60,000 pounds of coumarin are imported annually.

H. R. 3321, by covering this item under the basket clause of paragraph 22 at 15 per cent ad valorem, ignores a source of revenue without benefit by the low rate to American wholesale consumers. In the absence of domestic production the price of the article will be preserved at above $3 per pound. With a specific duty of 45 cents per pound not less than $27,000 annual revenue will be secured, and probably a higher figure in case, as is likely, the imports are above 60,000 pounds per annum.

VANILLIN AND CLOVES.

Vanillin is now subject to a duty of 20 cents per ounce, while cloves, the raw material, are on the free list.

H. R. 3321, in paragraph 71, reduces the specific duty to 10 cents per ounce, and in paragraph 240 makes cloves, the raw material, dutiable at 2 cents per pound.

Even if it be the policy to cut the rate on vanillin by one-half, it is inequitable to put an import on the cloves from which vanillin is made. Either vanillin should be held at 10 cents per ounce, as proposed in H. R. 3321, and cloves should be free, or if cloves are to be assessed at 2 cents per pound the duty on vanillin should be raised to 15 cents per ounce.

Otherwise, if the duties remain as proposed domestic manufacturers will find themselves taxed on their raw material out of all proportion to the duty on the finished article interposed between their product and the imported product manufactured abroad from free raw material.

Par. 15.—CALOMEL, CORROSIVE SUBLIMATE, ETC.

CHARLES PFIZER & CO. (INC.), 81 MAIDEN LANE, NEW YORK CITY, BY FRANKLIN BLACK, SECRETARY.

Hon. Charles F. Johnson,
Chairman Subcommittee, Committee on Finance,
United States Senate, Washington, D. C.

Dear Sir: Supplementary to hearing you kindly afforded the writer on the 23d instant, we would respectfully submit the following:

In bill H. R. 3321 there is—

Paragraph 15, calomel, corrosive sublimate, and other mercurial preparations, 15 per cent ad valorem.

Paragraph 161, quicksilver, 10 per cent ad valorem.

Under the existing law paragraph 65 provides calomel, corrosive sublimate, and other mercurial medicinal preparations, 35 per cent ad valorem.

Paragraph 189 of the same law, quicksilver, 7 cents per pound.

The new bill H. R. 3321, as you will notice, therefore, reduces the duty on mercury the equivalent of 28 per cent and at the same time reduces the duty on corrosive sublimate, calomel, and other mercurial preparations 57 per cent.

The crude material for the manufacture of the mercurial preparations is mercury.

The principal mercurial medicinal preparations are calomel, corrosive sublimate, and red precipitate, and these contain, respectively, 85½ per cent, 75 per cent, and 92½ per cent of mercury.

The price of mercury in England of late has been about the equivalent of 50 cents per pound. The average price of the three above-mentioned mercurial preparations at present for export from England is about 60 cents per pound. The average percentage of mercury in these preparations is about 85 per cent.

On this basis, therefore, the following calculation will show what a small percentage of actual tariff the manufacturers of mercurial medicinal preparations receive: At 60 cents per pound, duty 15 per cent, equals 9 cents per pound; duty on 85 per cent mercury content,

at 50 cents per pound, equals 42½ cents per pound of mercury; duty of 10 per cent equals 4¼ cents per pound, net duty, therefore, is 4¾ cents per pound, equaling less than 8 per cent, which is so low that it will not pay manufacturers of mercurial medicinal preparations to operate in America, but will be more profitable for them to operate in England and pay the new proposed duty of 15 per cent, as the cost of production of corrosive sublimate, calomel, red precipitate, etc., is much less in England than in the United States.

We think that a duty should be maintained on mercury so as to enable the successful mining operations of this metal in competition with the cheap labor and governmentally controlled mines of Europe. At the same time in order to enable the manufacturers of calomel, corrosive sublimate, and other mercurial medicinal preparations to exist in America a proportionate duty should be placed upon these preparations.

We think that if the duty on mercury is allowed to remain at 10 per cent, then the duty on calomel, corrosive sublimate, and other mercurial medicinal preparations should be not less than 25 per cent. If, however, your committee considers it wise to entirely remove the duty on mercury into the United States and put it upon the free list, then 15 per cent upon the preparations as covered by paragraph 15 would be fair.

Par. 16.—CHALK, ETC.

SOUTHWARK MANUFACTURING CO., CAMDEN, N. J., AND PENSACOLA, FLA., AND OTHERS.

WASHINGTON, D. C., *May 27, 1913.*

Hon. F. M. SIMMONS,
Chairman, and Members of the Finance Committee,
United States Senate.

SIRS: The undersigned, a committee of the whiting manufacturers of the United States, respectfully request your consideration of the following brief in relation to a tariff on the indicated articles of commerce:

(1) REASONS WHY PRESENT TARIFF SHOULD NOT BE MODIFIED, OR, IF MODIFIED, A DEFINITION OF THE EXTENT TO WHICH IT SHOULD BE MODIFIED.

1. The chalk business in its various forms in this country has been in existence for about 100 years.

2. During that time, assisted by varying tariff duties, it has grown to a total capitalization of about $1,500,000 in plant investment.

3. Its gross business per annum does not exceed its capital, $1,500,000.

4. There are but 16 manufactories in this country—1 in Florida, 4 in New Jersey, 3 in New York, 3 in Massachusetts, 4 in Pennsylvania, and 1 in Connecticut, with an average capitalization of less than $100,000.

5. The dividends paid do not exceed 6 per cent upon the capital.

6. It is a strongly competitive business. There is no trust or arrangement among the manufacturers as to prices.
7. No fortunes have been made in it.
8. The consumer is satisfied.
9. He makes no complaint.
10. The workman is satisfied, except, like every worker, he wishes higher wages.
11. The manufacturer is making simply an honorable living, although in some cases no dividends are paid or earned.

Why disturb such a condition by decreasing profits, now reasonable, and inevitably reducing the quantum of wages which should rather be paid here than in Europe?

(II) PROPOSED TARIFF CONSIDERED.

Section 16, page 4, which is:

Chalk, precipitated, suitable for medicinal or toilet purposes; chalk put up in the form of cubes, blocks, sticks, or disks, or otherwise, including tailors', billiard red, and other manufactures of chalk not specially provided for in this section, 25 per cent ad valorem.

is entirely satisfactory so far as it goes.

We suggest, however, to make the law consistent, that the words "French chalk, cut, powdered, washed, or pulverized," be taken from section 70, page 17, which section is intended to deal with "talcum, talc, and steatite," in which are not chalk, and be transferred to section 16, page 4, above quoted, after the word "red," so that the section would then read:

Chalk, precipitated, suitable for medicinal or toilet purposes; chalk put up in the form of cubes, blocks, sticks, or disks, or otherwise, including tailors', billiard red, French chalk cut, powdered, washed, or pulverized, and other manufactures of chalk not specially provided for in this section, 25 per cent ad valorem.

III.

Section 61, page 15, which reads:

Whiting and Paris white, dry and chalk, ground or bolted, one-tenth cent per pound; whiting and Paris white, ground in oil or putty, 15 per centum ad valorem.

we ask should be modified as follows:

So that the first part of the section, which reads "Whiting and Paris white, dry and chalk, ground or bolted, one-tenth cent per pound," should be changed therein to read "two-tenths cent per pound."

And the second part of the section, which reads "Whiting and Paris white, ground in oil or putty, 15 per cent ad valorem," should be changed therein to read "four-tenths cent per pound."

The result would be that the section would read in its entirety:

Whiting and Paris white, dry and chalk, ground or bolted, two-tenths cent per pound; whiting and Paris white, ground in oil or putty, four-tenths cent per pound.

These two changes, as suggested, will constitute upon the two items of this section a reduction of 20 per cent as regards each item. The present tariff as to "Whiting, Paris white, dry," etc., is one-fourth cent

per pound. Our proposed change is to two-tenths, equivalent to one-fifth, a reduction, then, of 20 per cent on the present tariff instead of a 60 per cent reduction.

The second item, "Whiting and Paris white, ground in putty," etc., the present tariff is one-half of 1 per cent per pound. Our proposed reduction is to four-tenths per cent, equivalent to a 20 per cent reduction instead of a 60 per cent reduction.

We earnestly contend, under the statements of the facts upon which we stand in the first page of our brief, that there should be no modification of the present law.

There seems in our judgment no necessity or advantage to anyone, but if in your conclusion a change should be made, is there any just reason why the reduction should be made 60 per cent as against the present tariff on "Whiting and Paris white, dry," etc.? Or is there any just reason why the tariff proposed as to "Whiting and Paris white, ground in oil or putty," should be reduced 60 per cent as against the present tariff?

The consequence of such radical changes as suggested will paralyze some of these industries, and any close economic study of them will convince you that such disastrous results will follow.

Section 454, page 111, provides that "Chalk, crude, not ground, bolted, precipitated, or otherwise manufactured," shall be upon the free list the same as heretofore.

This section is entirely satisfactory.

Respectfully submitted.

(The above argument was signed by the following: Wm. Griffiths, of Southwark Manufacturing Co., Camden, N. J., and Pensacola, Fla.; A. E. Cole, of Acme White Lead & Color Works, Boston; H. T. Spooner, of The H. F. Tainter Manufacturing Co., of New York; G. W. MacKenzie, Philadelphia; W. C. Belcher, of Benjamin Moore & Co., Brooklyn; F. N. Tirrell, of Stickney, Tirrell & Co., Boston.)

Par. 18.—MANNIT.

BOERICKE-RUNYON, 14 WEST THIRTY-EIGHTH STREET, NEW YORK, N. Y.

NEW YORK, *May 14, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: Mannit has been commonly classified under the present Payne Act, Schedule A, paragraph 65, as a chemical and medicinal substance, in the preparation of which alcohol is used, subject to 25 per cent duty. It will therefore probably be considered under the general classification provided in paragraph 18 of the Underwood bill, namely, 10 cents per pound and 20 per cent ad valorem, but this classification does not meet the properties of mannit, nor does any other classification cover it in the proposed bill. We therefore request that you place it on the free list with manna for the following reasons:

Mannit is used for medicinal and industrial purposes. It is a sugar-like substance crystallized from manna, which is the sap ex-

tracted from a tree grown principally in Sicily. Mannit is therefore a vegetable substance refined, but it does not contain alcohol, and alcohol is not used in its preparation. Textbooks state that alcohol is used in its preparation, but it is only done in very rare instances. Ninety-eight per cent of the entire production is refined simply by crystallizing from solution of manna in pure water. The mannit of commerce is all produced in Sicily and Italy. None is produced or refined in the United States. The world's production and supply does not exceed 165,000 pounds annually, but it has an important part in the health of the Latin races in Europe and South America, and also in the United States.

We understand that application was made to the Ways and Means Committee through the Italian Chamber of Commerce in New York by one of our foreign correspondents and producers to have mannit placed on the free list with manna, which latter has always been and still is on the free list. We heartily indorse this request, because mannit and manna are both used for the same purposes as a sirup and laxative, principally among the Latin races.

Manna is never over 40 per cent pure, balance being molasses and gums without any medicinal properties. The only reason that manna is used instead of mannit in the United States is because it can be procured so much cheaper, being duty free. Mannit is better adapted to children and delicate women, because of its purity, and for this reason is almost exclusively used in preference to manna in foreign countries. The American consumer should therefore also be able to procure the mannit more reasonably. Mannit could also be used in America for industrial as well as medicinal purposes if obtainable without duty.

The above reasons, summarized, show: (1) Manna and mannit applicable for the same purposes. (2) That it is possible to increase foreign commerce without in any wise injuring home industry; on the contrary, helping it. (3) Public and humane policy to supply our people with the pure drug instead of the impure. (4) Use of the more desirable product prohibitive, because mannit has been improperly classified heretofore.

We therefore join others in requesting that you place mannit on the free list by having paragraph 548 of the Underwood bill, instead of only "manna," read "manna and mannit" free.

LANGLEY & MICHAELS CO., 50-60 FIRST STREET, SAN FRANCISCO, CAL.

SAN FRANCISCO, CAL., *April 30, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: Mannit has been commonly classified under the present Payne Act, Schedule A, paragraph 65, as a chemical and medicinal substance, in the preparation of which alcohol is used, subject to 25 per cent duty. It will therefore probably be considered under the general classification provided in paragraph 18 of the Underwood bill, namely, 10 cents per pound and 20 per cent ad valorem; but this classification does not meet the properties of mannit, nor does any other classification cover it in the proposed bill. We therefore

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The above reasons summarized show: (1) Manna and mannit applicable for the same purposes; (2) that it is possible to increase foreign commerce without in any wise injuring home industry, on the contrary, helping it; (3) public and humane policy to supply our people with the "pure drug" instead of the impure; (4) use of the more desirable product prohibitive because mannit has been improperly classified heretofore.

We therefore join others in requesting that you place mannit on the free list by having paragraph 548 of the Underwood bill, instead of only "manna," read "manna and mannit" free.

Par. 20.—CARBON TETRA-CHLORIDES.

WARNER CHEMICAL CO., 141 BROADWAY, NEW YORK, N. Y., BY F. H. WARNER, SECRETARY.

NEW YORK, *May 28, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SIR: This article is manufactured by us at Carteret, N. J., where we employ about 150 and have a pay roll of about $100,000 yearly.

Since it was manufactured in this country, prices have dropped 50 per cent, and we find no urgent demand for lower prices or still further reduction of duty excepting from the representatives of the foreign makers of the product.

Notwithstanding the higher duty of the past, the German product with its lower cost of manufacture has always made the prices here for the domestic maker to meet, so that to-day the selling price here barely covers our cost of manufacture.

Any further reduction in duty that might bring about lower selling prices will compel us to abandon the manufacture as unprofitable.

We would add that the principal use of carbon tetra-chloride is as a fire extinguisher around the garage, automobile, motor boat, and similar electric or gasoline fires. It also has a limited use as a solvent in rubber works and in the textile industry. It is also used as a noninflammable cleanser for garments, but the small percentage used for this purpose will not tend to give the great consuming public lower prices through further reduction of the duty.

We therefore respectfully request no further reduction in duty on carbon tetra-chloride than 1 cent per pound, as paragraph 20 of the chemical schedule now reads.

NIAGARA ALKALI CO. (INC.), OFFICE AND FACTORY, NIAGARA FALLS, N. Y., BY H. D. RUHM, VICE PRESIDENT AND GENERAL MANAGER.

NIAGARA FALLS, N. Y., *May 27, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SIR: We note that the same firm of importers which has been so excessively active in attempting to prevent our securing a duty on caustic potash is now likewise active in attempting to remove the 1 cent per pound duty, which has been placed on carbon tetra-chloride, conducting the same sort of campaign against this latter material which they have against us. Of course, their interest in the two products is identical in that they simply want all the commission they can get for importing as much as possible.

We are sure that the duty can not be any reason for an increased price to the consumers of carbon tetra-chloride, as we ourselves, as well as numerous other producers of chlorine gas in this country, will be only too glad to enter into competition with the manufacturers of this later article should an increase be made in the price on account of the duty.

We understand that the Dow Chemical Co. is the principal manufacturer of this material in this country, and that their plant stands idle a portion of the time. We simply wish to call your attention to this situation in the hope that you may be able to combat some of the positions of the importers in question against this as well as against our own.

We understand that the statement made by the importers that the price is lower in England and Germany than it is in the United States is not correct as far as the open price is concerned. The manufacturers in this country state that they recently have sent a

carload of carbon tetra-chloride to Germany for which they expect to net fully as much as they receive from customers in the United States. You will recollect that this is exactly our own situation in regard to caustic potash.

We thank you in advance for anything you may find it possible to do in this matter.

Par. 20.—CHLOROFORM.

THE ROESSLER & HASSLACHER CHEMICAL CO., 100 WILLIAM STREET, NEW YORK, N. Y., BY JACOB HASSLACHER, PRESIDENT.

NEW YORK, *April 17, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

SIR: The new tariff bill now before Congress, paragraph 21, specifies that chloroform should be dutiable at 2 cents per pound. The duty on chloroform under the present tariff is 10 cents per pound.

The proposed change we can not believe to be in accordance with the intention of the lawmakers and the avowed policy of President Wilson that the tariff be revised in a conservative way. A reduction from 10 to 2 cents per pound is too radical.

Although chloroform can be produced from acetone, it is now produced in Europe only from grain alcohol, and therefore consistently should be placed under paragraph 20, which exclusively enumerates articles manufactured from grain alcohol, dutiable at 25 per cent ad valorem. Twenty-five per cent on chloroform based on present market value represents 4 cents per pound.

Under the circumstances, we respectfully request that chloroform be stricken out of paragraph 21 of the proposed tariff bill and incorporated under paragraph 20.

No doubt you will see the justice of this request, and we trust you will give this subject proper consideration.

Pars. 21, 22, and 24—COAL-TAR PRODUCTS.

BENZOL PRODUCTS CO., PER THOS. F. DURGETT, SECRETARY, 25 BROAD STREET NEW YORK, N. Y.

NEW YORK, N. Y., *April 28. 1913.*

Hon. F. McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

SIR: Referring to the interview accorded by you on the 23d to Mr. Wigglesworth, vice president of this company, we beg to submit in response to your request the following statement:

The Benzol Products Co. was organized in the State of New York in 1910 for the manufacture of anilin oil and other benzol derivatives. It is the first substantial effort thus far made in this country to take possession of this broad chemical field which is now practically monopolized by Germany. Some idea of the importance of this

branch of the industry as a whole is gained from the fact that the imports into the United States of these and other coal-tar products in the fiscal year 1911-12 amounted to $8,856,512. The gradual increase in recovery of the by-products of our coke ovens constituting the raw material justifies the belief that this country can share in this vast industry if our Government will temporarily favor it. Thus far the Benzol Products Co. has faced a large deficit each year, as was to be expected, due in part to the difficulties incidental to all new industries and in part to the prompt action of the German syndicates controlling these products in lowering their prices in this market to a point well calculated to stifle a new enterprise.

The House has recognized the situation to some extent by a 10 per cent tariff (par. 24), but it is not adequate, and in addition to this the House bill reduces the duty on some of the finished products from 20 to 15 per cent (par. 22), obviously an oversight, as of course these articles are entitled to the same protection as is accorded the other finished products, like coal-tar dyes and colors (par. 21). This is not a case of attempting to build up an industry for which this country is not adapted. We have the raw materials to supply the product, but the peculiar conditions under which this industry is controlled abroad place us at their mercy unless a reasonable tariff be imposed. The alterations we refer to in H. R. 3321 are shown in the summary below:

Paragraph.	Article.	Value.	Present tariff.	H. R. 3321.
			Per cent.	*Per cent.*
21	Coal-tar dyes	$6,905,121	30	30
22	Coal-tar products not colors or dyes	618,606	20	15
24	Special coal-tar products	1,332,785	Free.	10
		8,856,512		

We respectfully request that paragraph 22 be changed to read 30 per cent ad valorem and that paragraph 24 be made 15 per cent in place of 10 per cent.

G. SIEGLE CO., ROSEBANK, STATEN ISLAND, N. Y., BY CHARLES POPPE, TREASURER.

ROSEBANK, STATEN ISLAND, N. Y., *May 29, 1913.*

Hon. CHARLES F. JOHNSON,
Washington, D. C.

DEAR SIR: The proposed tariff bill which has passed the House of Representatives contains some features which in their present form no doubt will work some hardships on the American manufacturers of dry colors.

The G. Siegle Co. as one about six years ago erected a dry color plant at Rosebank, on Staten Island, Greater New York, a plant conceded to be the most modern in the United States, no expense having been spared in the erection of an up-to-date fire-proof building equipped with all the latest devices and machinery to produce goods that are equal to any imported article.

At the time the venture was contemplated the present tariff assured a protection that would guarantee the undertaking to be one of reasonable profit. With the proposed tariff this assurance is largely decreased by reason of the reduced duty on finished products and increased duty on raw materials.

As an instance, dry colors and lakes not otherwise specified pay a duty of 30 per cent ad valorem, which is a protection that has enabled us to compete against the foreign product of equal value.

In the present amended tariff bill this has been reduced to 20 per cent.

These dry colors or lakes are made largely from imported coal-tar dyestuffs on which the present duty is also 30 per cent.

The proposed tariff does not reduce the duty on coal-tar dyestuffs, whereby the foreign manufacturer is given an advantage over the American manufacturer who has to use the imported dyestuffs in his product.

On many of the coal-tar products, not colors or dyes, which now enter free of duty, the new tariff imposes a duty of from 5 to 10 per cent ad valorem. These are raw materials the development of which into a finished product is one of the most important problems for the dry-color manufacturers.

The scientific progress that is being made in this country in producing new colors from these raw materials should not be curtailed by a tariff on raw materials which at the present time are not made and can not be had in this country.

To conclude:

It is our belief that the duty on coal-tar colors or dyes should be reduced to the same rate—20 per cent—as is proposed on the finished product—lake colors.

That there should be no duty on coal-tar products, not colors or dyes, which enter into the finished product, as this will encourage an industry in which the American manufacturer can successfully compete against the foreign manufacturer.

We respectfully submit these facts for your consideration.

Par. 21.—COAL-TAR DYES.

STATEMENT OF ROBERT ALFRED SHAW, VICE PRESIDENT OF CASSELLA COLOR CO., BEFORE THE SUBCOMMITTEE OF THE COMMITTEE ON FINANCE, MAY 21, 1913.

I am here to speak for equality in taxation on all coal-tar dyes.

We are importers and therefore have no proper plea to make, except the one of every American citizen—that all should be treated on an equality. We never have asked a favor at the hands of Congress, and have no intention of doing so now. But we have for the past 20 years, upon every suitable occasion, urged that all coal-tar colors should be treated alike—all taxed or all free.

We have never pretended to express an opinion as to what the rate should be, the needs of the textile manufacturer being the controlling

factor in such a matter. But we have believed it was within our province to protest against the admission of one importer's goods free while another man's goods were tax burdened. This is the practice to-day. It has been the practice for the past 20 years. It is distinctly un-American and undemocratic. I refer to the clause of the tariff by which a large class of colors derived from anthracin have been kept free while the great aggregate have paid a high tax.

So, when the House decided that the unfair practices of the past should be corrected and the so-called anthracin derivatives of coal tar made taxable the same as other coal-tar dyes, we applauded that decision, though one exception was made in favor of artificial indigo and true alizarin. By making that exception we were left no other alternative than to ask that hydron blue—the chief competitor of artificial indigo—should be placed upon an equality and likewise be removed from the dutiable list. We have made formal application to this effect in a letter to your chairman, dated the 13th day of May last. And if indigo is to remain free, we do not see how your committee can deny the right of its competitor to similar advantage. They are both coal-tar derivatives. Both do similar work, and hydron blue is the faster color of the two.

The same principle of equality in taxation applies to the anthracin derivatives. If the anthracin derivatives are free, then hydron blue also must be free. The plea made so successfully in the past, that the faster dyes must be given a preference, is vague and dangerous. No man to-day knows from what chemical formula the faster dye will be attained a year hence. It may or it may not be an anthracin derivative. The industry in its vast ramifications is a constantly changing one, and if duty is to be assessed according to degree of fastness, each of the thousands of thousands of colors must have a different rate. Congress can not get away from the reasonableness of this contention.

Everyone knows, too, how great has been the cost of litigation to the Government by reason of the effort to give preference to these anthracin dyes, and it has not been alone burdensome to the Government, for the importer who initiates the litigation must ultimately get the cost out of the textile manufacturer and consumer. The consumer really pays both bills.

It has been stated in the public prints recently that a duty of 30 per cent on the anthracin derivatives would mean an additional tax on the consumer aggregating a full $2,000,000, but this is a misunderstanding of the facts. The entire money value of imports of such derivatives, as given in Government publications, in the year 1912 totaled $1,381,936. Had these been assessed the 30 per cent tax, the Government would have collected $414,580, not $2,000,000.

Our conviction is that if Congress desires to adhere to the true American spirit of equal favor to all, it will meet the needs of the textile manufacturer by fixing a rate which is not burdensome—applicable uniformly to all classes. I will stand firm for the same treatment of all coal-tar colors by whatever name known and will make no exception. No other position is free from attack. None other can be successfully defended.

Par. 23.—CREOSOTE OIL.

EPPINGER & RUSSELL CO., JNO. EPPINGER, JR., GENERAL MANAGER.

NEW YORK, *April 28, 1913.*

Hon. F. McL. SIMMONS,
Washington, D. C.

DEAR SIR: We beg to advise very strongly that creosote oil, which is extensively used in this country as a wood and timber preservative (and will be used much more extensively in the future if the cost does not become prohibitive), and which has never had a duty placed on it, be permitted to enter free for the following reasons, viz:

(1) It is commonly realized amongst those who are in touch with and interested in the timber conservation of the United States that it would be unwise to place a duty on creosote oil, thereby increasing its cost, possibly to a prohibitive figure, which, if the same happens, the result would be the use of untreated lumber and piling and ties and their much quicker deterioration than treated material would mean the more frequent replacement by untreated material, and the consequent depletion of standing timber, which, as is well known, must be avoided.

(2) The creosoting of timber permits the use of many inferior woods, which, without treatment, would be useless, thereby making an asset out of large quantities of material which would otherwise be unproductive.

(3) The increasing scarcity and high price of timber make preservative treatment imperative.

(4) Oil, of a grade as required by the American Railway Engineering and Maintenance of Way Association, is difficult to procure in this country and must be brought in from abroad.

(5) The amount of domestic creosote oil produced in this country is not sufficient to meet the demands. There is only about 30 per cent of the oil required manufactured in this country and the balance, namely, 70 per cent, must be brought in from foreign countries.

(6) There being a ready market for all the domestic oil, at good prices, it is not necessary to impose a duty on foreign oils in order to protect American manufacturers.

(7) The American manufacturers have raised their prices one-half cent per gallon within the last week, or as soon as it was known there was a duty suggested.

(8) The foreign markets for creosote oil, at the present, are very firm; in fact, the prices have just been raised from one-half to 1 cent per gallon.

Trusting that, after having given the above due consideration, you will agree with us that there should be no duty on creosote oil, and thanking you in advance for your kind attention to the above, we beg to remain.

MISSOURI PACIFIC RAILWAY CO., BY MARTIN L. CLARDY, COUNSEL.

STATEMENT CONCERNING THE USE OF CREOSOTE OIL IN THE UNITED STATES.

There seems to be a belief among certain Members of Congress that duty-free creosote oil now being shipped in large quantities from

Europe, was originally admitted duty free and retained on the free list through the influence of the railroads for treating their ties. The impression prevails that practically the only place where creosote oil is used is for the treatment of railroad ties.

In the present agitation for placing duty on creosote oil, great stress should be laid upon a number of factors outside of the tie proposition, some of which may be enumerated as follows:

(1) *Actual use of creosote oil.*—In the attached table the actual amount of creosote oil used and the number of cubic feet actually treated for a number of years are given. From this it will be noted that creosote oil is used not only for treating railroad ties, but that numerous quantities are annually consumed in the treatment of telephone poles, wooden paving blocks, lumber, etc.

(2) *Relation between use of creosote oil and conservation of forest resources.*—The use of creosote oil for the treatment of various classes of timber may be considered the greatest aid in conserving forest resources. The use of a very large percentage of timber actually cut and employed for various building operations, particularly bridges, wharves, telephone lines, streets, etc., is made possible solely and alone when such timbers are protected against decay by creosoting. This applies to such timbers as the inferior ties of beech, gum, Douglas fir, tamarack, hemlock, and hosts of other woods, none of which could possibly be used unless they were creosoted. By making a piece of timber last longer great economy is obtained in the use of that particular material and the truest kind of conservation is practiced. It should be pointed out in the strongest possible manner that there is no one factor so important of getting the best possible use out of our timber resources as by the widespread use of creosote oil. Instead of hampering its use, every possible facility should be placed in the way of encouraging its use.

(3) *Relation of creosote and farm operations.*—The widest possible effort is now being made by the Federal Government and the various State agricultural experiment stations, forest commissions, and other agencies dealing with farm development to indorse the use of coal-tar creosote on farms all over the country for the purpose of preserving timbers used in farm work. The Government, State stations, and State boards have during the last two or three years published numerous pamphlets and bulletins of instructions to farmers as to how to treat their fence posts, shingles, and other materials with creosote. If a duty were placed on creosote oil, increasing the original expense, it would seriously hamper the extension of this increasing sentiment among the farming communities. In England, Germany, France, and other European countries the use of creosoted timbers on farms for fence posts and other purposes is so widespread that even the smallest user of wood would not consider anything but creosoted wood for any purpose where such wood is exposed. In fact, most of the European countries could not get along without creosote for treating wood of all kinds, because their timber supplies have reached the point where only the fastest-growing so-called inferior woods are at all available. We are very rapidly approaching the same condition, and it would be a serious economic mistake to do anything but give the widest kind of encouragement to the farming communities to use the best wood preservative, namely, creosote oil.

(4) The railroads' attitude in the matter is, briefly, as follows:

Creosote is absolutely essential for the treatment of crossties, not only because the treatment of crossties with creosote is a good financial saving, making the ties last longer, but it is an absolute necessity. Railroads could not operate to-day without using red oak, inferior pines, beech, Douglas fir, hemlock, etc., for tie purposes, because white oak and long-lived woods are no longer available in sufficient quantities to meet the requirements. In view of the fact that these inferior woods have to be used, they must be treated with creosote, otherwise they would be absolutely worthless for tie purposes, as they would decay so fast that no service at all would be obtained. One of the most important arguments for the use of a preservative like creosote is that above all things railroads want to make their tracks safe, and the great expense to which they are going at the present time in properly creosoting their ties is due to their desire to get as safe a roadbed as possible. It is therefore a matter of very considerable public interest to have all ties creosoted, and instead of obstructing this policy it should be encouraged in every possible manner.

The creosote oil now used in the United States is about one-third domestic and about two-thirds foreign. The domestic oil is manufactured chiefly by the Barrett Manufacturing Co. and the Chatfield Manufacturing Co. and a few minor concerns, the Barrett Manufacturing Co. producing probably 75 per cent or more of the domestic product, and if a duty were levied against coal-tar creosote this company would be the chief beneficiary.

It is of interest to note that the Barrett Manufacturing Co. has recently admitted to being a combination in the nature of a trust and has indicated its intention to the Attorney General's office to dissolve, thereby escaping prosecution.

Another large producer of creosote oil is indirectly connected with the Tennessee Coal, Iron & Railroad Co., and the new coke-oven plant of the Illinois Steel Co. at Gary, Ind., has recently started to manufacture creosote. To what extent they may be affiliated with the Barrett Manufacturing Co. it is impossible to say. They are, however, subsidiary companies of the United States Steel Corporation.

It is obvious, however, from the above, that whatever benefits would be derived from the imposition of duty would very largely accrue to manufacturers who produce the larger percentage of the domestic product. Furthermore, it is of interest to note that under no circumstances which could be conceived of in the next four or five years could the quantity of creosote oil produced in the United States be made to be equal to the present demand, because the conditions favoring the further domestic development of coal-tar creosote production are such that no duty, however large, would bring about a material increase in the quantity actually produced.

Statement of material treated with creosote oil in the United States, 1907 to 1912.

	Crossties.	Piling.	Poles.	Paving blocks.
	Cubic feet.	*Cubic feet.*	*Cubic feet.*	*Cubic feet.*
1907	17,252,622	4,423,611	(1)	2,871,560
1908	28,861,260	6,050,919	(1)	1,260,020
1909	29,830,080	4,421,726	659,661	2,994,290
1910	41,525,529	5,219,254	265,507	4,692,450
1911	49,022,163	3,910,740	1,084,971	10,140,474
1912	57,461,515	7,624,939	1,109,981	7,091,658

	Construction timbers.	Cross arms.	Lumber and miscellaneous.	Totals of each treatment by years.
	Cubic feet.	*Cubic feet.*	*Cubic feet.*	*Cubic feet.*
1907	1,687,450	230,742	4,561,327	31,038,312
1908	2,657,398	480,640	6,065,715	45,384,952
1909	4,902,311	41,764	417,787	43,267,622
1910	7,801,272	88,009	2,682,713	65,274,884
1911	6,831,416	71,961	2,496,896	73,558,621
1912	6,892,493	1,643,128	2,841,195	84,724,909

[1] No statistics collected.

This table gives statistics which are compiled from the reports of the United States Forest Service and various timber-treating companies. They are by no means complete, because they refer only to timber treated with creosote alone. A very large amount of lumber is treated with a mixture of creosote and zinc chloride, but it is impossible to estimate the exact amount.

GULFPORT CREOSOTING CO., BY A. G. FANT, GENERAL MANAGER.

GULFPORT, MISS., *May 5, 1913.*

Hon. F. McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: We take the liberty of addressing you as a member of the Finance Committee relative to the proposed duty on creosote oil, or dead oil of coal tar, and submit below a few facts to which we hope you will give due consideration:

Before placing a duty on this commodity its effects should be considered (1) On the conservation of our lumber resources; (2) as a means of revenue to the United States Government.

Creosote oil is admitted by all authorities, both Government and others who have studied the subject, to be the best preservative of wood yet discovered. Its use accomplishes the following: (1) It prolongs the life of durable species of wood; (2) it prolongs the life of inferior and cheaper woods; (3) it enables utility of inferior woods which, without preservation, would have little or no value, and this conserves the better woods; (4) it decreases the annual cut.

To be concrete, we will discuss the question of crossties. It has been determined by the Bureau of Forestry that the average life of untreated ties, throughout the whole United States, is seven years. In the case of creosoted ties the average life has been found to be

approximately 17 years. The total number of ties now in use in this country is a little more than 1,000,000,000. Annual quantity required for replacement, if none are treated, is one-seventh of 1,000,000,000, or about 140,000,000 ties. If all were properly treated, the annual replacement would be one-seventeenth of 1,000,000,000, or about 60,000,000. This item alone will represent an annual saving of 80,000,000 ties, or 3,200,000,000 feet board measure of timber (using 40 feet board measure as being the average content of each tie, and this average is low), which at the low estimate of $10 per 1,000 feet board measure amounts to $32,000,000.

Following the same line of illustration for poles, piles, posts, lumber, timber, mine props, fence posts, sills and foundations for buildings, and dock timbers, it can be shown that an annual saving of between $65,000,000 and $75,000,000 can be effected by wood preservation.

From the above it appears that the railroads are the only beneficiaries of free creosote oil, but this is not true. The majority of crossties now being creosoted in this country come from the inferior grade of wood, such as gum, short-leaf and loblolly pine. The use of these species of wood would not be considered without first being creosoted, as creosote oil not only preserves the wood from decay, but also adds strength to it, owing to the fact that the oil solidifies after it has been injected into the wood, and thus strengthens the wood cells. Creosote oil is a solid at normal temperatures and is injected into the timber while very hot.

The timber from which these ties are made is usually found on cut-over lands where there are too many trees to farm and not enough to operate a sawmill. And at least 75 per cent of the ties manufactured in Mississippi are furnished by farmers between crops or from land owned by them for which they receive so much per tie, and thousands of acres of land are being cleared by having the pine saplings cut into ties and thus producing revenue. Remove this market and the development will be greatly retarded, as to clear land will then be a dead expense that could hardly be afforded. Under the present conditions the man that furnishes the ties is the chief beneficiary, as the railroads have the alternative of using ties made from better woods treated with a cheaper preservative, such as chloride of zinc.

The price of creosote oil has already advanced tremendously within recent years. To be concrete, the company which I represent bought creosote oil less than two years ago, delivered into our storage tanks at Gulfport, at 5½ cents per United States gallon. For oil to be delivered the coming summer we have to pay 8½ cents per United States gallon. The scarcity of creosote oil and its high price has already forced us to ook for a cheaper substitute, as some of our larger customers have stated they would be compelled to abandon the use of creosoted material owing to its high first cost, which is due to the high price of creosote oil.

If the duty which at present is contemplated is placed on this commodity, it will be the severest blow that could be struck at the principle of conservation of our lumber resources, as the example of crossties, given above, will show the tremendous work creosote oil is doing toward the conservation of our forests.

We will now discuss the proposed duty from the standpoint of revenue to the United States Government:

There were imported into this country in the year 1912 approximately 58,000,000 gallons of creosote oil, which is the largest quantity ever imported in any one year. Suppose the quantity imported in the future annually amounts to 60,000,000 gallons, at an average price of 8 cents per gallon, the total value will be $4,800,000. Then, the revenue at the proposed rate of 5 per cent will amount to $240,000, and a large part of this revenue would immediately be repaid by the Treasury for creosoted material used by the various Government departments, such as the Engineering Corps, War Department, Bureau of Yards and Docks, Navy Department, Marine-Hospital Service, Treasury Department, and Isthmian Canal Commission. The United States Government is, next to the railroads, the largest buyer of creosoted wood in this country. This revenue would therefore be of doubtful value.

Creosote oil, or dead oil of coal tar, is a by-product obtained by the redistillation of coal tar, and coal tar is a by-product obtained from the manufacture of coke in retort coke ovens, and as it is a by-product of a by-product it will be very difficult to materially increase the domestic supply.

Before closing I might mention that the domestic supply of coal-tar products is very largely controlled by one company, and I noticed in the daily papers about one month ago that the Department of Justice had instituted suit against this company for being a trust. Of course, the price of the creosote oil which they produce will be advanced the amount of the tariff, as they already have the advantage of ocean freights against the foreign producer.

We therefore submit that as the value of creosote oil as a conserver of our forests can not be successfully disputed, and owing to its doubtful value as a revenue producer, then, for the sake of conservation, it should be retained on the free list, and we respectfully request that if you can consistently do so that you use your influence toward that end.

ST. HELENS CREOSOTING CO., PORTLAND, OREG., BY BURDETT, THOMPSON & LAW, WASHINGTON, D. C.

WASHINGTON, D. C., *January 10, 1913.*

HON. OSCAR W. UNDERWOOD,
Chairman Committee on Ways and Means,
House of Representatives.

DEAR SIR: On behalf of the St. Helens Creosoting Co., of Portland, Oreg., we have the honor to suggest that the coal-tar product known commercially as dead or creosote oil, which is extensively used in this country solely as a wood and timber preservative, and which has never been heretofore (except in the McKinley Act of 1908) and is not now dutiable, be continued on the free list in any scheme of tariff revision which your committee may recommend to the next Congress.

We make this suggestion at this time in view of the fact that by section 23 of the bill (H. R. 20182) of the second session of the

Sixty-second Congress to revise the chemical schedule, which passed the House of Representatives on February 21, 1912, a duty of 5 per cent ad valorem was imposed upon such imported product, and it is assumed that, perhaps, in the bill which is now in course of preparation by your committee for a revision of the tariff, as respects that schedule, to be introduced and considered in the next Congress, a like provision may be incorporated therein, unless upon further consideration of the conditions obtaining in this industry and other industries dependent thereon your committee may see the wisdom of continuing this article of commerce on the free list.

The company which we represent is one of a large number of like companies engaged in treating timber for various purposes with this creosote oil, as a preservative, to the end that the life of such timber may be greatly prolonged, with the result of thereby limiting the drain upon our fast-diminishing forests. Our company is a new one, with a capital stock of $250,000, about one-half of which represents the value of the plant, and the remainder represents the dead or creosote oil imported from time to time from Germany and England.

The fact is well known, and was recognized by your committee in its report of February 16, 1912 (H. Rept. No. 326, 62d Cong., 2d sess.), on said bill H. R. No. 20182, that the domestic product is wholly insufficient to meet the demands of the timber-preserving industry.

In that report (p. 200) you say:

The principal countries producing primary coal-tar products are England and Germany, the former largely for export. Other European countries, as France, Belgium, Austria, Switzerland, and Holland, likewise distill considerable quantities of coal tar, exporting mostly to Germany. The United States production is very small, the census of 1905 giving coal-tar distillery products valued at $340,641, and conditions since then could not have changed much since in 1910 the imports for consumption of dead oil (creosote oil) alone, which is obtained in the course of coal-tar distillation, were 36,720,000 gallons, approximately 165,000 tons, valued at $2,168,239.

The reasons for the small production in the United States of dead or creosote oil are thus stated by Mr. Kendrick of the Atchison Railway Co. in the Railway Age Gazette of March 16, 1910 (p. 15):

The production and composition of domestic creosote are regulated to a large extent by the demand for pitch, which is the primary product for which coal tar is distilled. Creosote is a by-product of insufficient value in itself to pay the cost of manufacture. The pitch takes out a large proportion of the heavier constituents of the tar and leaves a proportionately increased amount of light oils.

In Europe the conditions are quite the reverse. There is little demand for pitch, but a large demand for the lighter constituents of the tar, which are used in the manufacture of the aniline dyes. Hence the lighter constituents are removed and the heavier left in the creosote. In the United States these heavier constituents are considered the most valuable components of the preservative, and consequently at the same price the foreign oils are preferred.

In Circular 206, issued July 18, 1912, by the Forestry Bureau, entitled "Commercial Creosotes with Special Reference to Protection of Wood from Decay," by Carlile P. Winslow, pages 32–33, it is said:

In 1903 and 1904 the domestic production (of creosote oil) exceeded the imports, but since that time, although the annual consumption of domestic creosote has practically quadrupled, the imports have rapidly outstripped the domestic production, and in 1910 exceeded it by almost 150 per cent.

TABLE 4.—*Consumption of creosotes.*

Year.	Domestic.	Imported.	Total.
	Gallons.	*Gallons.*	*Gallons.*
1903	4,000,000	3,711,565	7,711,565
1904	4,850,000	3,781,472	8,631,472
1905	5,820,000	7,730,531	13,550,531
1908	17,360,000	38,640,000	56,000,000
1909	13,892,171	37,539,041	51,431,212
1910	18,181,355	45,081,916	63,263,271

It is not difficult to find the reason for this condition. In Europe the refinement of coal tar is conducted largely for the production of coal dyes, and this does not interfere with the production of a good grade of creosote. On the other hand, in the United States, where the prime object is the production of pitch, the only creosote produced is that which will not interfere with the character or amount of the pitch. Furthermore, by-product retorts are more extensively used throughout Europe than in this country, where large quantities of coal are coked in the beehive ovens with a loss of the possible by-products.

In Circular 186, issued by the Forestry Service on August 2, 1911, entitled "Consumption of Wood Preservatives and Quantity of Wood Treated in the United States in 1910," the same fact is stated in the following language:

> Since timber treating began on a commercial scale in the United States the domestic supply of creosote has never been equal to the needs of the industry. With the rapid development of wood preservation in recent years the insufficiency of the home production has become more marked.
>
> * * * * * *
>
> Nearly three-fourths of the imported creosote came from England and Germany; some was obtained from other European countries and some from Nova Scotia. The domestic creosote was obtained chiefly in New York, Philadelphia, Chicago, and other large cities.
>
> Were all the tar produced which the coal annually coked in the beehive and by-product ovens in the United States is capable of yielding it would distill considerably more creosote than is now used in preserving wood in this country. Unfortunately, American operators do not even get the fullest use of the limited quantity of coal tar made in this country, for it does not pay the operators to distill coal tar for creosote alone; so, unless they can find a market for the associated products it is not separated. Germany has gone far ahead of the United States in the development of coal-tar products, and European exports of creosote to this country are steadily increasing.

Railroad ties constitute about two-thirds of the timber thus treated in the United States. Next to crossties, the most important class of timbers is piling, including dock timbers. In addition to the foregoing, timber thus treated is used in the construction of steamboats and barges on the Mississippi River and also in car construction.

It was estimated by the Forestry Bureau in 1910 (Forest Products No. 8) that the number of crossties then in use or held for renewals on all classes of railroads in the United States was probably not less than 1,000,000,000, 148,231,000 being used that year, 6 per cent for electric roads, and 94 per cent for steam roads. Of these, 15 per cent were for new tracks and the balance for renewals. With the large increase in electric railway mileage since that date and also a considerable increase in the steam railroad mileage, doubtless the number of ties now in use is much greater.

In addition to the foregoing, much timber is now being treated with creosote oil, as a preservative, for other purposes, including telegraph and trolley poles, paving blocks, mining props, cross arms, and many other classes of lumber for various purposes. The following table, taken from Circular 186 of the Forestry Bureau, supra, gives the amount of wood material treated with creosote in the United States for the years 1907 to 1910, inclusive:

Wood material treated with creosote oil in the United States, 1907–1910.

	Crossties.	Piling.	Poles.	Paving blocks.	Construction timbers.	Cross arms.	Lumber and miscellaneous.	Totals of each treatment by years.
	Cubic feet.	*Cubic feet.*	*Cubic feet.*	*Cubic feet.*	*Cubic feet.*	*Cubic feet.*	*Cubic feet.*	*Cubic feet.*
1907......	17,252,622	4,423,611	....	2,874,560	1,687,450	238,742	4,561,327	31,038,312
1908......	28,861,260	6,059,919	....	1,200,020	2,657,398	480,640	6,065,717	45,384,954
1909......	29,830,080	4,421,726	659,664	2,994,290	4,902,311	41,764	417,787	43,267,622
1910......	41,525,529	5,219,254	265,597	4,692,453	7,801,272	88,069	2,682,713	65,274,887
	120,469,491	20,124,510	925,261	11,821,323	17,048,491	849,215	13,727,544	184,965,775

In the report of the National Conservation Commission (vol. 2, S. Doc. No. 676, 60th Cong., 2d sess.), page 661, it is estimated that the life of timber used for various purposes is increased by proper preservative treatment in nearly all cases at least double, and in some instances and with some kinds of timber the life thereof is trebled, quadrupled, and even sextupled. Thus the life of mine props by proper treatment is extended from 3 to 13 years; shingles, from 18 to 32 years; crossties, from 7 to 17 years; poles, from 13 to 23 years; posts, from 8 to 22 years; piles, from 3½ to 21½ years; lumber for ordinary building purposes, from 8 to 20 years. The prolongation of the life of some of the softer woods is even more marked, while the uses to which that class of woods may be put after proper treatment have greatly increased.

In the volume issued May 18, 1911, by the Census Bureau, entitled "Forest Products of the United States. 1909," page 75, under the head of "Preservation," it is said:

Many species of timber unfitted for use as ties because they lack decay-resisting qualities or immunity to insect attacks are made available for the purpose by the use of a preservative treatment. Even in the case of wood that is naturally more or less durable such treatment is often economical, the added life in service more than paying for the increase in the original cost. Of the 78 species of timber which the different specifications of the steam railroads of the United States permit to be used as crossties, over one-half are acceptable for such use only after the application of a preservative. Among the woods most commonly treated are pine, red or black oak, Douglas fir, hemlock, gum, spruce, and beech.

The remarkable increase in the use of western pine, gum, spruce, and beech crossties in the reported purchase of ties in 1909 is doubtless due to the use of wood preservatives.

It is a well-known fact that the quantity of available timber in this country for building, railway, and other purposes is diminishing very rapidly from year to year. Even for crosstie purposes alone large areas of forests are required every year. Mr. Ripley, president of the Atchison Railway Co., in a letter to the Secretary of the Treasury dated October 25, 1910 (hearings before the Committee on Ex-

penditures in the Treasury Department, May 25, 1911, p. 11), estimated that his company uses 4,000,000 ties annually, or 160,000,000 feet b. m. of timber, and that the life of a tie untreated is about 7 years, while when properly treated it would last 14 years. Continuing, he said:

Figuring an average of 6,000 feet to the acre, we require, say, 26,000 acres of timberland to be cut over for our supply of ties alone. If we can reduce this by one-half, we will be calling on the forests for no more than 13,000 acres, and I think you will agree with me that, from a conservation standpoint alone, all possible consideration should be given to the railroads in connection with this preservation.

In bulletin 118 of the Forestry Bureau, issued November 9, 1912, entitled "Prolonging the Life of Crossties," page 1, it is said:

In 1909 the steam and electric railroads of the United States purchased 123,751,000 wooden crossties. * * * Of these ties, 16,437,000, or about 13 per cent, were purchased for new construction; the remainder, 107,314,000, were used for renewals. * * * To produce the ties used for renewals it was necessary to cut about 710,000 acres of timberland, averaging 5,000 board feet, or 150 ties per acre. The amount of wood so cut is equivalent, under present conditions, to the annual growth on about 55,000,000 acres of forest.

In circular 186 of the Forestry Bureau, supra, page 43, it is said:

Crossties are particularly liable to decay, since they are used under conditions which are favorable to the growth of wood-destroying fungi. Consequently, the railroads have always taken a leading part in timber preservation in the United States. Fifteen railroads report the operation of timber-treating plants; many also have ties and other materials treated by commercial plants.

The perusal of the individual reports for 1910 shows also a tendency toward the treatment of certain classes of material which have not heretofore been treated to any great extent. For example, the railroads report the treatment of large amounts of tie plugs, pole brackets, fence posts, pole steps, tunnel wedges, and planks. Other commercial concerns also report a treatment of much material which goes into conduit and sewer pipe, large timbers, and lumber for use in exposed places. The treatment of mine timbers also shows a decided increase.

The deterioration of timber by preventable decay causes a heavy demand upon the timber resources of the country. By the adoption of devices to retard wear and method to prevent decay the present trackage of railroads could be maintained with approximately one-half of the quantity of wood annually used for that purpose. To employ methods which increase the average length of time that ties may remain in service without decay is equivalent to increasing the supply of timber to that extent.

In the report of the National Conservation Commission, supra, pages 660-661, it is said:

It is well known that the quality of timber is deteriorating each year, so much so, in many respects, that it has caused a complete revision of the specifications for grading it. This is due mostly to the exhaustion of the better grades, which has forced the utilization of the poorer qualities. Thus, where specifications once rigidly insisted upon first-quality white oak for ties, or heart longleaf pine for dimension stuff, they are now given a very liberal interpretation, and species other than white oak are accepted with no difference in price, or considerable amounts of sapwood are allowed on "all-heart" sticks.

This deterioration in quality naturally results in a decreased length of life, which, in turn, compels a larger annual cut of timber.

HOW WOOD PRESERVATION WOULD LESSEN THE DRAIN ON THE FORESTS.

That the drain on the forests of the country would be materially reduced by a proper preservative treatment of all structural timbers can not be doubted.

It is very evident that by prolonging the life of timber a given number of years the amount cut for replacements would be correspondingly reduced. It is seen that if all ties, poles, posts, piling, mine props, shingles, and structural lumber adapted to treatment were given a proper treatment an annual saving of about 6,000,000,000 feet b. m. would ensue.

It is a well-established fact that a proper preservative treatment will prolong the life of the decay-resisting species as well as that of an inferior grade. By applying this treatment, it is evident that a reduction in the annual cut for replacements will follow, but since the increase over the natural life is larger with inferior grades better financial results will be obtained by their use. The different species of wood, such as cedar, cypress, white oak, etc., which are naturally resistant to decay, have in former years been used to a very great extent. In consequence of this quality the supply of these species is very rapidly diminishing, and the consumers are of necessity turning their attention to other species formerly largely disregarded on account of their inability to resist decay. The increasing demand for loblolly pine in the South and the lodgepole pine and Engelmann spruce in the West are examples. If these species are used in an untreated condition, they will decay far more rapidly than the timber formerly employed, and a consequent increased annual cut will ensue. Hence, it is essential that they be given a preservative treatment.

To sum up, wood preservation not only prolongs the life of durable timbers, thus decreasing their annual consumption, but also permits the substitution of inferior species, whose use considerably reduces the drain upon the more valuable kinds.

On page 665 the following statement is made:

The financial saving that would result each year in the United States were a uniform policy adopted, * * * would amount to about $72,000,000. It should be remembered that this includes the value of the labor as well as that of the timber itself, and thus represents the amount of money that could be turned each year into other channels.

In conclusion, the report says:

Wood preservation began on a commercial scale in the United States in 1848. There are at the present time about 60 plants in operation, with a total output of approximately 1,250,000,000 feet b. m. Most of these plants are located in the South, East, and Central West, but the tendency will be to extend westward as the supply of timber gradually decreases.

The preservation of cut timber reduces its destruction by decay, fire, insects, marine borers, and mechanical abrasion. These factors destroy annually about 9,700,000,000 feet b. m. of cut timber in the United States. Decay is by far the most destructive agency; its retardation, therefore, is of prime importance.

On account of the rapid depletion of standing timber, grades of poor quality are now being sold in the market. This has resulted in more timber being cut each year to do the same work that a smaller amount of the better grades did a few years ago.

Wood preservation, then, accomplishes three great economic objects: (1) It prolongs the life of the durable species in use; (2) it prolongs the life of the inferior and cheaper woods; and (3) it permits the utilization of inferior woods which without preservative treatment would have little or no value.

Quite frequently inferior woods are rapid and prolific growers and sprout up on cut or burned over areas in such numbers and with such persistence that the slower growing and the naturally more valuable kinds are hopelessly outstripped. Such restocked land has heretofore represented almost a total economic loss, because of the little value of the new crop. Wood preservation has changed this aspect. It has allowed these cheap woods to be utilized, and by so doing has decreased the call for skilled labor necessary to properly manage forests and increased the revenue that can be derived therefrom.

Other things being equal, the increased life afforded by proper preservative treatment varies directly with the use to which the treated timber is put. Estimates on the increased life of various kinds and forms of timber are approximately as follows: Ties, 10 years; poles, 10½ years; posts, 14 years; piles, 18 years; mine props, 10 years; shingles, 14 years; lumber, 12 years.

The increased length of life as a result of preservative treatment decreases the annual cut of timber in direct proportion to the increase secured. Table 2 shows that the total estimated saving would amount each year to approxi-

mately 6,000,000,000 feet b. m., or about 12 per cent of the total lumber cut. The saving of our timber resources, therefore, is strikingly apparent.

But, still further, this saving in material wealth can be brought about by a corresponding financial saving in the cost of maintenance, thereby permitting current expenditures to be placed in other channels. The total estimated saving that would accrue as a result of a uniform policy of wood preservation approximates $72,000,000 a year. This estimate includes timber set in position; hence the labor cost of placement is included. Thus it is not only possible to reduce the amount of lumber cut 12 per cent, but to do it at an annual saving of $72,000,000.

In a letter dated March 19, 1910, addressed to the President by Ernest F. Hartmann, president of the Carbolineum Preserving Co., of New York (hearings before the Committee on Expenditures in the Treasury Department, May 24, 1911, p. 6), the following statement is made:

It is realized that it would be unwise to place a duty on this material, as its wider use will tend to increase our national wealth by conserving our remaining timber supplies.

The specifications for a suitable grade of creosote oil adopted by the American Railway Engineering and Maintenance of Way Association are of such standard that American creosote oil will not conform thereto, the result being that the imported oil must be relied upon to supply our railroads with material with which to impregnate their timber.

One of the greatest questions before this country to-day is the matter of prolonging our supply of timber. The business in which our company is engaged is thus cooperating with the Forestry Department in giving greater life to the enormous volume of forest products employed in railway construction and maintenance and in other lines of industry in which lumber is used, and is thereby rendering magnificent aid in decreasing the rate of depletion of our diminishing forests.

In protesting against the levying of a duty upon these imported creosote oils we wish to say that its application would be very detrimental to the wood-preserving industry of the country, which industry is rendering greater aid to the forest preserve policy of all branches of this Government, to the end that the life of our forests may be prolonged, than all efforts by others in every other industry combined.

In view of the known necessity of conserving our timber supply, this imported creosote oil, which is a very superior article, should by all means be classified under the free list in order that it may be used for the preservation of timber, thus conserving our timber supply by insuring a greater life for that which is used.

The production of creosote oil in this country is limited, and we are compelled to use the foreign oil in order to meet the present requirement for timber treatment. The business, however, will not stand a greater charge for the oil, and if a duty is imposed the preservation of timber as to-day practiced will be decreased to a very great extent.

That the cheapening of this preservative oil will assist in diminishing the annual consumption of all grades of timber there is no doubt.

In conclusion, we beg to invite your attention to a letter of Mr. E. A. Sterling, president of the American Wood Preservers' Association, dated April 16, 1912, addressed to Hon. Boies Penrose (hearings and statements before the Committee on Finance, United States Senate, 62d Cong., 2d sess., on the bill H. R. 20182, p. 106), herein

below set out in full, with the view and reasoning of which we are in full accord.

That letter is as follows:

Hon. Boies Penrose, *Washington, D. C.*

Dear Sir: We have been informed that the Underwood chemical schedule now before the Senate contains a clause imposing a duty of 5 per cent on creosote oil imported for purposes of wood preservation. On behalf of the wood-preserving industry, as represented by the American Wood Preservers' Association, I should like to call your attention to the harmful and wide-reaching effect which such a duty would have on an important industry and on the conservation of our forest resources.

Briefly stated, the following valid objections to the proposed duty on creosote oil can be made without fear of contradiction:

1. The wood-preserving industry, which has grown from 11 operating plants in 1900 to 101 in 1911, would suffer a severe setback.

2. The increasing scarcity and high price of timber make preservative treatment imperative in order to keep down the cost of operation of railroads and many other industrial concerns.

3. The preservative treatment of crossties and timber against decay is the most active influence in reducing the drain upon our forests and thereby conserving our forest resources.

4. The preservative treatment of timber permits the use of many inferior woods which without treatment would be useless, thereby making an asset out of large quantities of material which otherwise would be unproductive.

5. The amount of domestic creosote oil produced is not sufficient to meet the demands, the amount imported being 37,569,000 gallons, or 73 per cent of the total consumption, in 1909, and 45,081,000 gallons, or 71 per cent, in 1910. There is a ready market for all domestic creosote at remunerative prices, and it is not necessary to impose a duty on the foreign oil in order to protect American manufacturers.

6. The foreign creosote market is firm and the outlook is that prices will increase rather than decline; and if these increasing prices are further enhanced by a duty, developments in wood preservation will be retarded.

7. The Government and various States are making every effort to conserve our timber resources, and since the preservative treatment of timber is an essential factor in making our forests more nearly meet the future needs it would be most unfortunate for the Government to impose a duty which in a way would counteract its own efforts along the line of forest conservation.

We will greatly appreciate your cooperation and assistance in the above matter and will be very glad to be advised as to what further steps we could take in retaining coal-tar creosote on the free list.

Very truly, yours, E. A. Sterling, *President.*

The American Wood Preservers' Association are necessarily concerned in this subject purely from an altruistic standpoint, in the interests of all the people. No mercenary motives can be imputed to them; and their views, therefore, are entitled to, and we believe will receive at your hands, the very highest consideration.

For the foregoing reasons, we ask that in any bill amending the chemical schedule which may be introduced by you and reported by your committee in the ensuing Congress the commercial article known as dead or creosote oil be placed on the free list, where it now is and has always been heretofore.

BRITTON & GRAY, 1512 H STREET, WASHINGTON, D. C.

Washington, D. C., *May 22, 1913.*

The Committee on Finance,
United States Senate:

The coal-tar product known commercially as "dead or creosote oil" is extensively used in this country as a timber preservative. It

has always been upon the free list, except during the life of the tariff act of 1890, when it was made dutiable at 20 per cent ad valorem. On the statements and briefs heretofore submitted upon the pending tariff bill, at pages 5806-5830, it is demonstrated that the use of creosote oil as a wood and timber preservative is rapidly increasing; that only some 30 per cent of domestic consumption is supplied by the domestic article; and that the effort to thus preserve the timber supply should justify continuance of creosote oil on the free list. We beg to add thereto the following comparative suggestions.

In the bill as passed by the House the following items appear on the free list:

460. Coal tar, crude, pitch or coal tar, wood or other tar, and products of coal tar known as naphthaline, phenol, and cresol.

566. Oils, both vegetable and fish, including also petroleum, crude or refined, and all products obtained from petroleum, lubricating oils.

628. Tar, and pitch of wood.

Hence to single out "creosote oil" for even revenue duty separates that article from all of like class and fastens a duty upon a timber preservative which is constantly coming into more extended use and with corresponding saving to the timber supply of the country.

We represent a number of large railroad systems, whose increasing use of this preservative makes the cost by way of an added duty only an increased burden in construction and maintenance.

We earnestly ask that creosote oil may be kept upon the free list, where it has so long remained, and there bear company with other affiliated coal-tar products.

GALVESTON CREOSOTING CO., GALVESTON, TEX., BY F. A. LANGBEHN, PRESIDENT AND GENERAL MANAGER.

GALVESTON, TEX., *May 27, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Chairman Finance Committee, Senate, Washington, D. C.

DEAR SIR: The United States, through its Engineer's Corps, uses more creosote in the course of a year than any other individual enterprise.

When you stop to realize that their works are, to a large extent, constructed in salt water where the Teredo Navalis and other marine insect life abound that are most destructive to ordinary untreated timber, which requires the injection of the maximum treatment of creosote (24 pounds per cubic foot), whereas railways and others, whose work is chiefly on the surface in the form of railroad ties, construction timbers, etc., are satisfied with a minimum treatment sometimes as low as 5 pounds per cubic foot, as you will readily understand that while the railroads may use more creosoted lumber they do not use as much creosote as the United States Government.

At the present time the Government contemplates building a dike along the Texas City Channel that will require approximately 4,000,000 feet of creosoted lumber which will have to be treated 24 pounds per cubic foot in order to render it serviceable and afford protection against marine insects. This is only one item in this district alone, and as the dimensions of this lumber will all be 3 by 12 inches by 20 feet, you will readily appreciate the number of

trees required to manufacture this cut, and, as there are few trees at the present time sufficiently large to make more than very few pieces of this dimension, the waste connected therewith will be appalling.

The Bureau of Forestry, at Washington, has for years advocated creosote treatment for all timber whenever the same is to be used in exposed places; their only object being to protect and conserve the timber resources of this country, fully realizing how quickly the same are diminishing.

For your information, I may state that for years past I encountered no difficulty in procuring any grade or dimension of timber that might be required by the trade, whereas to-day not 5 per cent of all the mills I address, requesting prices, are able to quote, as they simply have not got the timber from which to manufacture lumber of extra widths and lengths; which convinces me that it is only a matter of a comparatively short time before a substitute will have to be found to replace lumber in general construction work.

Creosote is already too expensive in its initial cost to permit the general use of creosoted material, and on this account chemists and scientists have devoted years of study endeavoring to discover a preservative as efficacious but less costly without success, and to-day the demand for dead oil of coal tar is considerably in excess of the supply. If duty were assessed on creosote in this country the result would practically kill the creosoting business, which would do more injury to this country than any other one thing that the writer can conceive of.

It is hoped that you will give the subject the consideration it deserves.

P. S.—Please do not confuse "dead oil of coal tar" (creosote) with medicinal "pine tar" (creosote); the latter has always been dutiable, whereas the former has never paid duty.

THE KETTLE RIVER CO., MINNEAPOLIS, MINN.

MINNEAPOLIS, *May 23, 1913.*

Hon. CHARLES F. JOHNSON,
Senator from Maine, Washington, D. C.

DEAR SIR: As one of the large consumers of creosote oil we desire to present certain facts, which we believe are entitled to your consideration, in connection with the proposed imposition of an import duty on that commodity.

It is certainly worthy of note that the paying of a duty on creosote oil, whereas heretofore it has been on the free list, is directly against the policy of the present administration, and in view of the fact that a member of the Ways and Means Committee stated to me that if the Finance Committee of the Senate saw fit to recommend the taking off of the duty on creosote oil, that he felt it would be satisfactory to the Ways and Means Committee. This would seem to indicate, would it not, that the Ways and Means Committee in recommending a 5 per cent duty on creosote did not have all of the facts at the time of their recommendation, and that, as this in-

formation was not presented to them until after the Democratic caucus had passed on this schedule, they felt it unwise to establish the precedent of reconsidering at that time?

PROPOSED DUTY WILL INCREASE THE COST OF IMPORTED CREOSOTE.

As the price of domestic creosote has been largely governed by the price of foreign creosote, it is natural to suppose the price of domestic creosote will also advance. This last is especially probable in view of the fact that one company in this country produces a very large percentage of the domestic creosote. Incidentally, this is a proposition which is also certainly not in line with the policy of the present administration.

Inasmuch as creosoted timber is more expensive than the untreated article, even when the untreated article is of high-class timber and the treated article of low-class timber, the development of the wood-preserving business has been along the line of proving to the purchaser the ultimate economy of the treated material. Price is naturally a very large factor in the argument, especially as each purchaser has to take the experience of others. This is on account of the fact that the life of creosoted timbers ranges from 15 to 30 years, according to their uses. Our ability to demonstrate the economy of treated material of course depends on the difference in price between that and the untreated. Creosote, being one of the principal cost items, has a major bearing on this subject.

Right here another strongly avowed policy of the Democratic Party—conservation—is injected into the argument through the fact that an increase in the price of creosote, necessarily reducing the volume of timber treated each year, will cause (1) a very much larger use of the higher class timbers; (2) this automatically reduces the use of cheap timbers.

The first point obviously is in direct conflict with the conservation of timberlands. The Government Forestry Department will confirm this statement. The second item means that the use of the cheaper growth timbers (such as the cheap oaks, swamp timbers, and all the cheap open-grained pine, such as old field, second-growth, and loblolly pine, which ordinarily rot in one or two years, all being absolutely valueless) will be greatly reduced. Also sycamore, hackberry, maples, cottonwood are other timbers, along with those cited, above, that when treated can be made to take the place and do the service of the higher class woods, such as white oak, etc.

If this condition is brought about, the cheaper timbers detailed above will be used for firewood principally, as without treatment with creosote, etc., they have practically no value.

Due to the efforts of wood-preserving companies these cheaper woods have been brought into common use, as intimated above, taking the place of the more expensive timbers. It would certainly be a very narrow and nearsighted policy to now put a hindrance in the way of this development, which is certainly for the general good of the whole public. The bearing that wood preservation has on conservation of timberlands is further very clearly brought out by calling attention to the fact that timbers that ordinarily would last, untreated, only 3 or 4 years (I am not referring to those cited above),

when treated will last 15, 20, and even 30 years, according to the use they are put to. As the timbers referred to are more or less of rapid growth, it will be seen that a tree can be cut, manufactured and treated, and put into service for a certain use, and by the time it would be necessary to replace this timber a new tree could be almost grown on the spot from which the one used has been taken. This is perhaps taking an example too near the ideal to be practical, but yet it in a way illustrates the possibilities of conservation through timber preserving.

It has been intimated that the railroads would be the largest sufferers by any duty on creosote. The figures following will disabuse anyone's mind of this belief. They are as follows: For the five years ended December 31, 1911, reducing the known data on the subject to the number of gallons used (which is of more interest than giving the total cubic feet of timber treated), we see that the railroads used approximately 150,000,000 gallons of creosote oil, while other industries used 140,000,000 gallons. While I have not all the figures at hand, it will be interesting for you to know that the largest number of creosoting plants, by a very large majority, are in the South. This is natural, in view of the fact that in colder climates wood is protected by frost from rot six months in the year, and I am giving you this information simply to show you that because this company is a northern company this is a matter that the South is even more vitally interested in than the North.

I hope that I have not gotten this letter too long for you to read. It is too short to give you any more than a bare intimation of the importance of the subject in hand; but with the information herewith given, together with other information that you may have, I certainly hope you will not feel that it is relatively unimportant to other matters that will demand your attention on the proposed tariff bill. It may not be a very large matter, but it is one of increasing importance, and one that, if mishandled, will in a very short time be brought to the attention of the general public through the increasingly diminishing supply of first-class timber. If in the discussion of this matter we could be of any assistance in gathering statistics or supplying further information, we would be very glad to have you call on us.

ROBERT A. MUNRO & CO., 31 LIBERTY STREET, NEW YORK, N. Y., BY THOMAS STEWART, RESIDENT MANAGER.

NEW YORK, *May 26, 1913.*

Hon. HOKE SMITH,
United States Senate, Washington, D. C.

DEAR SIR: As importers of considerable quantities of creosote from Europe which is used here among the timber-preserving manufacturers, we wish to add our protest to the many that you have doubtless received in regard to the duty of 5 per cent that is proposed to be levied on this article under the new tariff bill now before the committee.

The quantity of creosote oil manufactured in this country is not capable of being extended sufficiently to take care of more than a small percentage of the quantity necessary for the timber-preserving

trade alone. and a tariff on creosote would probably have the effect of causing the railroad companies and other concerns using large quantities of treated timber to use untreated timber instead. This of course means that the life of the railroad timbers and untreated timber would be very short, and in a short time all the available timber of this country would be used up. True, there are other methods of treating timber, but it is admitted even by the patentees of such other methods that none of them are so effective as creosote, and the only reason for their use is that as a rule they are very much cheaper, and the material used being inodorous, is advantageous in many cases where the odor of creosote would be objectionable.

We sincerely trust that this bill will not become law.

NATIONAL LUMBER & CREOSOTING CO., TEXARKANA, ARK., BY JOHN T. LOGAN, PRESIDENT.

TEXARKANA, ARK., *April 16, 1913.*

Hon. MORRIS SHEPPARD,
United States Senate, Washington, D. C.

MY DEAR SENATOR: You are no doubt aware of the great work that the Agricultural Department of the country has been carrying on at an enormous outlay in an effort to perpetuate our forests.

In so far as the results of this work are concerned there are no actual means of measuring them. Suffice it to say, however, that the work is along the right lines.

In the same direction, therefore, but in a more tangible way, wood-preserving interests of the United States have been for a number of years carrying on a most commendable work, the practical results of which are directly calculated to perpetuate or at least prolong the timber supply of the United States.

In this wood-preserving industry creosote oil, a product largely imported from Europe, is extensively used; in fact, it is the chief preservative employed in this most worthy work.

This creosote oil has, under Republican administrations, for the last 16 years been on the free list, and most logically so, I think.

It is now proposed, under the Underwood bill, to assess a duty on this creosote oil, which comes under the head of tar products, and if such plan should be carried out it would not only operate as a hardship and a burden on the creosoting interests in this section of the country, but it would cripple an industry which is now doing more toward prolongation of our forests than all the millions that the Federal Government is disbursing in that direction. At the same time, subjecting creosote oil to a duty would to a large degree have the effect of nullifying the extensive work which the Department of Agriculture is now carrying on with the direct aim of prolonging our forest supply. I ask, therefore, that you put forth a vigorous protest against the assessment of any duty whatever on creosote oil, or what is known as "dead oil of coal tar," the two terms being used to describe the same product.

The position we ask you to take on this question is directly in the interest of every human being under the Stars and Stripes from one end of the country to the other. It is not a sectional question nor one which affects special industries only.

I am inclosing copy of a resolution [1] on this subject passed by the American Wood Preservers' Association at its convention held in January last and which resolution brings out some salient points in the matter. I beg also that you read this resolution, and I shall ask further that you advise me whether we can depend upon your strong, active, and vigorous support of the point on which I appeal to you.

Par. 24.—COAL-TAR COLORS.

SCHOELLKOPF, HARTFORD & HANNA CO., BUFFALO, N. Y., BY J. F. SCHOELLKOPF, PRESIDENT.

BUFFALO, *April 15, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: At the suggestion of Senator James A. O'Gorman I take the liberty of appealing to you on behalf of the coal-tar color industry of the United States.

At the present time there is a duty of 30 per cent ad valorem on coal-tar colors—our finished product—while a number of our necessary raw materials come in duty free.

H. R. 10, as introduced in the House of Representatives, places a duty of from 5 to 10 per cent ad valorem on these raw materials, and we respectfully request that these raw materials be again placed on the free list when this H. R. 10 has passed the House and reaches your committee.

These raw materials are covered by paragraphs 24, 25, and 465 of H. R. 10.

We request that these paragraphs be changed so as to read as follows:

PAR. 24. Coal-tar distillates, including dead and creosote oil not specially provided for in this section: anthracene and anthracene oil: benzol: toluol, xylol; all the foregoing not medicinal and not colors or dyes, 5 per cent ad valorem.

PAR. 25. Coal-tar products known as benzaldehyde, benzyl chloride, metanilic acid; all the foregoing not medicinal and not colors or dyes, 10 per cent ad valorem.

PAR. 465. Coal tar, crude; pitch of coal tar; wood or other tar; and products of coal tar known as naphthaline, phenol, cresol, naphtol, resorcin, aniline oil and salts, toluidin, xylidin, cumidin, binitro toluol, binitro benzol, benzidin, tolidin, dianisidin, naphtylamin, diphenylamin, nitro benzol and nitro toluol, naphtylaminsulfoacids and their sodium or potassium salts, naphtolsulfoacids and their sodium or potassium salts, amidonaphtolsulfoacids and their sodium or potassium salts, amidosalicylic acid, binitrochlorbenzol, diamidostilbendisulfoacid, paranitranilin, dimethylanilin: all the foregoing not medicinal and not colors or dyes.

We call your attention to the fact that although this industry was established in America over 40 years ago, it is at the present time supplying less than 15 per cent of the domestic demand: the other 85 per cent being imported, principally, from Germany.

It is apparent, therefore, that our industry is already subject to tremendous competition from abroad, and any changes in the tariff tending to increase this competition is liable to eliminate it altogether.

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[1] Not printed.

The proposed duties under paragraphs 24 and 25 will, as far as the coal-tar color industry is concerned, yield very little revenue—not more than $50,000 per annum. The loss in revenue, therefore, by again placing these raw materials on the free list would be negligible.

We believe every effort should be made to maintain the coal-tar color industry in the United States for the following reasons:

(1) The fundamental raw materials for this industry exist in America in unlimited quantities, and if given half a chance it will in time develop into one of the largest industries of the country.

(2) It is a good revenue producer as the import duties on the coal-tar colors imported in 1912, at the rate of 30 per cent ad valorem, amounted to $1,800,000.

(3) This import duty on the colors does not reach the ultimate consumer, as the increased cost of the dyes (owing to the duty) in a suit of clothes would not amount to 10 cents.

(4) The coal-tar dye industry is to-day synonymous with organic chemistry, and the extinction of one means the extinction of the other.

In conclusion I beg to repeat the offer I have on several occasions made to congressional committees, namely, to open our books to any committee or experts named by you to go over our books and corroborate all the statements made herein.

Par. 24.—ANILINE OIL, ETC.

WALDRICH BLEACHERY, BY HERBERT F. STEVENS, TREASURER, DELAWANNA, N. J.

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

GENTLEMEN: The selling price of aniline oil is approximately 10 cents per pound, and the selling price of aniline salts is about 8⅝ cents per pound. These goods, on account of the distance from which they come, the freight rate combined with the custom entry charges, broker's fees, insurance, etc., as also the duty to be paid on the drums carrying the aniline oil (which is the only satisfactory container to use), are already assessed over 10 per cent.

These charges above mentioned combined amount to about 1 cent per pound on the oil, and from five-eighths to three-fourths cent per pound on the salts.

In the case of the aniline oil, the drum—that is, the container—must be returned to the country from which imported (England or Germany), which again adds to the handling expenses.

To rate these goods dutiable at 10 per cent as proposed will mean, therefore, that a domestic manufacturer will be protected to the extent of over 20 per cent, which is most excessive, particularly so considering that said aniline oil and salts are used for cheap grade goods only.

According to the Government returns, the imports for 1912 are as follows: Aniline oil, 1,843,443 pounds, value $175,120; aniline salts, 4,831,075 pounds, value $386,656.

In working on the schedule for revenue purposes, it has been figured that the value of the imported oil would amount to $150,000,

which, at 10 per cent proposed duty, makes the Government duty $15,000.

The aniline salts has been figured at $400,000, which, at 10 per cent, would produce $40,000 for the Government. In the aggregate, you will therefore notice that the proposed duty will produce a revenue to the Government of $55,000. This sum is so small that to leave these goods on the free list will not have any appreciable effect in the Government's endeavor to raise revenue. Therefore leaving these goods on the free list will not embarrass the Government on the question of raising revenue; but it seems unquestionable, if a 10 per cent duty is imposed, that this sum will have to be paid by the ultimate consumers of the goods into which these articles are manufactured; and as these articles, as we have previously stated, are used on cheap lines of goods, this burden falls on the class that it is really intended that the present proposed tariff should benefit. It is clearly to be seen that the converter will be charged with this duty, which he in turn will have to add to the cost of his goods; therefore, as above stated, these articles being used on a cheap line of goods, it increases the cost of goods to the class of people least able to bear this burden.

THE BAKER & ADAMSON CHEMICAL CO., EASTON, PA., BY GEORGE P. ADAMSON, VICE PRESIDENT.

EASTON, PA., *May 27, 1913.*

Hon. F. M. SIMMONS,
United States Senator from North Carolina.

SIR: The Baker & Adamson Chemical Co. were the pioneers in the commercial manufacture of certain chemicals heretofore imported into the United States and will be greatly affected by the lowering of duties as set forth in paragraph 22, H. R. 3321.

The manufacture of coal-tar products was started a short time previous to the first commercial manufacture of aniline in this country. Appreciating at the time owing to the replacement of the beehive coke ovens by the by-product ovens that the United States would necessarily be compelled to find uses for the coal tar produced by this new development, we began the manufacture of chemicals that would use the coal-tar products.

Using aniline as a primary raw material, we soon found that, owing to the fluctuations in the price of aniline when importing, we were in a poor position for manufacturing. The foreign manufacturers, being extremely jealous of this line of products, would and did use every endeavor to stifle any developments or manufactures using aniline or other coal-tar products as primary raw material. We therefore were at the mercy of the foreign trust for raw material.

Since the manufacture of aniline in the United States we are in a better position, and it has been our experience that we are far better off with a domestic source of supply, even with a duty on the products, than being dependent upon the dictation of a European monopoly.

Since we have been manufacturing the various coal-tar products, not colors or dyes, the prices have been cut in two by foreign competition, proving the large profits accruing to the foreign manufacturers

before there was competition in the United States. Many instances could be shown, but a few will prove our contention:

	Sale value.	
	1910	1913
Hydroquinone	$1.20	$0.50
Monomethylamidophenol	5.50	2.25
Sulphate (methol) diphenyl oxid	4.00	1.50
Amidol	3.00	1.00
Paramidophenol	2.50	1.00

And many others in same proportion.

Under these conditions we have shown a deficit in the manufacture of these products even with the duty of 20 per cent.

We feel that with reasonable protection until the industry has grown in a short time we will be in as good a position with the coal-tar products as we are with the other commercial chemicals.

The products in paragraphs 21 and 22, H. R. 3321, are completed manufactures and ready for commercial use without further treatment, and they should both be taxed alike. Logically materials under paragraph 22 should be included in paragraph 21 and have the same rate of duty applied. This rate would in no way affect textile and other industries.

READ HOLLIDAY & SONS (LTD.).

With reference to the proposed revision of the present tariff, we would respectfully request that the following articles which are now on the free list be allowed to remain on said list: Paragraph 482, picric or nitropicric acid; paragraph 639, aniline oil; paragraph 491, aniline salts; paragraph 536, all products now covered by this paragraph, including toluidine, xylidine, binitro benzole, binitro toluole, nitrobenzole, nitrotoluole, dimethylaniline. All these products, with the exception of picric or nitropicric acid, have been placed together under paragraph 21, on page 6, bill H. R. 3321, to be assessed at 10 per cent ad valorem, whilst picric or nitropicric acid, not being specially provided for in paragraph 1, on page 2, Schedule A, will be assessed at 15 per cent.

The articles referred to have always been considered as raw material, and they are actually used as such by cotton printers, dyers, etc., throughout the United States, who have to depend upon foreign manufacturers for their supplies, as also the quality of goods, and therefore in the event of any duty being imposed it would mean an advance in price on all products into which these goods enter.

The tariff will increase the cost of the goods to the manufacturers and converters. This very naturally means an advance to the consumer. This is an injustice to the consumer, because any duty falls on the poorer class, least able to support it, as example:

Aniline oil and salts, used principally on cotton yarn, cotton cloth, common cotton lining, and cotton hosiery, and umbrella cloth, "cheap goods," bought by the poorer classes. Silk, wool, union goods, and such grades are dyed with more expensive material.

Nitrobenzole or mirbane oil.—This is a crude product which is used almost exclusively for its coarse odor, suggesting bitter almond. This odor is found useful to cover or disguise the obnoxious odors which are ordinarily inseparable from cheap soaps and disinfecting compounds, and the use of this article is chiefly in these inexpensive laundry soaps and disinfectants.

Picric acid.—This is one of the bases from which smokeless powder is manufactured, of which we understand the United States Government is a large consumer, so to place a duty on picric acid will tend to shut off competition, and it is therefore only fair to assume that by closing out competition it may mean the advance in price of smokeless powder to the consumers in the country. On account of its nature it is a very difficult article to move, and therefore freight rates, handling charges, etc., are necessarily very high. These charges are sufficient to give a domestic manufacturer sufficient protection to compete against goods imported.

The fact of manufacturers and converters having to increase their prices for goods treated with these chemicals brings their selling price up to a possible standard of European manufacture of these cheap goods, therefore enabling them to import, so any duty assessed is very liable to be far-reaching in effect, and it is reasonable to suppose will hit at manufacturing which it is not intended to reach.

The sum proposed to raise for revenue on aniline oil, aniline salts, mirbane, and picric acid is so small that to leave these goods on the free list will not have any appreciable effect in the Government's endeavor to raise revenue. The leaving of these goods on the free list will not embarrass the Government on the question of raising revenue, but it seems unquestionable that if a duty is imposed that it will have to be paid by the ultimate consumers of the goods in which these articles are manufactured, and as these constitute, as we have previously stated, a cheap line of goods, this burden falls on the class that it is really intended that the present proposed tariff should protect. It is clearly seen that the converters and consumers will be charged with this duty, which they in turn will have to add to the cost of their goods; therefore, as above stated, being a cheap line, it increases the cost of goods to the class of people least able to bear this burden.

On account of the heavy freight rates and handling charges these goods carry a very heavy assessment, as follows:

Carrying expenses.

	Per cent.
Aniline salts	6
Aniline oil and toluidine	10
Mirbane or nitro benzol	19

To add 10 per cent duty will increase the charges to:

	Per cent.
Aniline salts	16
Aniline oil	20
Toluidine	20
Mirbane or nitro benzol	29

The following are the carrying expenses on the above:

Aniline salts.—Freight is 35s. per gross, 11 per cent off for tare, making a gross ton equal to 1,991 pounds, aniline salts, or, say, 2,000 pounds carried for 35s., which at exchange 4.87, \$8.52; insurance,

custom entry, and brokers' fees, say $0.48; total expenses, $9; which on 2,000 pounds, forty-five one-hundredths cent per pound. Cost of aniline salts, year 1913, is 7.61, therefore forty-five one-hundredths cent equals, say, 6 per cent.

Aniline oil and toluidine.—Freight is 40s. per ton gross, 20 per cent off for tare (goods packed in iron drums), making a gross ton carried equal to 16 hundredweight aniline oil or toluidine carried for 40s., which at exchange 4.87, $9.74. Therefore, freight, $9.74; 2 drums to a ton, to be returned empty, cost $1.50 per drum, equals $3 less 20 per cent, or net $2.40; insurance, custom entry, and brokers' fees, $0.48; duty on drums at $6 each, rate 30 per cent, $1.80 per drum, or $3.60 on two, less 20 per cent, $2.88; total, $15.50. Cost on 16 hundredweight, or 1,792 pounds, equals $15\frac{50}{100}$, or eight hundred and sixty-five one-thousandths of a cent per pound. Cost on aniline oil, year 1913, is 8.77 per pound, therefore eight hundred and sixty-five one-thousandths of a cent equals, say, 10 per cent.

Mirbane.—Packed in drums the same as aniline oil, has to carry the same freight charges, duty on drums, etc., but cost is, year 1913, $4\frac{59}{100}$. Cost 4.59 per pound, therefore eight hundred and sixty-five one-thousandths of a cent equals, say, 19 per cent.

BENZOL PRODUCTS CO., 25 BROAD STREET, NEW YORK, N. Y., BY THOMAS F. BURGESS, SECRETARY.

NEW YORK, N. Y., *April 28, 1913.*

Hon. HOKE SMITH,

Finance Committee, United States Senate, Washington, D. C.

SIR: Referring to the interview accorded by you on the 23d to Mr. Wigglesworth, vice president of this company, we beg to submit, in response to your request, the following statement:

The Benzol Products Co. was organized in the State of New York in 1910 for the manufacture of anilin oil and other benzol derivatives. It is the first substantial effort thus far made in this country to take possession of this broad chemical field, which is now practically monopolized by Germany. Some idea of the importance of this branch of the industry as a whole is gained from the fact that the imports into the United States of these and other coal-tar products in the fiscal year 1911-12 amounted to $8,856,512. The gradual increase in recovery of the by-products of our coke ovens constituting the raw material justifies the belief that this country can share in this vast industry if our Government will temporarily favor it. Thus far the Benzol Products Co. has faced a large deficit each year, as was to be expected, due in part to the difficulties incidental to all new industries and in part to the prompt action of the German syndicates controlling these products in lowering their prices in this market to a point well calculated to stifle a new enterprise.

The House has recognized the situation to some extent by a 10 per cent tariff (par. 21), but it is not adequate, and in addition to this the House bill reduces the duty on some of the finished products from 20 to 15 per cent (par. 22), obviously an oversight, as of course these articles are entitled to the same protection as is accorded the other finished products like coal-tar dyes and colors (par. 21). This is

not a case of attempting to build up an industry for which this country is not adapted. We have the raw materials to supply the product, but the peculiar conditions under which this industry is controlled abroad place us at their mercy unless a reasonable tariff be imposed. The alterations we refer to in H. R. 3321 are shown in the summary below.

	Value.	Duty.	
		Present tariff.	H. R. 3321.
		Per cent.	*Per cent.*
Paragraph 21, coal-tar dyes	$6,925,121	30	30
Paragraph 22, coal-tar products not colors nor dyes	618,606	20	15
Paragraph 24, special coal-tar products	1,332,785	Free.	10
	8,876,512		

We respectfully request that paragraph 22 be changed to read 30 per cent ad valorem, and that paragraph 24 be made 15 per cent in place of 10 per cent.

NEW YORK, N. Y., *May 23, 1913.*

Hon. F. McL. SIMMONS,

Chairman Finance Committee, United States Senate,

Washington, D. C.

SIR: The difficulty of demonstrating the need of some support by the Government in the creation of the anilin industry in this country has suggested supplementing our briefs with this statement, which we hope will receive your earnest consideration.

Owing to the displacement of the wasteful beehive coke ovens in this country and the introduction of by-product coke ovens, which save everything, a large production of benzol, all of which was previously wasted, has ensued, and it has become possible to manufacture anilin oil from benzol and supply this raw material to the textile trade, color makers, and manufacturers of chemicals, drugs, and medicinal compounds.

The economies of the by-product coke oven will extend to the steel, chemical, and metallurgical industries generally and to the farmer, since it is the only mineral source of ammonia for fertilizing the soil. The utilization of benzol is the by-product next in importance.

The manufacture of anilin oil and salts in the United States was therefore commenced by this company in 1910. The American requirements of 3,000 tons before that came exclusively from Europe, where production and price are arbitrarily controlled by a so-called convention. The net base price of anilin oil in America in 1910 and prior thereto was 11.50 cents per pound, and of anilin salt 10.50 cents per pound. Since manufacture commenced here the European convention (organized to control anilin prices for the world) has reduced its prices for America and there is now no bottom price, one of the largest buyers of anilin oil in this country having refused to purchase and contract with this company on a quotation of 8½ cents f. o. b. our factory, on the ground that the convention could give

them a lower price, and this in spite of the fact that there has been a world-wide advance in the value of the two principal raw materials entering into these products. Under these conditions the manufacture of these articles can not be continued except at a loss.

The present tariff provides for a duty of 20 per cent ad valorem on all preparations of coal tar not colors or dyes. The rate of duty on anilin colors and dyes is 30 per cent ad valorem.

One by one, however, beginning with anilin oil and anilin salt, practically every preparation of coal tar (not color or dye) has been specifically put on the free list as exceptions, presumably because they were not manufactured in this country, and instead of the apparent protection of 20 per cent under the present tariff, there is no protection whatever. Now that the manufacture of anilin oil and anilin salt is possible here, the reason for this exception no longer exists and an opportunity for revenue is restored.

Inasmuch as anilin is the basis of the great color industry of Germany, the reason for stifling the industry in the United States in its inception can be readily understood. It is unlikely that reductions made in the tariff would revert to the American buyer, but augment the large profits now realized by the foreign manufacturer, since the chemical industry is a monopoly in Europe controlled by convention.

We believe that until the coal-tar products are manufactured generally in the United States the textile manufacturers and others will continue to pay unnecessarily high prices, and we therefore respectfully request that the duties pleaded for in our briefs be granted in the ultimate interest of the consumer as well as of the domestic manufacturer.

Par. 26.—CELLULOID.

THE ARLINGTON CO., 725-727 BROADWAY, NEW YORK, N. Y., BY FRANCIS A. GUDGER, SECOND VICE PRESIDENT.

NEW YORK, *April 30, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

SIR: Permit me to call your attention to facts existing in the celluloid industry as relates to the proposed tariff bill. The paragraph is No. 26 of Schedule A.

As the law reads to-day our product is protected under three different divisions, namely, 1, collodion, etc., 40 cents a pound; 2, unfinished sheets, rods, tubes, etc., 45 cents a pound; 3, finished articles, finished sheets, rods, etc., 65 cents a pound and 30 per cent ad valorem.

As regards the first item, my industry will make no suggestions referring to the proposed tariff of 15 per cent ad valorem.

As regards the second item, permit me to say to you in all candor that the proposed rate of 15 per cent ad valorem means a reduction from the present rate of 45 per cent to approximately 6 cents per pound. This is so drastic as to create in our minds the belief that it is an error. We can not conceive how the Ways and Means Com-

mittee could arrive at such a conclusion, and will state to you with absolute positiveness that under a tariff of this character this particular line of our industry could not exist.

Our strongest competition comes from Germany, and there exists a difference between the costs of raw materials in this country and in Germany of 8½ cents, at the very lowest possible technical figures, and we only ask a chance to prove this to you.

There exists a difference in the cost of labor in this country and in Germany in our particular line of manufacture as well as a difference in general cost of factory maintenance, wastage, overhead charges, etc., that places our industry in absolute need of from 18½ cents to 20 cents per pound duty to place us on equal footing with the foreign manufacturers.

The duty on finished articles has been reduced from 65 cents per pound and 30 to 35 per cent ad valorem. There are undoubtedly a great many articles that come under this heading that will be on a very fair competitive basis under this rate, but there are many articles that will come in under this division that should have a higher rate. The proposed tariff bill places finished sheets, rods, tubes, etc., under the 35 per cent rate, and if we could have the unfinished sheets placed under a like rate I believe that my industry would be able to so adjust itself as to meet competition thereunder, and yet this rate would allow us only 15 cents per pound duty on pyroxylin. There is, in our opinion, no reason for the division made by our Government between finished and unfinished sheets, at least not the division that would call for such a great difference in tariff rates. I wish to impress upon you the fact that unfinished sheeting is a very high degree of manufactured article. It has been carried through many processes of manufacture, until it is one step removed from the completed finished sheeting.

Our product is distinctly and originally American. It was discovered by an American citizen forty-odd years ago, and American capital and brains developed and perfected it to a point where it became a valuable commercial commodity. When that point was reached our patents were copied, our secret processes were learned and transported abroad and developed to such an extent that to-day there exist large factories in Germany, France, England, Austria, Russia, Italy, and Japan.

There is no trust or monopoly in the industry and never has been. Each one of the companies is an independent corporation in which the others have no interest whatsoever, marketing their goods wholly independent of each, and there exists between them all competition of the very keenest character.

The most important material entering into pyroxylin is camphor. This commodity is found in sufficient quantities only in the Island of Formosa and is controlled by the Japanese Government under a Government monopoly. The selling agents of camphor throughout the world is Mitsui & Co. This company owns and operates a factory at Sakai, Japan, which is one of the most complete celluloid factories in existence. It has just recently begun the manufacture of celluloid, and we know that from peculiar advantages had by them a great part of our domestic market will be secured from the

American manufacturers unless we are afforded a fair measure of protection.

The present law permits the pyroxylin industry to use denatured alcohol, and at the time our original request was made to the Government for such a law it gave promise of being a great help to our industry in cheapening the cost of manufacture. So many years expired before the passage of this law, however, that to-day the price of alcohol has advanced until the advantage we expected has never been fained, and to-day German manufacturers buy their alcohol at 25 cents per gallon against American manufacturers' price of 40 to 42 cents per gallon. Wood alcohol being on the free list gives no aid whatever to the American manufacturer, since practically all of the wood alcohol in use is manufactured in America.

The basis of pyroxylin is paper made from cotton. It is so necessary for the pyroxylin manufacturer to personally supervise the manufacture of this paper that it is impractical and impossible for the American manufacturer to take advantage of the German's cheap price of this commodity. They have the advantage over us in paper of at least 5 cents per pound.

An important process in the manufacture of our product is nitration with a mixture of sulphuric and nitric acids. Germany is the center of the acid market of the world, and for the reason that they manufacture it in great quantities and have been doing so for many years, they have a tremendous advantage over the American manufacturer in the use of acids. It will amount to about 25 per cent.

Many other chemicals are used in our industry, and in every one of them Germany has an advantage, and in these materials alone, according to figures of an expert of the highest authority, there exists a difference in cost of the 8½ cents mentioned before, with the advantage in favor of the German manufacturer.

Absolute and correct records that we can submit to your committee show that from Germany during the year of 1912 there was exported to all countries other than the United States unfinished celluloid sheeting to the extent of 5,791,000 pounds, valued at $2,527,000, at an average price per pound of 43.6 cents. From France there was exported of unfinished celluloid sheeting during 1912, 1,130,360 pounds, valued at $465,100, being an average price per pound of 41.1 cents, giving an average pound price on which a levied tax of 15 per cent would be 6.3 cents per pound.

We believe that it is your intention to treat the American industries fairly, and we submit to you these facts without the fear or belief that they will be discounted. We submit them to you in all earnestness, and will ask that you give us an opportunity of enlightening you on any possible doubt that may arise in your mind concerning our industry.

NEW YORK, *May 12, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SIR: Allow me to hand you herewith a supplementary brief to the one submitted, dated April 30, concerning the celluloid industry, which in the proposed tariff bill, No. 3321, is paragraph 26 of Schedule A.

With regard to the fact that when we appeared before the Finance Committee a year ago, our chief fear, as expressed at that time, was of the Japanese manufacturer, and that in my brief and talk of yesterday I referred particularly to the German, French, and Austrian manufacturers, permit me to say that our fear of the Japanese manufacturer making inroads in our industry is not only as great now as it was a year ago, but greater. My remarks as referring to Germany and France were for the purpose of showing that a differential existed between even the United States and European countries. The celluloid industry to-day has its center in Germany. This is quite natural, and anyone familiar with the facts will bear this statement out, since Germany is the center of the chemical industry of the world and is in a better position than any other nation to manufacture a chemical product.

However, Japan, owing to it being geographically the center of the world's camphor supply, realizes its advantages, and there is to-day in operation in Japan two immense factories, and I append hereto a copy of the Journal of Industrial and Engineering Chemistry and ask you to note, on page 38, an article describing the immense plant at Sakai, Japan, and call your attention to the fact that this plant is owned and controlled by the Mitsui Co., who are the world's selling agents for the Japanese Government camphor monopoly. Japan is rapidly becoming a big factor in the pyroxylin industry, and her manufacturers are now submitting to the trade of the United States elegant samples of sheet material and are planning to import into this country quantities of articles made of celluloid, and we believe that when they find this market more attractive on account of any reduction of present duties they will even outstrip the German and French manufacturers.

With regard to the camphor industry itself and your suggestions that the American manufacturers of pyroxylin make their own camphor in this country synthetically, allow me to advise you that the manufacture of synthetic camphor is an attractive proposition only when the market price of camphor is in the neighborhood of 75 cents per pound. Permit me to quote from Special Consular Reports, volume 43, part 3, published by the Department of Commerce and Labor in 1910, page 12:

The extensive use of camphor began with the manufacture of celluloid, to the nitrocellulose of which it gave peculiar properties which soon proved to be valuable in other materials. For example, it enters into the production of pergamoid, a new leather substitute, and smokeless powder. The exports of camphor from Japan and Formosa increased from about 620,000 pounds in 1868 to about 8,427,000 pounds in 1907, and within this period the price rose from $16.42 to $168.50 per 220 pounds. Japan, in the meantime, having taken over the entire production as a Government monopoly. The extraordinary price which camphor brought for a long time naturally attracted the attention of industrial chemists who in 1905 made the first important efforts to produce it synthetically, rapidly achieving such signal success as to bring down the cost of the natural product to a point which to-day has rendered the continued production of synthetic camphor comparatively unremunerative where not positively disastrous. Whether it will resume its onward advance and eventually drive out natural camphor can not be predicted, and a complete triumph of this nature in the present state of knowledge concerning the subject is scarcely possible. More rational methods of obtaining natural camphor and new plantations in the East have strengthened the Japanese situation on the one hand, while the great fluctuations to which turpentine oil is subject and the limited supplies of this

necessary raw material have rendered the synthetic industry very uncertain on the other.

Artificial camphor seems to have played its rôle, or, at least, is no longer a deciding factor in determining prices. In the meantime, the growing increase in the cost of turpentine oil has influenced the profitability of manufacture to such an extent that the leading factory was unable to follow the decreasing prices of natural camphor. Others have apparently discontinued the manufacture altogether.

In Germany one factory, which obtained its experience while high camphor prices prevailed and was able therefore to work off adequate amounts in the way of depreciation on expensive plants, succeeded in carrying through this manufacture. Others met with great losses, although not so heavy as a few French factories. One of the latter, La Camphre, expended approximately $772,000 for the acquisition of patents (which might have been saved had they compared the contents of these patents with old literature), and had spent almost their entire capital stock of $1,351,000 before the expiration of the first business year.

It is a commercial fact that while synthetic camphor has not played its rôle that it is not a marketable proposition as long as the Japanese Government holds the price of natural camphor at the figures of the present market. It was about 1905, during the Russian-Japanese war, that, owing to the high price of natural camphor, the business became attractive to industrial chemists and synthetic camphor came into the market.

With regard to the exports of American manufacturers of pyroxylin, permit me to impress upon you the fact that there has been sold no material in any appreciable quantity whatever by our industry outside of the United States of America. We have had no foreign trade since the Germans and the French came into the market.

As regards the records of imports into this country of manufactured articles, on page 28 of both the tariff handbook and the report accompanying bill 3321, the records show the valuation of importations for 1912 to be $181,820. This is so incorrect and so unfair to my industry that I feel obliged to impress upon you that it should not be followed in considering our proposition. We have absolute records from the chief celluloid trade paper of Germany, published in Berlin, that in 1912 there was imported into the United States from Germany articles manufactured of celluloid valued at $348,000. Remember this is from Germany alone. France surely imported quite as largely, and the British Zylonite Co., of England, we have every reason to believe, has exceeded this amount. We have no way of finding out the total imports of celluloid articles, nor are there in existence any records that will show such importations. We are in very close touch with the trade, however, and we believe that at least $1,500,000 to $2,000,000 worth of celluloid articles came into this country during the year 1912. Department stores in New York, Washington, Philadelphia, and every large city in this country have immense stocks of foreign-made celluloid articles; stores of every size and class buy large quantities of foreign-manufactured celluloid articles, and these come in under many paragraphs other than ours, such as the following: Hand mirrors; pipe bits; dolls and toys; beads, etc.; harness trimmings, etc.; hair and toilet brushes; dice, dominoes, etc.; buttons; penholders; bags fitted with traveling sets; and musical instruments or parts thereof; umbrellas, canes, etc. (handles); smoker's articles; knitting and crochet needles; razors and razor handles.

Again referring to records on page 28 of the Report and Tariff Handbook accompanying H. R. 3321, permit me to say regarding the records on collodion in blocks, sheets, etc., that they evidently are in error. For 1912 the equivalent ad valorem is given as 20.07 per cent. The average unit of value is given as $2.24 for the year. This is so far from actual facts that we have taken the trouble to investigate it, and the writer spent Monday last at the customhouse in New York City and finds as follows:

During the first quarter of the year ending June 30, 1912, an importer in New York City, whose name I was unable to secure, imported a lot of material classified as compounds of pyroxylin, weighing 256 pounds, valued at $1,826. This material, from its description, was shredded, and was packed in ounce bottles in zinc-lined cartons, and the valuation, as you will see, amounts to over $7 per pound. As practical manufacturers of compounds of pyroxylin permit me to say to you that no marketable material in our industry could possibly cost anything approaching this amount. There is a possibility of this material being in the nature of artificial silk, and is so we can readily understand why this concern wished to have it classified as compounds of pyroxylin at a duty of 45 cents per pound, as you will readily see from the duty on artificial silk. The duty paid on this importation under the celluloid paragraph should have been $115.20. If this material was in reality artificial silk it should have paid a duty of 45 cents per pound and 60 per cent ad valorem, which would have made the duty $1,210.80. The high valuation of this one import makes the records referred to so incorrect that the equivalent ad valorem is less than one-third of what it actually should be. We claim, and think that we can prove, that these records, if computed correctly, would show the equivalent ad valorem on unfinished sheets, rods, tubes, blocks, etc., to be from 66 to 70 per cent. It is unfair to the industry that these records should be followed in framing up the new tariff.

The equivalent ad valorem on the manufactured articles under our paragraph is given as 59.28 per cent. If these records were in strict accordance with the facts and the equivalent ad valorem were to be correctly computed it would be nearer 90 per cent, and the proposed reduction to 35 per cent on manufactured articles is so drastic that it will be destructive to many manufacturers.

725-727 Broadway, New York, *May 21, 1913.*

Hon. Charles F. Johnson,
United States Senate, Washington, D. C.

Dear Sir: Under date of May 12 I furnished you a supplementary brief regarding the celluloid schedule that dealt in part with the camphor situation as it affects our industry.

Permit me to correct it in so far as recent quotations and rumors concern the manufacture of synthetic camphor. We are informed, although our information is not well founded, that synthetic camphor can now be manufactured by some process at a price equally as low, if not lower, than Japanese natural camphor is now being offered at on the market.

Our information is that this process is of French origin. I stated in my letter to you that synthetic camphor was not attractive to the manufacturers of pyroxylin except when the market price of natural camphor was in the neighborhood of 70 cents per pound. If the rumors above mentioned are correct this, of course, nullifies my statement, but we are not convinced they are correct, although I give you the information that we have in that I might be correct in statements.

Par. 31.—DYEWOOD EXTRACTS.

W. W. SKIDDY, STAMFORD, CONN., REPRESENTING MANUFACTURERS OF DYEWOOD AND TANNING EXTRACTS.

DYEWOOD EXTRACTS.

LOGWOOD, ETC.

Dyewood extracts are very closely connected, so far as manufacture is concerned, with the manufacture of tanning extracts, as they both are manufactured under similar processes.

THE WOOD.

These woods in the log come from the islands of the West Indies, the Gulf ports of Mexico, and the Central American ports, aiding very materially the trading and shipping interests between those countries and the United States. Many goods of great variety are sent from the United States to those countries, but much fewer are the goods to be shipped from those countries to the United States as return cargoes.

COMPETITION IN DYEWOOD EXTRACTS.

Dyewood extracts are made in England, Germany, France, and Russia. Probably the largest quantity is manufactured in France, and they have a prohibitive duty on these goods, viz, on blacks and violets (logwood), 20 francs per 100 kilos, equaling 1.8 cents per pound. On reds and yellows (fustic and barks), 30 francs per 100 kilos, which represents 2.7 cents per pound. There is considerable difference between those countries and the United States in wages.

Another serious competition to dyewood extracts has been the introduction of aniline extracts. These aniline extracts are used very extensively, but in many cases certain textile lines prefer dyewood extracts, if within certain prices. These aniline extracts are largely manufactured and imported from Germany, and protected in this country by United States patents. A number of dyewood extract manufacturers have gone out of business owing to severe competition, but those who still remain in the business are competitors against the foreign manufacturers, and serve as a safeguard on the prices of both the vegetable and coal-tar colors.

It is believed that because of improvements in manufacture the same reasoning holds regarding these extracts as with tanning extracts, therefore the three-eighths of 1 cent per pound should be the rate on the liquid extract, viz, 28° Baumé or under, and that the solid, above 28° Baumé, should be five-eighths of 1 cent per pound, and the

dry in powder or any other form seven-eighths of 1 cent per pound. This would represent about 10 per cent ad valorem, certainly a moderate rate.

The selling prices for these improved grades do not increase in proportion to their actual value, therefore the tendency of the trade is to use these improved grades, such as the dry extract (known as crystals). An ad valorem duty of 10 per cent would adjust these changes without changing the proposed bill of three-eighths of 1 cent per pound, based upon the original grade, viz, the liquid at 28° Baumé or under. Such a change would be in keeping and equitable with paragraph No. 6 of Schedule A on alizarine.

Europe adopts this distinction between liquid and the solid forms of extract, 28° Baumé or less defining the liquid; above 28° Baumé, the solid. This 28° Baumé indicates the density, meaning that about 50 per cent is extract and 50 per cent is water. The solid, or above 28° Baumé, indicates that this excess of water has been removed and replaced by extract, thereby increasing the tinctorial value as well as the money value in a pound.

The dry, generally in a powdered, ground, or crystal form, is put through an additional process, again increasing the value per pound.

These grades show the advance made by manufacturers, as originally all extracts were made only in the liquid form.

These rates would not only equalize the various grades but would stimulate manufacturers to continue their work in improving grades and reducing prices.

Par. 32.—SAFFRON.

SHERER-GILLETT CO., CHICAGO, ILL.

CHICAGO, *April 28, 1913.*

REPRESENTATIVE IN CONGRESS,
Washington, D. C.

DEAR SIR: Is it necessary or advisable for this Government to tax the little pinch of saffron that the poor miner uses to flavor his soup, when, by so doing, the munificent total of $9,000 is added to its coffers?

We wish to protest against the proposed duty on saffron.

This is an item which is used almost exclusively by miners in the upper peninsula of Michigan, in the gold mining camps in California, in mining towns in Montana and in Pennsylvania.

The principal use which is made of this little-known article is as a flavor in soups by Welsh, Cornish, Hungarians, and others of our foreign-born population.

Practically all saffron comes from Spain. There is no saffron grown in this country and none can be grown. The total imports of Spanish saffron are but about $90,000 annually. (See Daily Consular Report No. 90, April 18, 1913.)

The duty proposed, 10 per cent ad valorem, would produce $9,000. This insignificant amount would necessitate still further increasing the present high price at which saffron is retailed. The import price to-day is $11.90 per pound. Only about 8,000 pounds are imported annually.

Saffron never has been taxed. Surely the Government can raise $9,000 or save $9,000 in a bigger way and in a less burdensome way than by reminding the miner when he eats his flavorless soup that the Government took away his saffron, or at least reduced the frequency with which he could use it.

Think it over. It's Schedule A, item 33.

Par. 35.—GLUE, ETC.

JOSEPH DICK, 198 BROADWAY, NEW YORK, N. Y.

The Committee on Finance,
United States Senate, Washington, D. C.

Gentlemen: I am a voter of New York. I am engaged in the business of importing European cake glues. Last January I submitted to the Ways and Means Committee, then in session, the various reasons for lowering the duty on glue. To-day I respectfully ask to be allowed to submit to your honorable committee additional information bearing on the necessity of lowering the duty on glue, or even of freeing altogether glue imports.

Glues have gone up in price in Europe from 16 to 22 per cent and in the United States from 15 to 40 and 50 per cent in the last year. The cheapest glues have risen highest. The reason for this is a most unusual dearth of cheap glues in this country as well as in Europe, and here also the prohibitive duty. The cheap glues of both continents, American as well as European, are, without any duty, on about the same price level now, in spite of the disproportionately higher rise of the American cheap glues. Cheap glues can barely be had in the United States, yet those very qualities are kept out, and can not be imported.

As it may be asked whom the duty is designed to protect in the glue industry, if the justice of protecting anybody but the consumer is at all admitted, I respectfully ask leave to submit to your honorable committee the following facts, the correctness of which may be easily verified: There is produced in the United States annually glue and gelatine of the value of $12,000,000. There are employed in the glue industry not quite 4,000 persons. The authority for this last statement, which was made before the Finance Committee of the Sixty-second Congress, is the president of the American Glue Manufacturers' Association. Evidently an industry giving employment to not quite 4,000 wage and salary earners hardly deserves privileged consideration at a cost to the consumer of almost $2,000,000 a year, and certainly not on the plea of protection to the "American workingmen," who, in glue factories are, barring foremen, almost without any exception nonnaturalized foreigners hired because they work for less than native Americans. Such is always the policy of protected industries. They are warm advocates of an open labor market, but they dread an open merchandise market.

If, again, the domestic glue industry frankly claims the privilege of a protective duty because allegedly it can not stand on its feet by its own strength and efficiency, then it will be well to know who are the interests behind the American glue industry. For the purpose of making this evident, I attach a list showing—

How much glue is manufactured by the packers.

How much glue is manufactured by factories owned by or closely allied with the tanning interests.

How much glue is manufactured by sandpaper makers.

How much glue is manufactured by fertilizer manufacturers.

How much glue is manufactured by firms with other larger manufacturing interests.

And lastly, how much glue is manufactured by independent manufacturers whose only line is glue.

On looking over the attached list it may be seen that only about 16 per cent of the glue industry is in the hands of unallied, unfettered manufacturers devoting their whole energies to making glue and nothing else.

As a matter of fact, it is common talk in the glue trade that a few years hence the manufacturing of glue will be under the exclusive control of the packers and tanners. Glue is made of cattle bones and of hide cuttings and leather cuttings. The packers and tanners have control of these materials, for they are the waste of their packing and tanning plants.

Now, any duty at all on glue will protect the tanners and packers not only against the European glue manufacturer, but will protect them also against the independent American hide glue manufacturer. The independent manufacturer can not compete with the packers and tanners' glue factories. If low-priced and medium-priced European glues would be admitted free, these smaller glue factories could import them and blend them with their own higher priced glues and would have a good chance to compete with the large interests. A duty on glue, particularly on glue of the value of less than 10 cents, will destroy all that is left of independent glue makers and will only add to the power of the tanners and packers' glue interests. A removal of the duty will benefit the independent glue makers and the consumer alike.

A most important point in considering the duty is the fact that fully 85 per cent of all American glues go from the manufacturer direct to the consumer. Imported glues never go direct to the consumer. Imported glues are always sold to jobbers, who resell them to the consumers. Imported glues thus have to bear two profits, and this alone, without any duty whatsoever, should more than suffice to guarantee a profit to the American glue manufacturer equal to the duty that he requires the Government to guarantee to him as a profit out of the pockets of his fellow citizens.

The claim for protection on the plea of a higher cost of production can hardly be seriously maintained. It is this very protection on other goods which makes the cost of producing glue higher. The duties on building materials, chemicals, foodstuffs, tools, wearing apparel, raise the prices of these necessities and correspondingly increase the cost of producing anything and everything. The thing against which the American glue manufacturer ought to ask for protection is the similar claims for protection of the other American manufacturers. Their protection increases his cost of production, and the protection of each individual industry increases the cost of production of all others. Fortunately the present Congress is engaged in reducing the cost of production of all industries. In view of my arguments presented to the Ways and Means Committee and reproduced in the Tariff Schedules No. 2, Hearings Before the Committee

on Ways and Means, and of my present reasons submitted here to your honorable committee, I respectfully ask for the placing of glues of a value of less than 10 cents a pound upon the free list.

List classifying glue factories as affiliated with large interests or as independent.

	Factories.	Glue.
		Pounds.
Packers:		
Armour & Co	5	11,250,000
Cudahy Packing Co	4	4,150,000
Cudahy Bros. Co	1	1,000,000
Dold Packing Co	1	750,000
D. B. Martin & Co	1	4,000,000
Nelson Morris & Co	2	2,500,000
Swift & Co	10	12,000,000
Schwarzchild & Sulzberger	2	400,000
		36,050,000
Tanners:		
Eastern Tanners' Glue Co	1	10,000,000
Robert H. Foerderer	1	3,000,000
Keystone Glue Co	2	3,500,000
United States Glue Co	1	8,000,000
		24,500,000
Fertilizer factories:		
American Agricultural Chemical Co. (owned by Standard Oil interests)	2	2,000,000
Baugh & Sons Co	1	1,500,000
Darling & Co	2	1,200,000
New England Rendering Co	1	500,000
Pacific Glue Co	1	250,000
		5,450,000
Sandpaper factories:		
American Glue Co. (also largest sandpaper makers of the country)	6	12,000,000
Baeder, Adamson & Co. (second largest sandpaper makers)	1	2,000,000
		14,000,000
Dextrin manufacturers:		
Hirsch, Stein & Co. (are also under the firm name of Stein, Hirsch, the largest dextrin makers of the country)	1	6,000,000
Michigan Carbon Works (owned by Standard Oil interests)	1	2,000,000
Delany & Co. (manufacturers of curled hair)	1	2,000,000
		90,000,000
Independent glue makers, who make glue exclusively:		
Chalmers Gelatine Co	1	200,000
Conrad-Kammerer Glue Co	1	1,500,000
Peter Cooper's Glue Factory	1	2,500,000
B. T. Couch	1	750,000
Diamond Glue Co	2	2,500,000
Henry Staffenbach	1	300,000
Fulton County Glue Co	1	1,500,000
Holland Gelatine Co	1	500,000
J. Holt & Co	1	100,000
Maschek Glue Co	1	100,000
Joslin, Schmidt & Co	1	1,000,000
Kind & Landeman, gelatin	1	300,000
Keene Glue Co	1	500,000
Joseph Lister & Co	1	750,000
Marblehead Manufacturing Co	1	150,000
P. B. Mathiason Manufacturing Co	1	750,000
F. W. Tunnell & Co	1	2,200,000
Winchester Manufacturing Co., gelatin	1	1,500,000
		17,100,000

The California Glue Co., with 1,750,000 pounds, and the National Glue Co., with a yearly output of about 1,500,000 pounds of glue, can not be properly classed among the independents, as they are owned by Delany & Co. and partly by the American Glue Co.

JOSEPH DICK.

NATIONAL ASSOCIATION OF GLUE & GELATIN MANUFACTURERS, 209 NORTH THIRD STREET, PHILADELPHIA, PA., BY CHARLES DELANY, PRESIDENT.

PHILADELPHIA, PA., *May 24, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

SIR: The statement which has recently been submited to your committee by Mr. Joseph Dick, of 198 Broadway, New York, in reference to glue and gelatin, is very ingeniously drawn, but is not accurate, nor is there anything in the statement that indicates the reason for Mr. Dick's intense interest in this subject. Mr. Dick gives the impression that he is an importer of glue, transacting business on his own account, buying foreign-made glues and gelatins and selling the same in competition with American glue manufacturers, but he does not say that he is the American representative of the United German & Austro-Hungarian Glue Manufacturers' Syndicate, the only glue trust in the world, which, according to its own statement, controlled in 1909, 65 of the leading glue manufacturers of Europe and has since acquired other plants.

Mr. Dick's statement that glues have advanced in price both in Europe and United States is correct, but it is not correct as to the measure of advance, the extreme advance in this country being 20 to 25 per cent on low grades, graduating to nothing on the high grades. His statement is also incorrect where it states that cheap glues are being kept out of the United States and can not be imported. The New York customhouse reports that during the month of April 61,288 pounds of cheap glue were imported from Germany at an average entry of 6.56 cents per pound, 48,611 pounds were imported from England at an average entry of 7.39 cents per pound, 44,092 pounds were imported from Austria at an average entry of 5.4 cents per pound. 82,303 pounds were imported from Belgium at an average entry of 8.1 cents per pound, 11,200 pounds were imported from Scotland at an average entry of 9.12 cents per pound, 6,164 pounds were imported from France at an average entry of 9.59 cents per pound, making a total of 253,658 pounds imported for the month of April, 1913. These are figures from the New York customhouse and can not be disputed. This is in excess of the average monthly importations through the port of New York for 1912.

The statement that he makes about the prices of glue in both continents being on the same level is not true with respect to all glues valued at under 10 cents per pound. On February 14, 1913, J. R. Turner, of Bristol, England, quotes best hide glue £45 per ton f. o. b. Bristol. This is equivalent to $9.77 per 100 pounds. The same glue could not be purchased from American factories to-day under 12 cents per pound. On April 19, 1913, the Standish Chemical Co., of Wigan, England, sold for export their Scotch hide glue at £34 10s. per ton, less 2½ per cent for cash, f. o. b. Liverpool—equivalent to about 7½ cents per pound. The same glue could not be sold by American factories under 10 cents per pound. We have letters to confirm the above statements and can produce authentic quotations from other foreign manufacturers to show that prices of glue at the present time are less in Europe than they are in this country.

Mr. Dick's list, classifying glue factories as affiliated with other interests, is misleading and not in accordance with facts. The Eastern Tanners Glue Co., of Gowanda, N. Y., is not a tanning concern, and the principal owner in this factory is Mr. Richard Wilhelm, of Gowanda, who is not in the tanning business. The American Agricultural Chemical Co. is not owned by Standard Oil interests. Mr. Dick's statement as to the ownership of the National Glue Co. and the California Glue Co. is incorrect and misleading. Neither Delany & Co. nor the American Glue Co., as such, have any interest in either concern, although it is true that a small interest in the National Glue Co. is owned by one member each of Delany & Co. and the American Glue Co., but their interest is greatly in the minority, and the remainder of the stock is widely distributed.

As to the statements in reference to glue manufacturers who are also manufacturers of other articles, such as sandpaper, fertilizer, or curled hair, we respectfully submit that this is immaterial and irrelevant, for there is nothing in a condition of this character that would indicate the existence of a trust or combination of any kind on glue. The very corporation which Mr. Dick represents is largely engaged in the manufacture of fertilizing material, grease, and other animal products. We have no doubt that your committee will affirm our contention that a glue manufacturer has a right to make sandpaper or fertilizer or curled hair if he is so inclined.

Mr. Dick's statement of the product of various glue factories is also incorrect and probably based on hearsay. Census figures show that the production of glue and gelatin in the slaughtering and meat-packing industry during the year 1909 was 27,936,035 pounds. It is no greater to-day, because the killing of live stock has been decreasing in this country; consequently the amount of glue-making material has also decreased, which shows his figures of 36,050,000 pounds to be incorrect. In 1909 there was submitted to the Finance Committee of the United States Senate 32 sworn affidavits from glue and gelatin manufacturers in this country, representing a production of about 70,000,000 pounds of glue, to the effect that they were not connected with or identified in any way with any trust or combination. The figures in these affidavits were taken directly from the books of each corporation or firm making the affidavit, and were not figures that were gathered together by hearsay or rumor.

Mr. Dick's allusion to our claim for protection on the plea of a higher cost of production is a mere statement and not an argument. He does not attempt to show whether there is any difference in the cost of production, and probably refrains from going into this matter very deeply because he is well aware that such difference exists.

As to his request that glue under 10 cents a pound be placed upon the free list, we respectfully submit that this is not in accordance with the needs of the Treasury, as a revenue is necessary to meet the expenses of this Government, and foreign glue should pay its proportion of that revenue.

THE AMERICAN AGRICULTURAL CHEMICAL CO., 2 RECTOR STREET, NEW YORK, N. Y., BY PETER B. BRADLEY, PRESIDENT.

NEW YORK, *May 23, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: I am advised that there has recently been filed with the Finance Committee of the Senate a brief or affidavit of Joseph Dick, American agent of the Austro-Hungarian German Glue Syndicate, in which he states, in substance, that the American Agricultural Chemical Co. is controlled by the Standard Oil Co., or financed by said corporation, or that said Standard Oil Co. has a large interest in this corporation. This statement has been ruthlessly made in the past by gentlemen representing large foreign interests, as, I am advised, Mr. Joseph Dick does in this case, and I have therefore decided to file with you an affidavit showing that the statement is now and always has been unqualifiedly false.

In the interests of this corporation, therefore, and in opposition to the attempt made to place foreign glues imported into this country in such a position as to materially affect the very important glue interests, I beg leave to file with you and your committee this letter and the affidavit inclosed.

[Inclosure.]

In the Matter of the American Agricultural Chemical Co.

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

Peter B. Bradley, being duly sworn, says:

I reside in the city of Boston, Commonwealth of Massachusetts, and am now and for more than six years past have been president of the American Agricultural Chemical Co. Said company is a corporation organized under and pursuant to the laws of the State of Connecticut and commenced doing business in the spring of 1899. The corporation was organized for the purpose of carrying on the business of manufacturing and dealing in fertilizers, fertilizer supplies, bone black, glue, grease, and other kindred products.

I am informed that one Joseph Dick, American agent of the Austro-Hungarian German Glue Syndicate, engaged in the business of importing foreign glues into this country and selling the same to American trade, has stated, either in an affidavit or brief filed with the Finance Committee of the United States Senate, that the American Agricultural Chemical Co now is, or at some time has been, controlled by the Standard Oil Co., and that the Standard Oil Co. has been, or is at the present time, largely interested in this corporation. Such statement is unqualifiedly false.

The stock books of this corporation show that the Standard Oil Co. has never owned a single share of stock of the American Agricultural Chemical Co., with the exception that on or about September 16, 1899, 341 shares of the common stock of this company were issued and delivered to the Standard Oil Co. in part payment for property purchased by this corporation at that time, the par value of said stock amounting to $34.100. On October 9, 1899, the said Standard Oil Co. sold 241 shares of said stock, and on April 2, 1900, they sold the balance of said stock, amounting to 100 shares, and since said 2d day of April, 1900, no stock whatever of this corporation, preferred or common, has stood in the name of the Standard Oil Co., and so far as I know not a single share has since said date been owned or controlled by said Standard Oil Co., and said Standard Oil Co. has had no connection whatever, either as a stockholder or otherwise, with this corporation or with its business.

I have also caused an examination to be made of the stock books and transfer books of this corporation for five years past for the purpose of ascertaining whether persons supposed to be interested in said Standard Oil Co. are now

or have been during said period owners of any stock whatever of this corporation, and I am advised by the transfer agent of said stock that said books show that no stock is at the present time owned by any persons in any way connected with the Standard Oil Co., nor has any stock been so owned during said period by any such persons, with the exception that 10 shares of preferred stock stand in the name of Phillip W. Babcock, deceased, formerly connected with said Standard Oil Co., and 58 shares of preferred and 150 shares of common stock stand in the name of E. T. Bedford, and 78 shares of preferred stock stand in the name of Russell C. Veit. Both Mr. Bedford and Mr. Veit, I am advised, are connected with the Standard Oil Co. The total of the stock held by the parties above named, preferred and common, amounts to 296 shares of the par value of $29,600.

The stock of this corporation is very extensively held, the records of the company showing at the present time that 6,081 persons hold the preferred and 1,638 persons hold the common stock of the company. The outstanding capital stock of the corporation amounts to 271,127 shares of preferred stock of the par value of $27,112,700, and 183,309 shares of common stock of the par value of $18,330,900, the entire capital stock, preferred and common, so outstanding amounting to $45,443,600.

The Standard Oil Co. has never in any way financed this corporation, purchased or held any of its securities so far as I know, except as aforesaid, and has in no way been connected with this company, its management, or its interests.

I further state that this corporation is not now, and never has been, a member of any combination or trust engaged in the manufacture of glue and like products or in the manufacture of any products whatever, and that said corporation has not entered into nor is it a party to any contract, agreement, or combination with any other persons, firm, or corporation engaged in the manufacture of glue or any other products for the purpose of affecting the manufacture or regulating the price of the products so manufactured by them.

The American Agricultural Chemical Co. conducts its own business, manufactures its own products, and sells the same, and is not controlled by any interest of any kind whatever, except by the holders of its preferred and common stock.

PETER B. BRADLEY.

Sworn to before me this 23rd day of May, 1913.
[SEAL.]

FRANCIS A. HUCK,
Notary Public, New York County.

JOSEPH DICK, 198 BROADWAY, NEW YORK, N. Y.

DISPROOF OF THE STATEMENTS MADE TO THE SENATE COMMITTEE ON FINANCE BY THE AMERICAN GLUE MANUFACTURERS.

I understand that an affidavit has been made by the glue interests to disprove my statement that either the Michigan Carbon Works or the American Agricultural Chemical Co. count among their stockholders people interested in the Standard Oil Co. I admit that I may have been mistaken and retract that statement. But the belief has been almost universally shared by the whole glue trade, owing perhaps to the fact that the American Agricultural Chemical Co. have had their offices for a long time at 26 Broadway. However, this matter one way or the other makes not a particle of difference to the general conclusion of my statement made to your honorable committee, a printed copy of which statement I inclose here for your convenience. (See pp. —.)

But if the report of the early edition of June 4 of the Evening Telegram of New York is correct, a United States Senator deposed under oath before the Senate committee now investigating the lobbies that he is a stockholder in the Michigan Carbon Works and in the

American Agricultural Chemical Co., concerns manufacturing both gelatin and glue. This for the glue interests is perhaps in this new and better era a much more embarrassing connection than the one erroneously stated by me.

I have a letter in my possession from one of the many factories of one of the very largest American glue manufacturers, stating that European glues are poor values, "considering the duties at present assessed or prospective." This factory knows very well that the proposed duty is 1 cent per pound and states that even with this duty European glues are not as good values as domestic glues. Evidently a duty of 1 cent per pound is too high.

It is merely a matter of efficiency. Some glue factories manufacturing bone glues, for instance, can run only part of the time because they have not enough raw material and because the Government guaranty of a profit in the shape of a duty enables them to make as much profit on a part output as on a full output. There are other American bone-glue factories who on top of the profit guaranteed by the duty insure to themselves a profit by means of their efficiency. Raw material goes to waste in this country. But one efficient American bone-glue factory has learned the European way of collecting bones. That factory is never short of them. That factory is the only one that has all the needed raw material. And that factory extends its efficiency to manufacturing first-class bone glues. No Europeon bone-glue factory could compete against that factory with good success in its own market even if the duty were entirely abolished.

There are two glue factories in the State of New York that are so efficient, work so economically, and make such excellent glues that they could beat the Europeans to a standstill in their own market were it not that they have not enough glue left for export. It is a most significant fact that one of these factories, although continually increasing its output, can not make enough glue to satisfy the demand, and this in spite of the fact that under one single roof it produces as much glue as other glue manufacturers produce in over half a dozen factories.

But there are other American glue factories, run inefficiently, with antiquated machinery and dilapidated buildings. Their profit is secure, because there is the duty. Their financial backing is enormous, and their influence of the greatest. These factories were better out of existence. But, perhaps, once they know that they have to stand without props, they will try how efficiency works.

The packers bring forward another argument. They say that, less cattle being slaughtered than in the past, they manufacture less glue, and consequently control a smaller proportion of the glue business than in the past. There is nothing to this argument. If there was more slaughtering done in the past the packers were less careful of the refuse of their packing plants. For some time this refuse, the raw material for glue, was given away free to glue makers. Then the packers woke up to its value and began making glue themselves, still selling some of the raw material to rival glue factories. Now the cattle is becoming scarcer, they say. This fact is far from being proven. But if cattle is scarce everybody in the trade knows that the packers are becoming increasingly careful of

the raw material. Not only do they sell very little of it, but many thousands of tons of it, particularly of bones, are imported from South America, Mexico, and from other parts of the world by the packers for their own use.

Much is made by the American glue manufacturers of the fact that European glues are entered in the port of New York at a price lower, without the duty, than the prices current here. That is true. But these are shipments on old contracts that expire in the course of this year. I speak with authority on this point.

I respectfully repeat my application to put glues of the value of less than 10 cents a pound upon the free list.

PETER COOPER'S GLUE FACTORY, BROOKLYN, N. Y.; DELANY & CO., PHILADELPHIA, PA.; NATIONAL GLUE CO., INDIANAPOLIS, IND.

Hon. F. M. SIMMONS,
Chairman Committee on Finance, United States Senate.

SIR: The undersigned, representing the glue and gelatin manufacturers of the United States engaged in the business as a primary and not as a side industry, doing business entirely on a competitive basis and not in any way combining with each other against the letter or spirit of any law of the United States, respectfully call your attention to an evident mistake in H. R. 3321, as presented to the House of Representatives on April 21, and which is likely to be presented to your committee in the same form.

We fully recognize the general purpose of the Congress and your committee, but the proposition to reduce the average rate of tariff impost from 35.06 per cent in 1912 to an average estimated rate of 14.29 per cent on our products, as called for in H. R. 3321, will be such a violent change that we shall not be able to adjust conditions to meet it, and the effect of the adoption of such a new policy on the part of the Government toward our industry will be greatly injurious to us, disappointing to the Government, of no ultimate benefit to the consumers of this country, and will tend still further to hasten the concentration of industry in few hands, which we believe your committee will wish to avoid and which is not to the interest of our people.

Accurate and full knowledge as to the real conditions of the above-named industry are known to so few people outside of those who have made it a life study that it is not surprising that the Ways and Means Committee should have made a mistake in regard to this minor matter and, through inaccurate information, been led to a recommendation which they probably supposed would be to the interest of the United States Treasury and a benefit to the consumers of these products, but the effect of which will simply be to lessen the fee which the foreign producers are now able to pay for the privilege of entering our markets for the sale of special goods and the frequent dumping of their surplus stocks. The glue makers of the United States, no matter under what possible market conditions, are not able to retaliate in kind, because of the fact that the less exacting climatic conditions of the other large consuming countries of the world do not require the use of so large a proportion of high grade hide stock glues of per-

manent adhesive strength as is required by the climatic and other conditions of the greater part of this country.

An examination of the history of tariff legislation in the United States will show that the average tariff rates on glue and gelatin have always been fixed at something less than the average rates on other products. Under this policy the industry in our country has always been conducted on a competitive basis and your petitioners do not feel that they should now be judged as having received any special or unusual favors from the Government, and respectfully call your attention to presentations made by the glue and gelatin makers of the United States on pages 194 to 209 of the hearings before your committee in March, 1912, and to statement made by Mr. Charles Delany in January and February of this year before the Ways and Means Committee as found on pages 204 to 216 of hearings before said committee.

Par. 37.—CRUDE AMBER.

EHRLICH & KOPF, 37 COURT STREET, BOSTON, MASS.

The Underwood tariff bill provides for a duty on raw amber of $1 per pound, equal to about 10 per cent ad valorem. We are engaged in the manufacture in this country of briar and meerschaum pipes. The mouthpieces of these pipes are made of genuine amber. The cost of these amber mouthpieces represents about one-third of the entire value of the finished article.

For a long number of years there has been no duty on amber nor on any other materials entering into the manufacture of smoking pipes.

There is, however, a duty of 60 per cent on the finished article.

Under the Payne tariff bill of 1909, for the first time, a duty of 15 per cent was levied on the raw briar wood, whilst the duty on the manufactured article remained at 60 per cent.

The industry of manufacturing pipes in this country now employs about 3,000 persons. Of these, about two-thirds are skilled laborers, whose wages range from $12 to $50 per week.

The duty of 60 per cent on the finished article does not prevent the importation of pipes in very large quantities. In fact, authentic figures show that there has been a constant increase in the amount of pipes imported into the United States until same now reaches more than 50 per cent of the entire amount consumed yearly.

The imported pipes are manufactured mainly in small towns of France, Austria, and England, where the price of labor is exceedingly low, and lower even than in the larger commercial and manufacturing centers of continental Europe.

The duty of 15 per cent on briar wood, levied for the first time under the Payne tariff bill of 1909 (now proposed to be reduced to 10 per cent) was a serious blow to our industry. Some of the largest factories in New York and elsewhere were forced, for the first time in the history of their business, to slow down to half time, lasting for months. Their total sales have shrunk largely, whilst at the same time the importation of finished pipes, in spite of 60 per cent duty, have taken on larger proportions than at any time in the history of the business.

The Underwood tariff bill now under consideration, instead of relieving the above-stated unfavorable conditions, is imposing a new and additional duty of $1 per pound on amber and a reduction of 10 per cent on the finished article.

With a duty of 10 per cent on wood and $1 per pound (equal to 10 per cent) on amber, and at the same time a reduction of 10 per cent on the finished article, only the importer and foreign manufacturer would benefit, to the serious detriment if not destruction of the entire American industry.

The Payne tariff bill endeavored to justify the placing of a duty of 15 per cent on wood on the ground of protection to the American wood growers in Virginia and other Southern States. Granted this to have been a formidable ground, although it was stated then, and has proved so since, that the American wood is of too poor a quality and therefore not suitable for pipes, no such protection can possibly hold good as regards amber. Genuine amber is not found or manufactured in this country, and therefore there is no home industry to protect.

An article called "bakelite," manufactured in this country by the General Bakelite Co., of New York, has lately been put on the market to substitute amber.

If the duty of $1 per pound on amber has been proposed to protect the manufacturer of bakelite, we respectfully beg to state that bakelite is sold to-day at about one-quarter the price of amber. It therefore needs no further protection, and surely Congress does not mean to protect such a concern to the detriment of all manufacturers using genuine amber.

KAUFMANN BROS. & BONDY, SIXTEENTH STREET AND IRVING PLACE. NEW YORK, N. Y.

NEW YORK, *May 12, 1913.*

Hon. F. L. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SENATOR: With reference to section 37, Schedule A, and section 170, Schedule D, of the bill to reduce tariff duties, now pending before the Senate, we respectfully submit to you the following for the consideration of the Finance Committee and Senate:

Prior to the enactment of the Payne-Aldrich Tariff Act amber and amberoid, unmanufactured, and briar root or briar wood were not subjected to the payment of any import duty. In 1909 a duty amounting to 15 per cent was, for the first time, imposed on briar root and briar wood. It was imposed through the influence of growers of ivy and laurel wood, in an effort to compel the use of ivy and laurel wood in the manufacture of pipes, although it is impossible to use ivy or laurel wood for that purpose.

Under the tariff act now pending it is proposed for the first time to impose a duty on amber and amberoid unmanufactured. Amber, amberoid, briar root, or briar wood are used almost exclusively for the manufacture of pipes. They are raw material. Nothing that can be used as a substitute therefor is produced in the United States. The imposition of a duty thereon therefore can not afford any protection to any American producer thereof.

The revenue to be derived from the proposed duty thereon would be inconsequential and out of all proportion to the increased cost to the user of pipes and would result not only in an injury to the American manufacturer thereof, but to a discriminating advantage in favor of the foreign manufacturer thereof. The proposed duty would not only prevent the American manufacturer from competing freely with the foreign manufacturer on equal terms, were all other conditions more favorable to the American manufacturer, but would place him at a disadvantage by compelling him to pay more for his raw material than would be paid by the foreign manufacturer.

Under such circumstances we request that everything possible be done to restore amber, amberoid, unmanufactured, and briar root and briar wood to the free list.

RINALD BROS., 1142-1146 NORTH HANCOCK STREET, PHILADELPHIA, PA.

PHILADELPHIA, *May 26, 1913.*

Hon. JOHN SHARP WILLIAMS,
United States Senate, Washington, D. C.

DEAR SIR: Owing no doubt to a mistake, the crude gum amber has been taken from the free list and has been taxed with $1 per pound. We are making varnish from the chips of crude gum, which now costs us 16 cents per pound laid down at our factory.

It would be out of the question for us to continue the use of amber in manufacturing varnish.

No other fossil gum can take the place of amber in certain high-grade varnishes, the manufacture of which becomes a foreign monopoly unless you restore gum amber, or at least chips thereof, to the free list.

Par. 37.—CAMPHOR.

AMERICAN CAMPHOR REFINING CO., BOSTON, MASS., BY CHARLES A WEST, PRESIDENT.

BOSTON, *May 27, 1913.*

Hon. CHARLES F. JOHNSON,
Chairman Subcommittee Committee on Finance,
United States Senate, Washington, D. C.

SIR: We respectfully bring to your attention the importance to the American refiner of camphor that there should be no change in the existing rate of duty under the present tariff.

Crude camphor is a monopoly of the Imperial Japanese Government and is admitted free of duty.

Refined camphor is manufactured by the American refiner from the crude camphor imported from Japan and Formosa.

Nothwithstanding a duty of 6 cents per pound on refined camphor, the imports of Japan refined camphor are constantly increasing, as will be seen by the following statement of imports of Japanese refined camphor:

	Pounds.
1890	87
1896	153,912
1900	100,971
1905	214,049
1909	430,524
1910	492,583

The proposed tariff of 5 cents per pound on refined camphor and 1 cent per pound on crude camphor reduces the protection to the American refiners about 40 per cent, and if this rate prevails American refiners can not compete with the Japanese refiners. At the present time Japanese refined camphor is being offered at 1s. 4d. per pound delivered in New York, which is practically the present cost to the American refiner of crude material. After adding 5 cents per pound for duty on refined, the cost delivered in the United States is even less than that at which the American refiner can produce. It can readily be seen at a glance what must be the effect on the American refiner. The proposed duty of 1 cent per pound on crude is hardly worth the expense of collection, considering the great difficulty of ascertaining the exact net weight on a volatile article like camphor and would only lead to endless annoyance, both to the Government and to the importer.

In consequence of the fact that labor in Japan is less than one-fourth of the amount paid in the United States for similar labor, and as refiners here are not favored as are the refiners in Japan, it will readily be seen that if the duty on the refined product is decreased, or if a duty is placed on crude camphor without a corresponding increase in the duty of refined camphor, the industry in the United States must be discontinued.

I shall be pleased to furnish any additional information or to answer any inquiries.

Par. 37.—CHICLE.

BELIZE EXPORT CO., BELIZE, BRITISH HONDURAS; BY RUSSELL HASTINGS MILLWARD.

BELIZE, *May 10, 1913.*

Hon. CHARLES F. JOHNSON,
Chairman Subcommittee Committee on Finance,
United States Senate, Washington, D. C.

SIR: In compliance with your suggestion, I have the honor to submit herewith a brief upon the subject of the bill H. R. 20182, entitled "An act to amend an act entitled 'An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes,' approved August 5, 1909," with special reference to the item "chicle."

While probably the proposed increase in the rate of duty upon chicle from 10 to 20 cents per pound will "provide revenue" it is a question whether or not it will "equalize duties and encourage the industries of the United States" so far as the exploitation of this raw material and its manufacture into chewing gum is concerned and as within the true meaning of the act.

It is therefore my desire to set forth briefly several reasons why it would be just and equitable to replace chicle on the free list or to determine an ad valorem duty and why the present system of collecting duty, according to weight, is as impracticable to the actual producer of the raw material as to the manufacturer of the finished product.

The brief submitted by the writer follows:

1. Chicle is a gum product derived from the sap of the sapote tree (achras sapota), found only in some parts of Mexico, Guatemala, and British Honduras. It can not, therefore, be classified correctly as an item of protective tariff.

The proposed increase in duty upon chicle to 20 cents per pound, while it aims to "provide revenue," will be reactive in its effect, as it will tend to destroy the business of the small manufacturer and probably be regarded in a most unfriendly light by the Governments of the producing countries.

2. Chicle is valuable, commercially, as the basic ingredient in the manufacture of chewing gum. No other use for it has yet been found.

By increasing the duty upon chicle to 20 cents per pound, which would correspond to about 85 per cent ad valorem, upon a raw material not produced in any part of the United States or its Territories, it would encourage the use of substitutes, which have already attained a high degree of excellency, and thus materially decrease the duties otherwise collectible by the Government. Chewing gum is now manufactured throughout the United States under the most ideal conditions, and a chewing-gum factory was reported as the second cleanest plant inspected by the Department of Commerce and Labor.

3. The exploitation of this raw material involves the expenditure of large amounts of capital and is somewhat speculative and uncertain in character. In obtaining chicle from the forests and transporting it to tidewater, much depends upon natural conditions, such as rains, floods, and climatic changes, and the maintenance of proper trails, roadways, and distributing stations. Great hardships are endured by the chicle gatherers, owing to the necessity of having to work farther and farther into the jungles each year; labor is extremely scarce and unreliable; heavy losses are sustained by shrinkage, failures in delivery, and dishonesty of the contractors; while royalties, export, and import duties are now constantly being increased to such an extent as to render the industry very unprofitable.

The use of substitutes, which will become necessary in case too high a duty is imposed upon chicle, will gradually force the raw material out of the market and undoubtedly give rise to the contention that the United States Government, through a prohibitory tariff, is boycotting a raw material of her neighbors, Mexico, Guatemala, and British Honduras. Exploiting companies will be obliged to discontinue operations and a natural resource will be wasted.

4. The entire industry from its very inception is essentially American and is not affected in any way by foreign competition. The gathering of the raw material is under the direct supervision of American citizens, and American capital is invested in every department of the business.

Chewing gum has been called a "luxury." It is not any more so than many of the items now on the free list. About 90 per cent of the chewing gum manufactured is consumed in the United States, so that there is not a very attractive foreign market for the product. The use of chewing gum may be termed "an American habit," and while it is not strictly necessary to the maintenance of life, still it must be remembered that it is a simple "luxury" of children and of persons to whom the more expensive indulgences are impossible. Eminent medical authorities have pronounced chewing gum pure and wholesome and absolutely harmless to its vast and faithful army of consumers.

5. Manufacturers of chewing gum import chicle into Canada duty free, and it is there refined and dried out to about two-thirds of its original weight before being introduced into the United States. The raw material contains great quantities of water, which must be extracted before it can be converted into chewing gum. In this manner the amount of duty paid to the United States Government (10 cents per pound under the present law) is considerably reduced.

By replacing chicle on the free list it is obvious that manufacturers would establish their factories for refining and drying out the raw material in the United States, thus creating a new industry within itself and with its attendant

opportunities of employing additional labor in the country where it belongs rather than drive out a very important branch of the business to Canada.

But even if a just ad valorem duty were levied it would be more convenient and profitable for manufacturers of chewing gum to refine the raw material within the United States, and therefore provide additional revenue, which is the desideratum, and at the same time tend to "equalize duties and encourage the industries of the United States" (not those of Canada) within the meaning and purpose of the act.

SUPPLEMENTAL STATEMENT OF WM. WRIGLEY. JR., CO., CHICAGO AND NEW YORK.

[See Hearings before Committee on Ways and Means, p. 235.]

April 23, 1913.

Hon. F. M. Simmons,
Chairman Committee on Finance, United States Senate.

Dear Sir: Referring to bill H. R. 3321, Sixty-third Congress, first session, Schedule A, paragraph 37, we beg to invite your attention to the increased duty on chicle, which is proposed at 20 cents per pound, in place of the former rate of 10 cents per pound, and which new rate is decidedly prohibitive instead of competitive, owing to the peculiar conditions surrounding the importation of this raw material.

As previously stated in our former brief, gum chicle is not produced in the United States, and the chewing-gum manufacturers are forced to depend for their supply entirely upon importations from Mexico, British Honduras, Guatemala, and other tropical countries.

As a raw material, gum chicle should be admitted free of duty, instead of subject to the prohibitive rate of the new bill which raises the present duty of 10 cents per pound 100 per cent, an ad valorem equivalent of approximately 66⅔ to 90 per cent.

Owing to increased cost of other raw materials and advanced wages the margin of profit in the manufacture and sale of chewing gum does not permit an increased duty without the necessity of advancing the price to dealers, who, in turn, are prevented by the present adopted standard price of 5 cents per package from making any increase to the consumer.

The specially unfortunate feature of the application of the new rate relates to its particular hardship upon several hundred thousand small dealers in chewing gum who purchase their supply by the box and retail it by the package.

For this reason the increased rate will result in a much smaller profit to many thousand persons dependent for a living upon the sale of chewing gum.

It can be seen to what extent this difference of profit applies, when it is known that these small dealers pay from 55 to 60 cents per box for chewing gum, and, by selling it on the street at 5 cents a package, make a profit of from 40 to 45 cents, often representing a half day's work.

No doubt the House committee in making the change were not informed of the probable result of the higher duty, and we beg to request that the present duty of 10 cents per pound be retained as a fair and competitive rate, particularly as the wide consumption of chewing gum generally throughout the country has made it an article of general use and necessity instead of a luxury.

In conclusion, we wish emphatically to state that the William Wrigley, jr., Co. is an absolutely independent concern without business connections with any other chewing gum manufacturing organization, and we submit this denial to correct any statements to the contrary that may have been made to the committee or Members of Congress.

Par. 37.—DEXTRINE.

THOMAS LEYLAND & CO., PER F. T. WALSH, MANAGER, 60 INDIA STREET, BOSTON, MASS.

The Committee on Finance,
United States Senate, Washington, D. C.

Gentlemen: We respectfully beg consideration of an amendment to paragraph 37 of Schedule A of bill H. R. 3321 in House of Representatives:

Page 9, line 7, after the word "pound," insert the following:

Provided, That dextrin, burnt starch, or British gum, dextrin substitutes and soluble or chemically treated starch, when made from potato starch, 1½ cents per pound.

Kindly turn to Schedule G, paragraph 239, page 58, line 7:

Starch, made from potatoes, 1 cent per pound.

A duty of 1½ cents per pound on dextrin does not protect, but partially equalizes the conditions in terms of dollars and cents, caused by the duty on potato starch, and nearness of the German and Dutch manufacturer to the raw material, for there is a wastage of at least 18 pounds for every 100 pounds of potato starch used.

In proof of the above, please examine the figures given below of the comparative costs of dextrins manufactured from potato starch in Germany or Holland and the United States, exclusive of labor and operative expenses.

Cost to-day of imported potato starch without duty, 0.025 cent per pound.

	Per pound.
Cost of potato starch at factory, Germany or Holland	$0.0200
Wastage (100 pounds of starch giving 82 pounds dextrin)	.0032
Freight to United States	.0050
Duty on dextrine as proposed in Underwood House bill	.0075
	.0357
Cost of potato starch landed New York or Boston	.0250
Duty on potato starch as proposed in Underwood bill	.0100
Cost plus duty	.0350
Wastage (100 pounds of starch giving 82 pounds dextrin)	.0077
	.0427
Difference	.0070

By adding this difference of $0.007 per pound to the $0.0075 per pound duty, as proposed in the Underwood House bill, will equal $0.0145 or practically 1½ cents per pound on potato dextrin.

Therefore, we respectfully maintain that the dextrin industry is fairly entitled to a duty of 1½ cents per pound on potato dextrin for it places the manufacturer in the United States on an equal footing with the foreign manufacturer as to the raw material, and the question of competing becomes a question of modern machinery and efficient management.

The business in potato dextrin is even now competitive, for the report on Schedule A, page 70, as published by the House of Representatives, states that in 1911, 6,357,790 pounds were imported and a duty of $190,660 was collected and the bulk of this was the products from potato starch.

Potato dextrin can be detected easily by the usual microscopic test, hence no confusion at the customhouse can result.

If the manufacturers of potato starch in the United States by efficient management are able to compete both in quality and price with the foreign manufacturer, they will find an additional ready market for their product, for naturally the dextrin manufacturer will, if possible, prefer to buy his raw material in the United States and has done so in the past when the market conditions warranted.

Inasmuch as potato starch is specifically mentioned in the tariff bill for the purpose of giving it a higher rate of duty, potato dextrin should also be specifically mentioned and given a compensating rate of duty.

Please read the debate on this particular subject as published in the Congressional Record April 29, 1913, page 631, and following.

Par. 37.—WHEAT STARCH.

ARTHUR S. HOYT CO., 90 WEST BROADWAY, NEW YORK, BY ARTHUR S. HOYT.

New York, *May 24, 1913.*

Senator Simmons,
Senate Tariff Committee, Washington, D. C.

Honorable Sir: As a manufacturer of wheat starch, I desire to enter my protest on so radical a reduction of tariff on wheat starch. It should be placed on the same basis as potato starch. A large part of our product is used by the print works and bleacheries of cotton goods situated mostly in the New England States and around New York City. We have never been able, in the 20 years of our existence as manufacturers, to export a pound on account of the lower prices made by the starch factories located in the Danube district in Austria and in the Netherlands. They are able to supply Manchester and other markets at a price usually from 1 to 1½ cents per pound cheaper than the cost of manufacturing here in this country.

We manufacture our starch from wheat flour obtained from millers in the Middle States and the West, on which the cost on the raw material and freight amounts to 1 cent per pound, upon an average, which of itself adds so much against our cost as against those manufacturing wheat starch in Europe. Their labor is enough cheaper to make up another one-half cent per pound. The freight from here to European ports would not be so much more than from Austria, but the fact remains, if you will look up the statistics, that there is

but little wheat starch exported to Europe from this country, and that small quantity is some special kinds which are used for laundry purposes.

Should the tariff be reduced from 1½ to 1 cent, the same as potato starch, the remaining 1 cent per pound would make up the unavoidable difference of getting the raw material to the seacoast from our Central States, placing us practically on the same labor basis with the foreign manufacturers, in competition with them in our markets, which, I have above stated, are in the New England and seaboard States.

If wheat starch is placed on the one-half cent basis, large quantities will be shipped to this country and we will be unable to compete in price. You will see that my argument shows that we are placed at a disadvantage on account of the size of our country, the wheat-growing territory being in the interior, or, in other words, the cost of freight on raw material to the seaboard.

I presume that similar reasons have caused your commission to place the tariff at 1 cent per pound on potato starch. Why should it not be the same on wheat starch?

The situation is quite different with cornstarch, for the reason that this country is the great country for growing corn, and there is scarcely any competition on foreign-made cornstarch. We should not be classified, therefore, with cornstarch.

We would ask you to consider this, as the proposed reduction is too radical and will work great harm to our industry.

We trust that you will give this your attention.

Par. 40.—LICORICE ROOT.

TAYLOR BROS., PER J. P. TAYLOR, WINSTON-SALEM, N. C.

WINSTON-SALEM, N. C., *April 19, 1913.*

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

SIR: The Underwood bill proposes to put a duty of one-half cent per pound on licorice root. We do not know what moved the Committee on Ways and Means to make this proposal. If put into effect it would add about 2 cents per pound to the price of licorice paste or mass that is extracted from the root. In other words, licorice mass or paste now selling at 8 cents per pound would sell at 10 cents per pound. This additional cost would be handed to the purchasers of licorice mass—to users of licorice mass—and they in turn would hand it to the purchasers of their goods, and so pass it on to the consumer.

Now, licorice root and licorice mass or paste is used most largely by the manufacturers of tobacco. Licorice is a sine qua non in the manufacture of chewing tobacco, and chewing tobacco is especially the poor man's method of using the "weed." He can chew while at work. He can not work and smoke at the same time. He will be made, if possible, to pay this additional tax of 2 cents per pound on the licorice in his chewing tobacco.

Then, too, this additional tax of 2 cents per pound will have to be advanced by the tobacco manufacturer, and it will necessitate the addition of that much more capital in his business, on which he must

make dividends or profits. In our own little business it would amount to several thousand dollars additional capital.

Now, the small manufacturer has difficulty in financing his business. He has to compete with the great aggregations of capital in the manufacture of chewing tobacco, and any additional burden, however small, to hamper him in doing business, bears more than proportionately heavy on him. As it is, even now, he can scarcely stand. In the past six months two manufacturing concerns in this city have sold out, largely because of lack of capital, and two in Martinsville, Va., and one in Danville, Va.—all of them old concerns—and the remaining independent concerns, with few exceptions, are hanging on by the skin of their teeth.

Further, the Government levies an internal-revenue tax of 8 cents per pound on every bit of licorice that goes into the manufacture of tobacco; so, that if Congress levies an import tax of one-half cent per pound on licorice root, it will cause the manufacturer to pay what really amounts to import tax of 2 cents per pound on licorice paste they use—really, double taxation. Further, there is no licorice root raised in this country; so, that the proposed duty does not help out any in that direction. The tariff bill proposes a reduction of duty on the licorice paste or mass, but, as we understand it, there is very little of the mass, comparatively speaking, imported, and the reduction in duty on the mass will not cover the advance made necessary by the proposed tax on the root.

If Congress wishes to put the small tobacco manufacturers out of business, let it put burdens on them that will require additional capital, which they are finding harder and harder to get.

So we ask that you use your endeavor to strike out from the bill the proposed duty on licorice root.

Par. 42.—CITRATE OF LIME.

CHARLES PFIZER & CO. (INC.), 81 MAIDEN LANE, NEW YORK, N. Y., FRANKLIN BLACK, SECRETARY.

Hon. CHARLES F. JOHNSON,
Chairman Subcommittee, Committee on Finance,
United States Senate Washington, D. C.

DEAR SIR: Supplementary to hearing you kindly afforded the writer on the 23d instant, we would respectfully submit the following:

Lime, citrate of, paragraph 42: A duty of 1 cent per pound is placed on lime, citrate of, in H. R. 3321. Heretofore free.

This article is the crude material for the manufacture of citric acid, and we earnestly request that it be returned to the free list. No other country has a duty on citrate of lime, and with the proposed duty of 1 cent per pound on this article and the reduction to 5 cents per pound on citric acid (par. 1, H. R. 3321), the American manufacturer can not properly compete with the foreign manufacturer in the production of citric acid, owing to higher cost of production. It requires about 1¾ to 2 pounds of citrate of lime to make one pound of citric acid.

Par. 43.—SULPHATE OF MAGNESIA.

GENERAL CHEMICAL CO., 25 BROAD STREET, NEW YORK, N. Y., BY W. H. NICHOLS.

NEW YORK, N. Y., *April 30, 1913.*

Hon. HOKE SMITH,
Finance Committee, United States Senate,
Washington, D. C.

SIR: In accordance with your chairman's request to our representative, Mr. Henry Wigglesworth, we take pleasure in submitting the following brief statement in regard to Underwood bill, H. R. 3321:

Schedule A, so far as it relates to chemicals with which we are familiar, appears likely to be acceptable to all concerned.

The "dumping" clause under paragraph R is an especially satisfactory provision of the new act.

We interpret paragraph S as more limited than seems necessary. If it is desirable to receive a special recommendation from the President when the imports amount to less than 5 per cent, it should be equally desirable to have the President's recommendation if they exceed American production. We therefore suggest the omission from this paragraph of the following (lines 20, 21, 22, and 23): "Where it is ascertained that the imports under any paragraph amount to less than 5 per cent of the domestic consumption of the articles enumerated." Its importance will then be enhanced to include any extraordinary conditions justifying a special message to Congress.

Acetic acid.—Commercial acetic acid 30 per cent is used largely in the paint and insecticide trade and can safely be placed on the free list as proposed, but acetic acid in strengths of 65 per cent and greater, such as glacial acetic of 99 per cent purity, is a redistilled and rectified product necessitating further manufacturing steps and used in a very limited quantity in the manufacture of photographic films, medicinal products, perfumes, and the like.

The German manufacturers often have surplus strong acid at their disposal which they have sold over here at the cost of raw materials entering into it, with no labor or overhead charges. It would seem, therefore, that some duty should be retained on this article, for when the foreign manufacturers are willing to sacrifice this product, which utilizes many of their own by-products, this country should enjoy the revenue from such importations.

We therefore recommend:

Par. 398. After pyroligneous insert "not specially provided for in this section."

Par. 1, line 1, before "boracic" insert "glacial acetic acid of 99 per cent or over, 2 cents per pound; acetic acid of a strength of 65 per cent true acetic acid, but less than 99 per cent, three-fourths of 1 cent per pound."

This alteration leaves the grades of acetic acid utilized by the paint, pigment, and insecticide manufacturers on the free list, as proposed, but protects the American manufacturer on the higher grades of acetic acid.

Sulphide of soda.—Paragraph 68, lines 13–14, imposes a duty of one-fourth of 1 cent per pound both on crystal and concentrated sodium sulphide. Through an oversight or otherwise the House has

failed to recognize that concentrated sulphide of soda containing nearly twice as much actual sodium sulphide should have a higher rate of duty than crystal sulphide. The present tariff recognizes this by imposing three-fourths of 1 cent per pound on sulphide of soda containing more than 35 per cent and three-eighths on the crystal containing less than 35 per cent.

We therefore recommend that paragraph 68 be changed to read, lines 13 and 14:

Sulphide of soda containing less than 35 per cent true anhydrous sodium sulphide, one-fourth of 1 cent per pound; and sulphide of soda containing more than 35 per cent true anhydrous sodium sulphide, one-half of 1 cent per pound.

Sulphate of magnesia or epsom salts.—This article is practically controlled by the German Potash Syndicate. Kieserite is a by-product of the famous Stassfurt mines and is virtually the only raw material now used in the manufacture of epsom salts. Kieserite is on the free list.

The tariff on epsom salts has been subjected to reductions in the past from one-half of 1 cent per pound to one-fifth of 1 cent per pound, and out of nine American manufacturers four have been obliged to suspend operations. A further reduction at this time would, in our opinion, be favorable only to the potash syndicate.

The potash syndicate prefer to export epsom salts rather than the raw material and accomplish this end by maintaining a price here on epsom salts which leaves no margin to the American manufacturer even with the present duty. It is the policy of the German manufacturer, when competition is eliminated, to promptly advance prices, and we believe the consumer would be benefited and not injured by maintaining the one-fifth of 1 cent per pound now in force.

Two-thirds of our consumption is for medicinal purposes and one-third for industrial. German salts do not compare favorably with the American product, which more than fulfills the standard set by the Pure Food Bureau of the United States Department of Agriculture; the reduction in duty before the House invites an excessive importation.

We therefore recommend:

Par. 43, lines 19 and 20. "Sulphate of, or epsom salts, one-fifth of 1 cent per pound."

Par. 46.—ALIZARIN ASSISTANT, ETC.

OIL SEEDS CO., 35 SOUTH WILLIAM STREET, NEW YORK, N. Y., BY M. B. SNEVILY, SECRETARY AND MANAGER.

NEW YORK, *May 6, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: We beg to call attention to the excessive reduction in the duties on alizarin assistant and castor oil in H. R. 3321, which, if adopted, will prohibit their manufacture in the United States.

Alizarin assistant containing less than 50 per cent castor oil: Present duty, 15 cents per gallon; proposed duty, 15 per cent, equivalent to 5.52 cents per gallon based on present cost of castor oil and manufacture of assistant abroad: proposed reduction, 9.48 cents per gallon.

Alizarin assistant containing 85 per cent castor oil: Present duty, 30 cents per gallon; proposed duty, 15 per cent, equivalent to 6.08 cents per gallon based on present cost of castor oil and manufacture of assistant abroad; proposed reduction, 23.92 cents per gallon.

The per cent of duty decreases as the per cent of castor oil increases in assistant, as the cost of ingredients and manufacture bears a lower ratio to the assistant that contains a high per cent of castor oil than when containing a lower per cent.

The duties on assistant should be made specific at one-half the rate of duty on castor oil when containing less than 50 per cent castor oil, and 85 per cent of the duty on castor oil when containing more than 50 per cent castor oil.

Castor oil (8 pounds to the gallon): Present duty, 35 cents per gallon; proposed duty, 12 cents per gallon; proposed reduction, 23 cents per gallon.

Castor beans, from which castor oil is made (50 pounds to the bushel): Present duty, 25 cents per bushel; proposed duty, 15 cents per bushel: proposed reduction, 10 cents per bushel.

We obtain 18 pounds of oil—2¼ gallons—from 50 pounds of castor beans. Present duty on oil in beans when imported as such, 11.04 cents per gallon: proposed duty on oil in beans when imported as such, 6.66 cents per gallon: proposed reduction on oil in beans when imported as such, 4.38 cents per gallon.

You will note from above that the proposed reductions are 23 cents per gallon on castor oil and only 4.38 cents per gallon on the oil contained in the raw material.

If the proposed rate of duty on castor beans is to remain, then the duty on castor oil should be 24 cents per gallon, in order to overcome the duty paid on the raw material and the difference between cost of manufacture here and abroad, which is as follows:

	Equivalent to cents per gallon of oil.
(1) Proposed duty of 15 cents per bushel on 50 pounds castor beans	6.66
(2) Difference in cost of manufacture between the United States and abroad, consisting of labor, press cloth, local transportation, chemicals, etc	5.80
(3) Difference in value of the by-product in favor of the foreign manufacturer who obtains a higher price for same than the domestic manufacturers	4.00
(4) Difference in freight cost of importing 1 ton of castor beans and the product of same in the form of castor oil	6.19
(5) Freight and duty on dirt and impurities contained in 1 bushel castor beans	1.00
	23.65

Our reason in detail for requesting a duty of 23 cents per gallon on castor oil, if the proposed duty of 15 cents per bushel is to stand on beans, is as follows:

(1) The proposed duty of 15 cents per bushel on castor beans requires no explanation, as it is equivalent to the amount stated—6.66 cents per gallon on the oil content.

(2) The difference in cost of manufacture here and abroad is fully double for labor as compared with Europe, and much more when compared with India, China, and Japan, where castor oil is manufactured in large quantities and the source of our supply of raw

material, while we are compelled to import the chemicals and press cloth used in the manufacture and refining of our oils or pay the foreign price plus duty for such as are made here.

(3) The difference in the value of the by-product, or castor pomace, is due to the great demand for fertilizer material of this nature, not only in Europe, but also in India, where its market value is from 95 cents to $1.15 per 100 pounds, against our market value of 65 cents to 75 cents per 100 pounds. If castor pomace should not be manufactured here, the agriculturist would be deprived of a large amount of cheap fertilizer, as the foreign price plus freight would increase its cost $12 per ton.

(4) The difference in freight is due to the fact that 1 ton of beans occupies 35 cubic feet more space than the oil contents of the seed. Ocean freight is sold on space occupied. One ton of seed occupies 55 cubic feet; the oil produced from 1 ton of seed, 20 cubic feet; the freight on 1 ton of seed is 40s. ($9.80), or 17.8 cents per cubic foot; the freight on 20 cubic feet, at 17.8 cents per cubic foot, is $3.56; the difference, $6.24, is equal to 6.19 cents per gallon.

While we are obliged to pay freight on this excessive bulk, the agriculturist here receives the benefit of it in a cheap fertilizer of 32 pounds from each 50 pounds of beans imported.

(5) We are obliged to pay freight and duty on impurities under the proposed tariff. Beans contain 5 per cent impurities, which is equal to 1 cent per gallon of oil.

If our request that the duty on castor oil be placed at 24 cents per gallon, the net reduction between oil and the oil content of the beans will be 18.9 per cent.

New York, *May 13, 1913.*

Hon. Hoke Smith,
Finance Committee, United States Senate,
Washington, D. C.

Dear Sir: Referring to the conference held with you in Senator Johnston's room Friday last, relative to a change in the duties on alizarin assistant, castor oil, castor beans.

I inclose you herewith a copy of the alternative proposition presented verbally to yourself and Senators Johnston and Hughes.

H. R. bill 3221 provides for alizarin assistant at 15 per cent, castor oil at 12 cents per gallon, castor beans at 15 cents per bushel of 50 pounds.

By consultation with Messrs. Harrison and Peters, of the Ways and Means Committee, you will ascertain that these gentlemen feel that this schedule is not properly adjusted.

We originally requested that the duty on castor oil be made 24 cents per gallon if castor beans were to remain at 15 cents per bushel.

This alternative proposition reduces the duties to a minimum that will permit of manufacture here and certainly conforms with the principles of your party by a substantial reduction of duties to the benefit of the consumer.

[Inclosure.]

WASHINGTON, D. C., *May 9, 1913.*

The WAYS AND MEANS COMMITTEE,
House of Representatives.

GENTLEMEN: After consulting with members of the Ways and Means Committee and the Finance Committee, we respectfully submit the following provisions for castor seed, castor oil, and alizarin assistant as an alternative to previous briefs filed.

These provisions for castor oil and alizarin assistant are a reduction of 65 per cent from present rates; they are in line with your efforts to benefit the consumer, especially the textile and leather industries.

Castor seed, free list.

Castor oil, 12 cents per gallon.

Alizarin assistant, turkey-red oil, or soluble oil, by whatever name known, containing less than 50 per cent of castor oil, 6 cents per gallon, and containing more than 50 per cent of castor oil, 9 cents per gallon.

These rates place these products on an absolute competitive basis, and we believe that the loss of revenue on castor seed will be fully made up from importations of castor oil and alizarin assistant.

Signed by A. Klipstein & Co., importers of alizarin assistant; Baker Castor Oil Co., manufacturers of castor oil; John Shaw & Co., manufacturers of castor oil and alizarin assistant; Oil Seeds Co., importers and manufacturers of castor oil.

Par. 46.—CASTOR OIL.

JACQUES WOLF & CO., PER ALFRED FISCHESSER, TREASURER, PASSAIC, N. J.

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

SIR: We manufacture large quantities of a product made from castor oil and used extensively in the various branches of the textile industry. Under the present tariff this product, sold under such names as alizarine assistant, soluble oil, and turkey-red oil, is subject to a duty of 30 cents per gallon, if containing 50 per cent castor oil or over. The products we are selling mostly contain 60 or more per cent of castor oil.

The raw material, castor oil, now pays a duty of 30 cents per gallon.

The new tariff, which has just passed the House of Representatives, provides a duty of 15 cents per gallon on castor oil and 15 per cent ad valorem on alizarine assistant.

At the price of 5½ cents per pound, for which castor oil is now sold abroad, to make a 60 per cent article would cost the foreign manufacturer: For castor oil per 100 pounds, $3.30; for labor and other materials per 100 pounds, $0.50; add to this a profit of 10 per cent, 38 cents per 100 pounds. The oil would be billed to the importer at 4¼ cents per pound. Freight at 25 cents per 100 pounds and duty 15 per cent on the billing price of $4.20 would bring the total cost up to $5.06 per 100 pounds.

Castor oil now sells in this country for 9½ cents per pound. Suppose that with the reduction in duty from 35 cents per gallon to 15 cents per gallon, a gallon being equal to 7½ pounds, it could then be bought at 7 cents per pound. It would cost to make the abovementioned 60 per cent article here: For castor oil per 100 pounds, $4.20; for labor and other material per 100 pounds, $0.75. This is 30 per cent above the foreign cost. In order to compete with the

foreign manufacturer we would therefore have to sell our product at a profit of 3 per cent, whereas he could earn 10 per cent, or, if he so choose and is willing to cut down his profit to 6 per cent, it would be impossible for us to sell the domestic article at all.

We shall feel seriously the setback to the textile manufacturers through proposed revision of duties on textiles, which will lessen the production here. This will mean a loss for us, as well as for all others in our line of business, as the consumption of our articles for finishing will be greatly reduced through the importation of a larger quantity of finished fabrics. This, together with the reduction of duty on alizarine assistant, we believe will amount to a handicap too great for us to overcome and the production of similar cases elsewhere will result in a loss which must eventually be felt by the working classes without benefit to anyone but the importers and foreign industries.

We respectfully request your attention to this matter when the proposed tariff is placed before the Finance Committee for consideration.

THE TOLEDO SEED & OIL CO., TOLEDO, OHIO, G. A. VRADENBURG, SECRETARY.

TOLEDO, OHIO, *May 29, 1913.*

Hon. CHAS. F. JOHNSON,
Chairman Subcommittee, Senate Finance Committee,
Washington, D. C.

HONORABLE SIR: Pertaining to Schedule A of Wilson-Underwood tariff, subject, castor oil, paragraph 46; and Schedule G of Wilson-Underwood tariff, subject, castor beans, paragraph 217.

Present rates: Castor oil, 35 cents per gallon of 8 pounds; castor beans, 25 cents per bushel of 50 pounds.

Proposed rates: Castor oil, 12 cents per gallon of 8 pounds, a reduction of 66.7 per cent; castor beans, 15 cents per bushel of 50 pounds, a reduction of 40 per cent.

Inasmuch as the Toledo Seed & Oil Co. are interested in the manufacture of and do manufacture large quantities of castor oil from castor beans; and inasmuch as we understand the aim and desire of the present administration is to reduce to the consumer the cost of the manufactured product (in this case castor oil) without inflicting unjust and ruinous hardships upon the manufacturer; and inasmuch as we earnestly believe that your committee would not knowingly place the American manufacturer of castor oil at a decided disadvantage in competition with the foreign manufacturer, who is able to employ labor which enjoys a much lower standard of living than that enjoyed by our American laborers, and for that reason are able to manufacture castor oil at a small cost; and inasmuch as we desire, in so far as we are able, to cooperate with your committee in ascertaining a lower and at the same time a fair and equitable rate of duty to be levied upon the importation of the above-named articles, namely, castor oil and castor beans:

Therefore we respectfully submit for the consideration of your committee the following suggestion with reference to the proposed rates of duty on both castor oil and castor beans; and since the castor

bean is not cultivated in this country for commercial purposes; and since, therefore, practically all castor beans consumed in this country in the manufacture of castor oil are imported, we, as manufacturers, see no reason why there should be any duty imposed upon the raw material in the manufacture of castor oil, namely, castor beans, and consequently we decidedly favor placing castor beans upon the free list.

Furthermore, it is an acknowledged fact that the cost of manufacture in this country, owing to differences in labor conditions, is higher than the cost of manufacture in foreign countries, and therefore we ask to be placed upon an equal footing with the foreign manufacturer only so far as labor conditions are concerned, and to that end suggest that the duty on castor oil be reduced from 35 cents to 18 cents per gallon of 8 pounds, or a reduction of 48.57 per cent.

This will equalize the difference in the labor cost of manufacture and at the same time secure the results in the way of cheaper prices to consumers which the present administration desires.

In support of the above we call your attention to the following facts:

The ability of the manufacturer to make lower prices on his manufactured product is governed by the cost of his raw material and the cost of his labor.

Now, under the new tariff the proposed reduction on castor beans, from 25 to 15 cents per bushel, is a reduction of 40 per cent. This, therefore, marks the limit to which the manufacturer can go in competing with the foreign manufacturer of castor oil. As we do not believe that it is the intention of the present administration to drive out of business the manufacturers of castor oil, it is obvious that a 40 per cent reduction in the cost of castor oil is all that is or can be desired.

Now, by making a reduction in the duty on castor oil from 35 cents to 12 cents per gallon, or a reduction of 66.7 per cent, it is evidently the intention of the present administration to make the duty on castor oil low enough to force the American manufacturer to share with the consumer the reduction of 40 per cent in the cost of the raw material.

We wish to enter our earnest protest, however, against the reduction of 66.7 per cent in the duty on castor oil while making a 40 per cent reduction on the raw material, because the proposed rates will not only defeat the very ends sought by the administration, but in doing so will ruin the American manufacturer.

The proposed rates will defeat the ends sought, because a duty of only 12 cents per gallon on castor oil will enable the foreign manufacturer not only to compete with the American manufacturer, but will give the foreign manufacturer practical control of the American market, for the American manufacturer has not only to employ labor enjoying a much higher standard of living than that enjoyed by the foreign laborer, but under the new tariff he must also pay a duty of 15 cents per bushel on his raw material, for the amount of home-grown castor beans consumed in this country is negligible.

Obviously, if the American manufacturer is driven from a competitive basis, the foreign manufacturer will simply enjoy the benefits of whatever duty we may impose upon the raw material, and instead

of reducing the cost of the finished product to the consumer, the new tariff simply takes the American market from the American manufacturer and hands it over to the foreign manufacturer.

The object desired by the present administration, namely, the securing of a decidedly lower price to the consumer of the finished product, can be obtained without inflicting ruinous conditions upon the American manufacturer.

As stated above, under the proposed tariff a reduction of 40 per cent in the cost of the finished article to the consumer is all that can be hoped for.

Now, by reducing the duty on the castor oil from 35 cents to 18 cents per gallon, a reduction of 48.57 per cent in the present tariff wall is secured. Then by placing castor beans upon the free list the American manufacturer will be placed upon something like a parity with the foreign manufacturer so far as labor conditions are concerned, and consequently will be able to give to the consumer on the finished product the benefit of the reduction of 48.57 per cent from the present tariff.

This is clearly 8.57 per cent more of a reduction than can be hoped for under the new tariff, and yet can be secured to the consumer without material injury to the American manufacturer.

And, as stated earlier, since we believe it to be the earnest desire and aim of the present administration and your committee to secure a lower and at the same time a fair and equitable rate of duty on castor oil and castor beans, we respectfully ask that you favor the above change, placing a duty of 18 cents per gallon upon castor oil and placing castor beans upon the free list.

THE BAKER CASTOR OIL CO., 100 WILLIAM STREET, NEW YORK, N. Y., BY F. C. MARSH, PRESIDENT.

[Alizarin assistant, Schedule A, par. 46, 15 per cent ad valorem; castor oil, Schedule A, par. 45, 12 cents per gallon; castor seed, Schedule G, par. 217, 15 cents per bushel of 50 pounds.]

Hon. CHARLES F. JOHNSON,
Chairman Subcommittee of Senate
Finance Committee, Washington, D. C.

DEAR SIR: In fixing the duties on alizarin assistant and castor oil, intelligently, it is necessary to consider the raw material in connection, which is in Schedule G.

The rates on these articles as proposed by this bill are grossly unfair to American manufacturers, under which it will be impossible to compete with foreign makers.

RAW MATERIAL (CASTOR SEED).

Very little is produced in this country at the present time. Manufacturers get their supply principally from India. That country also has large factories producing castor oil. The present value of castor seed is £9 9s. 8d. to £10 4s. 8d. per English ton of 2,240 pounds at shipping port in India. The freight is 20s. for 13 hundredweight. Insurance in first-class companies, 55 cents per $100. This makes a cost price, say, at Bombay, based on United States currency of about

$1.08 per bushel of 50 pounds of seed. As a matter of fact, the duty is further increased by the dirt and impurities contained in castor seed; on an average about 5 per cent admixture is in each bushel of seed of no value whatever to the manufacturer. It is not practical in a commercial way to remove the entire admixture before shipping. Under the provisions of this bill no allowance is made to the importer for any dirt or impurities contained in castor seed.

ALIZARIN ASSISTANT.

This product consists of castor oil treated with an acid to make it soluble in water and is used as a mordant and a softener. It is called by various names: Alizarin assistant, turkey red oil, soluble oil, etc., made and sold under varying strengths according to the quantity of castor oil used in the mixture. The value of the article is principally the castor-oil content. The rate of duty should closely approximate the duty on castor oil for that reason. We do not manufacture alizarin assistant, but sell castor oil to the alizarin assistant manufacturers. No alizarin assistant can be produced in this country unless the castor oil is made here. We have no statistics of the quantity of this article produced in the United States, but probably 20 per cent of the castor-oil output goes into alizarin assistant.

CASTOR OIL.

The proposed duty of 12 cents per gallon on castor oil is entirely inadequate and is much below a competitive basis. All we ask is a fair show to compete with the foreigner and not be placed on a prohibitive basis.

There are a number of disabilities the American manufacturer of castor oil are under compared with foreign makers, chief of which is the value of the by-product abroad as compared with the value here. The selling price here is from 65 to 75 cents per 100 pounds, while the selling price abroad is 95 cents to $1.15 per 100 pounds. We also have to pay the freight on this byproduct in the seed equal to one-third of a cent per pound, as 60 per cent of a bushel of seed is by-product. We also have to pay freight and duty on the dirt and impurities in the seed; also increased cost of labor, materials, and supplies of every description.

Disabilities of American manufacturers of castor oil, compared with foreign makers.

[Reduced to oil-gallon basis.]

	Cents per gal.
Labor, supplies, and material of every description	4.8
Duty on castor seed, 15 cents per bushel of 50 pounds	4.0
By-product, castor pomace, difference in value American and India	4.0
Freight on by-product from India	4.0
Freight and duty on dirt and impurities	1.58
	20.38

In addition there is a further handicap. The foreign maker of castor oil can ship to Atlantic and Gulf ports at equal freights with New York. Our freights to these ports will average 4 cents per gallon, but to Pacific coast ports 8 cents per gallon. In this connec-

tion Japan has already commenced to make castor oil with its cheap labor and is offering it in San Francisco markets.

The present tariff rates are as follows: Castor oil, 35 cents per gallon; castor seed, 25 cents per bushel of 50 pounds; alizarin assistant (over 50 per cent cas' r oil), 30 cents per gallon; alizarin assistant (under 50 per cent castor oil), 15 cents per gallon.

To place American makers on an equal footing to compete with foreign makers the rates should be not below the following: Castor oil, 20 cents per gallon; castor seed, 15 cents per bushel of 50 pounds; alizarin assistant (over 50 per cent castor oil), 15 cents per gallon; alizarin assistant (under 50 per cent castor oil), 7½ cents per gallon.

Par. 46.—NUT OIL.

LAMONT CORLISS & CO., 131 HUDSON STREET, NEW YORK, N. Y.

NEW YORK, *May 21, 1913.*

Hon. CHARLES F. JOHNSON,
Hon. HOKE SMITH,
Hon. WILLIAM HUGHES,
Subcommittee, United States Senate, Washington, D. C.

GENTLEMEN: The undersigned are importers of peanut oil, which is now admitted free of duty under the provision in paragraph 639 for "nut oil or oil of nuts." We respectfully ask that this article be retained on the free list.

In support of this request we assign the following reasons:

(1) It is not produced in this country and is a raw material used in the manufacture of butterine, a wholesome and nutritious substitute used as butter by the poorer classes and by bakers in making cheap bread.

(2) A duty thereon would operate to depreciate the quality of butterine and cheap bread, while little revenue would be derived therefrom, as its importation would greatly decrease.

Peanut oil is a raw material used in the manufacture of butterine, a wholesome and nutritious substitute used as butter by the poorer classes and by bakers in making cheap bread.

Peanut oil, as its name indicates, is the expressed oil of the peanut. Its most important use is in the manufacture of butterine, an article used as a substitute for butter by the poorer classes and by bakers in making cheap bread. It is not an adulterant, but is wholesome and nutritious, and enables the baker to produce a cheap bread without lowering its quality. While it is possible to produce oil from all peanuts, the oil used in making butterine must be neutral; that is, without flavor; and experiments have demonstrated that the only grade of peanut oil fit for this purpose is that made from the West African peanut, a small nut which is practically tasteless. So far as we can ascertain, peanut oil is not produced from the American peanut, as its strongly pronounced flavor would preclude its use in butterine, and its only uses would be those of other oils that could be more cheaply produced.

When butterine is made without peanut oil it sticks to the roof of the mouth and does not melt as butter does, but possesses a more

or less tallowlike, pasty consistence, which renders it unpleasant to the taste. When, however, a certain proportion of peanut oil is used in combination with cottonseed oil, the butterine loses this pasty quality and melts on the tongue, just as butter would. Its use, therefore, enhances the quality of butterine, increases its consumption, and consequently the consumption of cottonseed oil.

Peanut oil was first introduced into this country about eight or nine years ago, and, although never specially enumerated, has ever since come in free of duty under the provision for "nut oil or oil of nuts," which has been on the free list since the act of 1890.

A duty on peanut oil would not only operate to depreciate the quality of butterine and cheap bread but would result in a very slight increase in the revenue.

The exaction of a duty on peanut oil would force the manufacturers of butterine to use cheaper and less wholesome articles in place of this oil. Its increased cost would in all probability prevent its use as an ingredient of butterine, and as this is the chief purpose for which it is employed its importation would greatly decrease.

A glance at the importations for the past three years will illustrate how they decrease as the price of the article advances. In 1910, when the price was 47.6 cents, the importations were 3,284,064 gallons. In 1911 the average price was 60.2 cents and the importations 1,121,097, a little over one-third. In 1912 the price increased to 65.8 cents and the importations were 878,659.57. These figures tell in the strongest language that a duty of 6 cents per gallon, as proposed in House bill 3321, will very quickly shut out the product almost entirely.

We therefore submit that as the article is not produced in this country, as it is chiefly used as a raw material, and as its assessment would add little to the revenue, it should be retained on the free list, and we ask that the words "and peanut oil," in line 25, page 10, line 11, page 11 (par. 46), be stricken out, permitting the oil to come in free of duty under the provision in paragraph 566, for "oil of nuts."

Par. 46.—LINSEED OIL.

BENJAMIN MOORE & CO., BROOKLYN, N. Y., BY W. P. TALBOT, TREASURER.

BROOKLYN, N. Y., *May 21, 1913.*

Hon. F. L. SIMMONS,
United States Senate, Washington, D. C.

HONORABLE SIR: Referring to Schedule A, paragraph 66, H. R. 10, we beg to ask that you examine carefully the apparent inconsistency in fixing the rate on paints, colors, and pigments not otherwise specified by reducing the duty on same from 30 to 15 per cent ad valorem.

It is quite clear from a close perusal of this paragraph that the finished product of our factories would not be accorded the same rate of duty if this bill should pass as that of the principal raw materials entering into the manufacture of same.

Linseed oil, the principal raw material in the manufacture of paints, and which represents about 70 per cent by measure of a gallon of paint, has been accorded a proposed duty by H. R. 10 of 12 cents per gallon, which, based upon the present European price of 38 cents

per gallon, is equivalent to about 32 per cent ad valorem. This affords the linseed-oil industry a duty of 32 per cent on importations of linseed oil, which duty is considered justified in view of the great need of fostering the domestic production of flaxseed and linseed oil in this country, but this section of H. R. 10 conflicts with the duty on linseed oil by providing a means of importing linseed oil in paint form at a duty of 15 per cent, or less than one-half of that provided for linseed oil as a raw material.

Other articles contained in prepared paints carry duties averaging about 25 per cent ad valorem in H. R. 10, while these same raw materials are processed into a finished product and imported into this country with a duty of only 15 per cent.

It would seem, therefore, that this apparent inconsistency is due purely to an oversight on the part of the framers of the bill. If passed, it would unquestionably work great injury.

We earnestly hope that you will give this your personal attention and that you will use your best influence to have this inconsistency eliminated from the bill before its final passage.

We assure you of our appreciation of any attention you will give this matter.

THE H. B. DAVIS CO., BALTIMORE, MD., AND OTHERS.

BALTIMORE, MD., *May 6, 1913.*

Hon. JOHN WALTER SMITH,
United States Senator from Maryland,
Washington, D. C.

DEAR SIR: Referring to Schedule A, paragraph 66, H. R. 10, we beg to call your attention to apparent inconsistency in fixing the rate on paints, colors, and pigments not otherwise designated, reducing the duty from 30 per cent ad valorem to 15 per cent ad valorem.

This would not only affect the paint manufacturers of Maryland but the entire industry throughout the country, comprising several hundred manufacturers employing extensive capital and giving employment to thousands of American workmen.

We note as a general thing that in framing this bill there has been an effort to arrive at such correlated assessment of duties both in finished products and on raw materials as will afford the American manufacturer a fair opportunity to compete with the foreign manufacturer, but we beg to point out that in this particular instance the American manufacturer of these products has been singled out for an exceptionally drastic cut in the protective duties accorded the finished product of this industry as compared with the duties on the materials from which he must manufacture his products.

We submit that the principal raw material in the manufacture of prepared paint is the item of linseed oil—a gallon of ready-mixed paint, for example, containing on the average about two-thirds of a gallon of linseed oil.

The duty on linseed oil proposed by H. R. 10 is 12 cents per gallon, which on the present European price of 38 cents per gallon is equivalent to about 32 per cent ad valorem.

In other words, the linseed-oil industry is accorded a duty of 32 per cent on importations of linseed oil (which duty we consider en-

tirely justified in view of the great need of fostering the domestic production of flaxseed and linseed oil in this country), but this section of H. R. 10 conflicts with this duty on linseed oil by providing a means of importing the linseed oil in paint form at a duty less than one-half of that provided for linseed oil as a raw material.

We submit that other articles contained in "Prepared paints" are accorded duties averaging about 25 per cent ad valorem in H. R. 10, while if these same materials are subjected to further process of manufacture and are imported into this country in the more highly finished form of prepared paints the duty is only 15 per cent.

This, it appears to us, has been a palpable oversight on the part of the committee in framing this bill which will work a great and unnecessary injury to this large industry of the United States.

We feel that the finished product of our factories should be accorded at least the same rate of duty, viz, 25 per cent, as the average duty upon the ingredients used in its manufacture, and we earnestly hope that you will use your best influence to have this inconsistency eradicated from this bill before its final passage.

(The above bore the following signatures: The H. B. Davis Co., by H. B. Davis; Hanline Bros.; Histberg Hollander Co.; Atlantic Paint Works; G. & W. Popplar Co.; Joseph H. Rest & Co.; Baltimore Copper Paint Co., by C. H. Veeder; Fred Husemann & Co.)

OLIVER JOHNSON & CO., PER C. J. GREENE, MANAGER, 18-26 CUSTOM HOUSE STREET, PROVIDENCE, R. I.

Hon. F. McL. Simmons,
United States Senate, Washington D. C.

Dear Sir: Referring to Schedule A, paragraph 66, H. R. 10, we beg to call your attention to apparent inconsistency in fixing the rate on paints, colors, and pigments not otherwise designated, reducing the duty from 30 per cent ad valorem to 15 per cent ad valorem.

In the framing of this bill it has evidently been the purpose to arrive at such a just assessment of duties both on finished products and raw materials as will afford the American manufacturer a fair opportunity to compete with the foreign manufacturer, but in this particular instance the American manufacturer has been singled out for an exceptionally drastic cut in the protective duties accorded the finished product of this industry as compared with the duties on the materials from which he must manufacture his product.

In every gallon of ready-mixed paint, for example, there is about two-thirds of a gallon of linseed oil. The proposed duty on linseed oil we consider entirely justifiable in view of the great need of fostering the domestic production of flaxseed and linseed oil in this country, but this section of H. R. 10 conflicts with this duty on linseed oil by providing a means of importing the linseed oil in paint form at a duty less than one-half of that provided for linseed oil as a raw material. This it appears to us has been a palpable oversight on the part of the committee in framing this bill, which will affect the entire paint-manufacturing industry, and would work a great and unnecessary injury to the entire industry in the United States.

We feel that the finished product of our factories should be accorded at least the same rate of duty—that is, 25 per cent as the average duty upon the ingredients used in its manufacture—and we earnestly hope that you will use your best influence to have this inconsistency eradicated from this bill before its final passage.

TARIFF COMMITTEE, PAINT MANUFACTURERS' ASSOCIATION OF THE UNITED STATES, PER R. S. HUBBARD, CHAIRMAN, 3500 GRAYS FERRY ROAD, PHILADELPHIA, PA.

Hon. F. McL. Simmons,
United States Senate, Washington, D. C.

Dear Sir: Referring to Schedule A, paragraph 66 (H. R. 10), we beg to call your attention to apparent inconsistency in fixing the rate on paints, colors, and pigments not otherwise designated, reducing the duty from 30 per cent ad valorem to 15 per cent ad valorem.

This would affect the entire paint-manufacturing industry in this country, in which large sums of capital are employed by a great number of manufacturers throughout the length and breadth of the country, giving employment to thousands of American workmen.

We note as a general thing that in framing this bill there has been an effort to arrive at such correlated assessment of duties both on finished products and on raw materials as will afford the American manufacturer a fair opportunity to compete with the foreign manufacturer, but we beg to point out that in this particular instance the American manufacturer of these products has been singled out for an exceptionally drastic cut in the protective duties accorded the finished product of this industry as compared with the duties on the materials from which he must manufacture his products.

We submit that the principal raw material in the manufacture of prepared paint is the item of linseed oil, a gallon of ready-mixed paint, for example, containing on the average about two-thirds of a gallon of linseed oil.

The duty on linseed oil proposed by H. R. 10 is 12 cents per gallon, which on the present European price of 38 cents per gallon is equivalent to about 32 per cent ad valorem.

In other words, the linseed-oil industry is accorded a duty of 32 per cent on importations of linseed oil (which duty we consider entirely justified in view of the great need of fostering the domestic production of flaxseed and linseed oil in this country), but this section of H. R. 10 conflicts with this duty on linseed oil by providing a means of importing the linseed oil in paint form at a duty less than one-half of that provided for linseed oil as a raw material.

We submit that other articles contained in prepared paints are accorded duties averaging about 25 per cent ad valorem in H. R. 10, while if these same materials are subjected to further process of manufacture and are imported into this country in the more highly finished form of prepared paints, the duty is only 15 per cent.

This appears to us has been a palpable oversight on the part of the committee in framing this bill, which will work a great and unnecessary injury to this large industry of the United States.

We feel that the finished product of our factories should be accorded at least the same rate of duty, viz, 25 per cent, as the average duty upon the ingredients used in its manufacture, and we earnestly hope

that you will use your best influence to have this inconsistency eradicated from this bill before its final passage.

If at any time a personal interview seems to you desirable for further discussion of the matters herein referred to, will be very glad to put ourselves at your disposal and will come to Washington for such interview at your convenience.

On behalf of the 105 paint manufacturers, members of this association, all of whom are independent and actively competing manufacturers, and generally on behalf of over 200 other also independent and competing paint manufacturers, not members of this association, this plea is respectfully submitted.

Par. 46.—OIL CAKE.

THE MANN BROS. CO., BUFFALO, N. Y., BY JOHN A. MANN, PRESIDENT.

BUFFALO, N. Y., *April 22, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: We are in favor of the flaxseed provision in the Underwood tariff bill, for the reason that it abolishes the unjust drawback feature now a provision of the present law on oil cake exported but manufactured from imported seed. This drawback feature is a discrimination against everyone interested in this line of business, excepting several crushers at the Atlantic seaboard. The discrimination is for their exclusive benefit. In the present law the farmer supposes he is protected on his flaxseed crop to the extent of 25 cents per bushel, whereas in reality, due to the drawback feature on oil cake made from imported seed, his protection amounts to 18½ cents per bushel. Canadian seed coming into this country does so at a price based on net duty of 18½ cents per bushel. In the Underwood bill the flat duty is 20 cents, with no drawback on oil cake—a moderate advance for the northwestern farmer over present rates. Furthermore, dairymen and farmers throughout a large part of this country desire to feed linseed oil cake. With the drawback feature on oil cake in effect they can not afford to use oil cake, as the crusher must add to its price all the drawback he would receive when exported; this, of course, presuming imported seed were used. But much imported seed is used and will continue to be in the future. It is, therefore, to the interest of both farmer and manufacturer, with the exception of the selfish seaboard interest, to abolish the drawback feature referred to. We hope you will support the Underwood bill so far as it relates to the flaxseed and crushing interests. Especially we urge that you turn a deaf ear to any proposition to reestablish a drawback on exported cake.

Par. 46.—OLIVE OIL.

THE POMPEIAN CO., GENOA, ITALY, BY L. WEIGERT, WASHINGTON, D. C.

WASHINGTON, D. C., *May 26, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

A protest against paragraph 46 of H. R. 3321, which reduces the duty on olive oil, not specially provided for, to 20 per cent and olive oil in bottles, jars, kegs, tins, and other packages to 30 cents per gallon.

This paragraph should be amended so as to read:

> Duty on olive oil, not specially provided for, 20 cents per gallon, and olive oil in bottles, jars, kegs, tins, and other packages to 30 cents per gallon.

There should be a definite differential between duty on olive oil in bulk and the duty on olive oil in bottles, jars, kegs, tins, and other packages, and the only way there can be a definite differential is to assess the duty on both on the same basis. An ad valorem duty on olive oil in bulk and a specific duty on olive oil in bottles, jars, kegs, tins, and other packages does not make the differential the same at all times, for the differential would depend entirely upon the valuation of the olive oil imported in bulk.

Under the present tariff the duty on olive oil is 40 cents per gallon for bulk and 50 cents per gallon for olive oil in packages, and as the olive-oil consumption of the United States is increasing, and it is estimated that the importation of olive oil within the next few years will be double (caused by the growing popularity of olive oil as a food and because of contemplated reduction in duty), the revenue on olive oil at 20 cents per gallon in bulk and 30 cents per gallon in bottles, jars, kegs, tins, and other packages will bring in as much revenue as the present duty of 40 and 50 cents.

It was evidently the intention of the framers of paragraph 46 of H. R. 3321 to continue the differential of 10 cents per gallon, because they were working on information that olive oil in bulk costs about $1 per gallon. They evidently did not take into consideration that there are many grades of pure olive oil sold in bulk and in packages, and that, whereas by far most of the olive oil imported in bulk is of the best grade, the same proportion of olive oil imported in packages is of inferior quality. They also were not aware that this year high-grade, pure olive oil is very high in price, because of crop shortages all over the world, and that although the Pompeian Co. are the largest importers of high-grade, edible olive oil in America, they are paying as high as $1.20 per gallon for bulk olive oil this year. According to proposed tariff, this olive oil will be subject to a duty of 24 cents per gallon, making the differential between bulk and package goods only 6 cents per gallon. In other words, the price of bulk oil may be lower or higher, so that the indefinite duty proposed would be a hardship, and make the olive-oil business an uncertain proposition.

The only just basis would be to assess both bulk and package olive oil at a certain fixed rate per gallon for the bulk and another fixed rate for the package olive oil. To put both on an ad valorem basis would open the way to fraud, and would cause endless trouble on the

part of the appraisers to determine the true valuation of the importations. There are hundreds of grades of pure olive oils, and there are few people who are capable of appraising the exact value of the various grades, especially as the prices for the particular grades vary from year to year, according to the amount produced. Take ourselves, for example; we have our own buyers abroad who bill olive oil that they purchase for our account to us. We buy our olive oil cheaper than others, because we buy in much larger quantities, and an ad valorem duty would be to our benefit, because we pay less than anyone else for similar quality olive oil. There is not a jury of merchants that could appraise our importations, because we buy high-grade, pure olive oil in unheard-of quantities.

By assessing bulk olive oil at 20 cents per gallon and olive oil in bottles, jars, kegs, tins, and other packages at 30 cents per gallon there is absolutely no chance for frauds, and the honest importer does not have to fear competition of the importer who would be tempted to undervalue his olive oil because of the ignorance regarding same. The differential of 10 cents per gallon, as suggested, is the differential under the present tariff, and should be continued.

The olive oil packing industry in America has grown to large proportions during the past few years, because the pure-food law, excluding adulterated olive oil, has given the people confidence in olive oil, and olive oil is therefore being used more and more. Olive oil packed in this country is better than the olive oil packed elsewhere, because American bulk buyers, as a rule, only buy the best olive oil procurable. There is very little inferior quality pure olive oil packed in America. The same can not be said of the olive oil packed abroad, for while there is some very good quality pure olive oil imported in small containers, by far the larger proportion of the olive oil imported in pretty tins or bottles with beautiful labels is of inferior quality. The olive oil is absolutely pure, but not of the high grade that would be accepted by American packers, who have well-known names to protect, and therefore want to give their trade the best olive oil obtainable.

The packing plants of the United States are under the eyes of the pure-food inspectors of the States in which they are located, and they also have to conform with the United States laws when doing interstate business. Buyers of American-packed olive oil have a guarantee that the olive oil that they buy is not only pure olive oil, but that it is packed under most hygienic conditions. There are no laws to protect the consumer of olive oil packed abroad against olive oil packed under insanitary conditions. The imported packed olive oil may be pure all right, but it may not have been handled as American-packed goods are. We, of course, do not want to say that all the olive oil packed abroad is packed under insanitary conditions, but much of the olive oil imported in packages is put up in public warehouses, where materials of all descriptions are stored, among filth that has been accumulating there for ages.

It is well known among the trade that very little of the "French" olive oil is really French oil, and that all "Italian" olive oil is not Italian oil, but olive oil that is shipped to France and Italy from different olive-growing countries and reshipped as French and Italian oils in packages that please the eye. The French and Italian Governments provide public warehouses at different ports for the storing

of imported olive oil. The French and Italian merchants store the olive oil that they have imported in these public warehouses, which are used for the storing of all kinds of merchandise, and the olive oil may be placed right alongside of bundles of hides or other goods that would be likely to contaminate the olive oil. These French and Italian merchants repack this olive oil in the warehouses, so that they can export to America and other localities without having to pay any import duty for first bringing of the goods into their own countries. In fact, these Governments pay their merchants a bounty on olive oil imported in bond by the French and Italian merchants and exported as French or Italian olive oil.

We do not ask for a differential of at least 10 cents per gallon between the duty on olive oil in bulk and the duty on olive oil in bottles, jars, kegs, tins, and other packages to protect the American packer against cheaper put up foreign olive oil, but to protect the American consumer himself. By the American consumer we mean not only the ordinary purchaser, but we mean those people who are supposed to be above ordinary intelligence and who permit themselves to be fooled by purchasing goods with foreign labels under the mistaken notion that the goods themselves are a better quality. It is an absolute fact that Americans put up better goods than foreigners and put them up in a better manner. As far as olive oil is concerned there is not a plant in the world that can in any way come up to the plant of the Pompeian Co., which is now packing about 10 per cent of the olive oil sold in the United States.

The Pompeian Co. has greatly reduced the cost of good quality, pure olive oil to the consumer, and olive oil is sold at less price to-day than it ever was before. In fact, some dealers who have been in the habit of getting more for pure olive oil in fancy imported packages than our advertised prices will not buy ours just because we have the retail prices printed on the packages, which are below the prices they have been in the habit of getting.

We want other reputable packers to be encouraged to put up olive oil in the same manner that we are putting it up, for the more good olive oil there is marketed the more olive oil will be used, for it is the marketing of poor, bad-tasting olive oil that hurts the olive oil business and prevents people taking olive oil who would be benefited by same.

The differential of 10 cents per gallon between the duty on olive oil in bulk and olive oil in bottles, jars, kegs, tins, and other packages (the same differential as under the present tariff) would permit the olive oil packing industry of this country to grow still more, and the olive oil sold to the American consumer would be well packed and clean, as well as pure.

The 10 cents per gallen differential not only protects the manufacturers of packages and labels used in putting up olive oil, but gives the American packer a chance to spend a little more in putting up the olive oil under better conditions. Instead of refining our olive oil by a chemical process, which takes away some of the good taste of the olive oil, we put our olive oil through an expensive filtering process, and every drop of olive oil is filtered through 500 sheets of druggists' filter paper.

The olive oil is stored here in glass-lined tanks, run through porcelain-lined pipes and silver-tubed machinery, which adds to the cost

of packing, and also greatly improves the packed product. We invite everyone who has ever seen olive oil put up elsewhere to go through our plant, so they can be convinced of the superiority of our methods.

As we appreciate that the present Congress must leave a duty on many articles for revenue purposes, we are not urging too strongly that the entire duty on olive oil in bulk should be removed, but there does not seem to be any good reason (outside of the question of revenue) why olive oil in bulk should be assessed any duty at all. It is conceded that it is a most excellent article as diet, good for the well and for the sick, and it does not seem right that an article as useful as olive oil is to mankind should be taxed.

Unfortunately, olive oil is, for some unaccountable reason, considered by legislators a luxury, whereas it is an everyday necessity, far superior as a food to many articles at present untaxed because they are considered foods. Olive oil is hidden in Schedule A among thousands of items, and the importance of it consequently overlooked by legislators. Official figures indicate that the annual importation of olive oil in the past few years has been approximately 5,000,000 gallons. This year it will be much more, for this company alone has greatly increased its olive-oil business, and the Pompeian Co.'s importations will amount to over one-half million gallons during 1913. The Pompeian Co.'s importations of high-grade olive oil are more than the entire production of all grades of olive oil in the United States.

There is absolutely no reason for putting a tax on olive oil because of protection, because there is nothing to protect. The entire production of olives in this country is confined to California and Arizona; but the olives grown in these localities are, for the most part, sold pickled as green or ripe olives. There are no official figures regarding the olive-oil production in these States, but unofficial figures estimate the annual output at from 200,000 to 500,000 gallons. (The larger figure was the one given by California's representative before the Committee on Ways and Means, House of Representatives, in January.)

The official figures of the United States Government show the importation during the last few years to be ten times as much as the maximum production claimed by California producers, and no one should ask that the users of over 5,000,000 gallons be burdened with a heavy tax to protect a few growers in one corner of the United States.

Frosts in the early part of this year in southern California nipped the olives on the trees before they had opportunity to fully ripen, and as a consequence the production of olive oil is much less this year than the estimates given. There was also a frost last year that affected the olive crop.

It will take 100 or more years to make California olive groves worthy of consideration as far as protection is concerned. Just now olive groves there are planted like the orange groves. The California grower is not really a grower, but a speculator, who raises olives and oranges not for what he can make out of olives and oranges, but for what he can obtain for the increased valuation of the land after the crops are under way. Californians do not stay on ranches (as they call them out there) long, but only hold onto a place until

some one comes along and pays them a few dollars more than they paid for their holdings. The Californian figures his high cost of produc[illegible]n, starting with a fictitious valuation on the land producing fruit, and as they are great boosters land values are constantly increasing there; and if the country is asked to keep pace with their production costs because of the increased valuation of their land, the rest of us are in a pretty bad way if goods that are grown in California are protected so as not to be imported at less than their fictitious cost in California.

California does not really grow enough olive oil for home consumption, and could sell every bit of the olive oil on the Pacific coast if all of the olive oil produced there was of high quality. This company has shipped to Los Angeles and San Francisco nine full carloads, besides several smaller shipments, of pure, high-grade olive oil, and all those who know anything about Californians and their partiality for home industries know our shipments to California are the best argument for a low duty on olive oil, or the elimination of all duty.

You want the tariff to be an expression of the people, so give them olive oil at the lowest possible price and solve one of the high-cost-of-living problems.

Par. 46.—TOILET SOAPS, ETC.

MÜLHENS & KROPFF, 87-91 BROADWAY, JERSEY CITY, N. J.

NEW YORK, N. Y., *May 3, 1913.*

Hon. WILLIAM HUGHES,
United States Senate, Washington, D. C.

DEAR SIR: We are manufacturers of toilet soaps and perfumery, with a factory located at Nos. 87 to 91 Broadway, Jersey City, N. J.

Since the year 1889 we have been employers of labor at that location, and ever since we have been in business and for years before, under all tariff schedules, whether Democratic or Republican, most of the essential oils which enter largely into our manufactured products, not being produced in this country, have been on the free list.

Under the proposed provisions in Schedule A, section 49, essential oils, such as bergamot, neroli, petitgrain, jasmine, lavender, rosemary, and other necessary ones are taken from the free list and taxed at 20 per cent. If this classification prevails, a great burden will have been added to a struggling industry.

As American manufacturers we feel entitled to the small amount of protection we have heretofore enjoyed. We pay good wages and hope to be permitted to continue to do so.

In Schedule A, section 67, perfumed toilet soaps are classified at 40 per cent, a reduction of 10 per cent from the previous classification. The rate under the Payne-Aldrich bill—50 per cent—while it permitted the importation of large quantities of foreign soap, still was acceptable to the American manufacturer.

In this same section it is provided that "unperfumed toilet soap" pay 10 per cent. This apparently is an error, as it would permit high-priced soaps made without perfume (such as Pear's unscented) to be entered at a ridiculously low rate of duty.

As American manufacturers we strongly recommend that a specific duty of 20 cents per pound, which is the present rate on medicated soaps, be put on all toilet soaps. The clause should read, "including fancy, transparent, and all descriptions of toilet soap." With this specific duty there would be no possible chance for fraud by undervaluation and the very low grade soaps, made from the worst materials, and in most cases deleterious substances, would be kept out of the American market.

Lowering the import duty on toilet soaps and increasing the cost of the raw materials, most of which are not produced in this country, is an injustice to the American manufacturer.

The foregoing is respectfully submitted for your kind consideration.

Par. 47.—ESSENTIAL OILS.

THE PERFUMERY, SOAP & EXTRACT MAKERS' ASSOCIATION OF CHICAGO, PER EDGAR A. WEBER, SECRETARY, 54 WEST KINZIE STREET, CHICAGO, ILL.

CHICAGO, ILL., *May 16, 1913.*

Brief on Essential Oils, Pomades, Concretes, and Vanilla Beans.

It is respectfully suggested that the duties imposed upon essential oils, pomades, concretes, and vanilla beans be left as they have been heretofore, for the following reasons:

(1) These raw materials are not and can not be produced in this country.

(2) The products manufactured both by perfumers and extract makers already pay a revenue to the Government on the alcohol used. Perfumes are 90 per cent alcohol. The pure-food standard for vanilla extract requires the use of 35 per cent of alcohol.

(3) The popular vanilla package is a 10-cent seller. The addition of the proposed duty on vanilla beans would eliminate this package, as it would the smaller-sized perfumes, the popular-priced sellers, one of the few luxuries indulged in by the poorer people.

(4) Already within the last two years the price on most of these raw materials has been advanced from 50 to 200 per cent, due to natural causes. Our materials are much higher than they have ever been in the history of our industry.

(5) The American perfumer has many obstacles to overcome. Europe has the reputation, and our manufacturers have the task of establishing their products in spite of popular favor leaning toward European products.

(6) Manufacturers abroad have advantages on their side because their alcohol is practically free; their labor is much cheaper than American labor, and they are in the heart of the districts producing the raw materials.

It must be remembered that the above raw materials are not in themselves luxuries until manufactured into finished products by American labor, American skill, and American capital.

ITALIAN CHAMBER OF COMMERCE IN NEW YORK, 293 BROADWAY, NEW YORK, N. Y.

NEW YORK, *April 26, 1913.*

The CHAIRMAN OF THE FINANCE COMMITTEE,
United States Senate, Washington, D. C.

OLIVE OIL.

This paragraph directs that olive oil not specially provided for under that section, viz, in packages of 5 gallons or more, should pay 15 per cent ad valorem.

This chamber would recommend that a specific rate of duty be adopted also for olive oil in packages of the above size. The qualities of this merchandise, and even the various grades of the same quality or place of origin, differ in price so much that it is practically impossible to establish a market value so as to comply with the requirements of the custom law concerning declaration of value. In fact, its prices range from $1 a gallon up to $2, according to qualities and grades and places of origin.

Under such circumstances you certainly understand how difficult it would be for the importer to prove the market value of his goods and how often his declaration may disagree with the valuation set by the appraising officer, who may take as a basis a different grade. This will lead to numberless cases of litigation and undeserved penalties for the importer.

We must also point out to you that the unscrupulous importer will take advantage of such wide range in price whenever he has the chance and try to enter high-grade goods at low prices. This, then, will be another hardship for the honest importer to contend with, as he will find himself confronted on the market with the same grade of merchandise imported by the unscrupulous dealer and assessed a lower duty, which will enable the latter to wage a war of unfair competition against the former.

This chamber, therefore, respectfully recommends that a specific rate of duty be adopted also for olive oil in packages of more than 5 gallons, viz, 20 or 25 cents per gallon, which would correspond to the average ad valorem duty as proposed.

CHEESE.

[Schedule G, par. 205.]

This paragraph provides that cheese should pay 20 per cent ad valorem, but this chamber recommends that also on this merchandise a specific rate of duty be adopted.

The same considerations set forth with regard to olive oil apply to cheese, this being a merchandise whose qualities, and even the various grades of the same quality, widely differ in price according to grade, place where the cheese is produced, etc. For instance, the price for Roman cheese, according to quality, varies at the market of origin from 17 to 22 cents a pound, or thereabout; Caciocavallo and provolone from 15½ to 18 cents or thereabout; gorgonzola from 15½ to 17½ cents; Parmesan cheese from 18 to 27 cents, and sometimes 28 cents a pound.

This chamber, therefore, respectfully recommends that cheese be assessed a rate of duty, viz, 3 or 4 cents per pound, which would correspond to the average ad valorem duty as proposed.

BREAKAGE AND LEAKAGE CLAUSE.

[Schedule H, par. 253.]

This provision was left inserted in Schedule H, paragraph 253, of the new bill in the same way as it was in paragraph 307 of the tariff act of August 5, 1909. It provides "that there shall be no constructive or other allowance for breakage, leakage, or damage on wines, liquors, cordials, or distilled spirits."

We must call your attention to the injustice and discrimination caused by the aforesaid proviso, to which exception is rightfully taken by the entire trade. In fact while justice and logic dictate that duty should be paid only on merchandise actually gauged, received, and entered, the above proviso imposes the duty on merchandise which the official gauge shows was not received or even landed. Furthermore, the allowance of duty for breakage, leakage or damage is confined to wines, liquors, cordials, or distilled spirits and not to any other article whether liquid or solid and whether containing or not containing alcohol, and this discrimination makes the clause the more unjust.

The fact that the importer, besides the exorbitant duty paid on wines, is put to the extra expense of 1 cent per gallon in insuring against probable loss by leakage and breakage, shows still further that the clause referred to is objectionable.

This chamber, therefore, in view of both the injustice in imposing a duty on a quantity of merchandise which is not imported, and the discrimination against a special class of merchandise in this respect, hopes that the above clause will be taken out of the said paragraph 253.

ROCKHILL & VIETOR, 114 JOHN STREET, NEW YORK, N. Y., BY CLAYTON ROCKHILL.

NEW YORK, *May 27, 1913.*

Subject: Eight raw material articles suggested by the perfumers' association to be placed upon the free list, as vitally necessary to the success of the operation of this business in the United States.

Hon. HOKE SMITH,
Senator, Washington, D. C.

DEAR SENATOR: Having in mind your courteous reception of the writer and his friends, Mr. Ricksecker and Mr. McConnell, when we appeared before your committee last Saturday, and your kind suggestion that I drop you a line to more clearly explain the force of the verbal arguments we made before Senator Johnson, Senator Hughes, and your good self, and remembering especially your generosity in promising to read such a letter, I take the liberty of sending the same.

In this connection I have just carefully read over a letter to be sent you by Mr. Ricksecker, the chairman of the perfumers' association,

consisting of several hundred members, comprising the whole trade; and although I am not personally a perfumer, however, have been associated closely with the trade for about 30 years, so I am conversant with their needs for raw material, and I am satisfied that Mr. Ricksecker's letter, as well as the brief submitted and the oral arguments before your committee, relate the facts as they actually are, and that you can safely put your faith in the statements.

There are over 100 different essential oils used regularly in this country and most of them are imported, the raw materials not being grown in America. A large proportion of these articles have been on the free list for over 25 years, having been recognized by every administration, including both Democratic and Republican, to the present time that these articles deserve to remain on the free list. It has been the urgent desire of the perfumery manufacturers to retain the advantage of having free raw materials the same as heretofore, but upon going over the subject in meeting several times, both here and in the West, and the writer has been present as possibly an expert on the question of imported essential oils, my firm being as large as any in the business, if not indeed the largest importer—I have urged upon the association, and especially upon Mr. Ricksecker, the advantage of being as modest as possible in their request to your body, feeling that your administration primarily has in mind the raising of a fair revenue for our Government rather than support a protective policy. Therefore, I argued strongly with these friends to place before you a modest request for your consideration, to transfer some eight of the pinciple raw materials used in the perfumery business from the 20 per cent dutiable list to the free list.

These materials were named with the brief handed you by Mr. Ricksecker and consist of the following—and perhaps you would like to have a little history of what they are and where they come from:

Musk.—Musk comes from musk deer in China and Tonquin, and is probably the oldest perfumery base in existence, having been used by the ancients, and it is a necessary product in the manufacture of good perfumery. It has no other source of supply but China.

Civet.—It is a perfume derived from an Abyssinian cat; also, like musk, is a very necessary article in this business.

Enfleurage greases.—Commonly known as pomades, are composed of a neutral fat or a very highly refined tallow, which is saturated in France (there being no other country of production) with the odor of flowers, and the greases absorb the odor of flowers as a sponge would water. To get the odor out of these greases they are imported into the United States and washed here in alcohol, and the alcohol having more affinity for the odor than grease, the alcohol, therefore, becomes saturated with the odor while the grease is left inert after the process of washing.

Primal floral essences.—These products are now the principal base in the manufacture of alcoholic perfumery. They are obtained by treating the flowers, such as rose, jasmine, tuberose, etc., with a current of ether of petroleum, which extracts the odor from the flowers and produces after the evaporation a sort of solid or liquid jelly, or commonly called concrete, which when mixed with or washed with alcohol gives over the perfume of the flowers into the alcohol, and the result obtained by the perfumer is practically the same as though

he had used enfleurage grease. These primal floral essences, liquid or solid, are the products of France and practically no other country, and there is no hope whatever of manufacturing them in the United States, all efforts to such a result having proved utter failures. In fact, the flowers for this purpose are grown only in a very confined territory in the environs (in France) near Nice, and the industry is one of the show places of France and visited by travelers from all over the world.

Attar of rose.—This product is the oil obtained from the roses and principally comes from Bulgaria and France, there being no other countries of produce on a commercial scale; and it is, along with the primal floral essences, the main base used in the construction of the alcoholic perfumery made in the United States. but the attar of rose itself, kindly observe, is made nowhere but in Bulgaria and France.

Oil of jasmin.—This is not exactly a correct name, as there is no oil of jasmin extracted directly from jasmin flowers, and it would not make much difference to the perfumers or the Government if there is no mention made of the article at all in the tariff, as the jasmin used by the perfumers in the United States is covered under the heading of enfleurage greases or primal floral essences, liquid or solid, above explained.

Oil of neroli, or orange flower oil, is obtained from orange blossoms principally, almost entirely in Grasse, France, or, anyway, in the southern portion of France. It is in the form of an oil extracted by distillation, the same as rose oil is made, and is a primary base in perfumery and very extensively used. I wish to state in this connection that oil of petitgrain has been construed by the Treasury Department as an analogous to neroli, and that it is considered under the present tariff as neroli oil; the difference being that the neroli is the oil from the petals or blossoms of the orange tree, and the petitgrain oil is a distillation of the leaves, twigs, and branches itself. You might be interested to know that the petitgrain oil is also largely produced in Paraguay, but not the neroli oil. I am of the opinion that it would be correct for you to continue to classify petitgrain and neroli oil under the same heading as free.

Bergamot oil.—This article is produced in Sicily and Italy only, and is an important base in the manufacture of alcoholic perfumery, and is derived from a little green citron fruit closely allied to the lemon or orange.

These above comprise the eight articles the whole perfumery trade have asked you to transfer to the free list, where they have been for the last 25 years, and I think the Government can well afford to do this in light of the fact that it is difficult for the American perfumers under all conditions to compete with the old-established and extremely artistic perfumers in France, especially in Paris.

The perfumers do not ask you to give them more protection; of course, I can not, as you suggested, satisfactorily explain that the 60 per cent protection on finished perfumery is not "60 per cent," but, if you would be good enough to read Mr. Ricksecker's letter carefully, as I know you will, you will find that the 60 per cent is not as much protection as it appears to be in this peculiar industry, the percentage cost of carrying on being so much greater than probably any other that I know of. Then, again, I must admit I was surprised to have the perfumers tell me that their net profit is not

greater, or even as much, on the average of 10 per cent on their business, which is exceedingly small for a business of this character. However, I am satisfied that their statements are true, coming from men that I have known all my life and who are of very high character and manufacturers; and the argument that if you put all their raw materials on the dutiable list of 20 per cent you will take away from them their living—that is, the 10 per cent profit they now make—and I do not believe that it is the intention of the present Government or so able a man as your good self to do otherwise than lend your hearty assistance to this small industry, not in the light of protection, but in the light of getting a reasonable revenue on a large number of the items and allowing them at least the modest request to have these eight items left on the free list.

It is shown you, and any perfumer will substantiate the fact, that the 25-cent, 50-cent, 75-cent, and $1 standard packages, just like 5 and 10 cent cakes of soap, can not be altered and that every cent of this duty will have to come out of the perfumer's pocket, and they are not able to stand it. If you had the opportunity to interview the perfumery trade, these facts would come out.

I know I am trespassing upon your time and patience, but I was so impressed with the spirit of fairness exhibited by you and Senator Johnson and Senator Hughes that I have taken you at your word and tried to explain the situation and the needs of the manufacturing perfumer, and I hope I have made the situation a little clearer to you and that it would be fair, both toward the Government and these manufacturers, to accord their modest request to have at least the aforesaid eight crude materials remain upon the free list.

My firm is engaged actively in many other lines of business, both import and export, and I would be very glad to render you any information in my power about the various products.

H. W. BROWN (REPRESENTING THE PROCTER & GAMBLE CO. AND OTHERS).

WASHINGTON, D. C., *May 22, 1913.*

To the chairman and members Committee on Finance, United States Senate, Washington, D. C.

GENTLEMEN: This statement is submitted on behalf of the laundry soap manufacturers of the United States, representing over 75 per cent of the production of common laundry soap.

On January 6 last a statement on behalf of the common laundry soap industry was submitted to the Committee on Ways and Means of the House, in which on behalf of this trade, with reference to the duty on common soap, it was stated:

> No change in this item is requested or desired by the laundry soap manufacturers. They do not, however, object to the reduction to 15 per cent ad valorem, as was proposed in House bill 20182, provided the raw materials used by them are allowed to remain on the free list and are not taxed as was proposed in House bill 20182.

The passage of House bill 3321 prompts a further presentation of these views and a renewal of the petition of the common laundry soap manufacturers in respect of the duty on common soap (par. 67)

and in respect of the duty imposed on essential oils (par. 47). The present duty on common soap is 20 per cent ad valorem; and instead of a reduction to 15 per cent ad valorem, as was proposed in House bill 20182, the duty has been reduced to 5 per cent ad valorem in House bill 3321, while a duty of 20 per cent ad valorem has been imposed on essential oils used in the manufacture of common soap, thereby increasing the cost of manufacture and reducing the duty on the manufactured article.

COMMON LAUNDRY SOAP.

[Par. 67.]

There is no soap trust. There is no combination of soap manufacturers.

There is keen competition in all sections of the country. This competition compels each manufacturer to give the largest possible cake, or the best possible quality, or the lowest possible price, or all of these; otherwise this volume of business can not be increased or even maintained. The prices to the consumers of the common laundry soaps we are discussing run between 2½ and 5 cents per cake or bar.

While there have been large and almost universal advances in the cost of other essentials of life, the retail price of laundry soap has shown no substantial change during a long period of years.

The number of soap factories in the United States, according to the United States census, is 436, scattered through 38 States in numbers varying from 1 to 67.

Character of establishments.

Individual ownership	146
Firms	108
Corporations	182
	436

Invested capital.

Less than $5,000	101
$5,000, but less than $20,000	103
$20,000, but less than $100,000	140
$100,000, but less than $1,000,000	79
$1,000,000 and over	13

While the largest and strongest of these institutions may successfully compete with foreign manufacturers with the very slight duty of 5 per cent ad valorem, it is respectfully submitted that a large proportion of the common soap manufacturers of this country, as shown by the preceding table of capital invested, are of comparatively moderate financial strength and that they would find it extremely difficult to meet the foreign competition which would be invited by the proposed radical reduction of 75 per cent from the present duty.

The cost of soap is so largely determined by volume of output that the lowest competitive basis can only be realized by manufacturers operating on a very large scale. Some of the largest and wealthiest manufacturers of common soap in the world are located in England, and the proposed reduction is so radical that there is danger that they will rapidly appropriate the markets of our smaller soap manufacturers, especially those near the seaboard.

PROPOSED REDUCTION EXCESSIVE.

The reduction proposed—that is to say, from 20 to 5 per cent ad valorem—is equivalent to 45 cents on a $3 box of soap and 60 cents on a $4 box of soap. A duty of 5 per cent would only represent 15 cents on a $3 box of soap or 20 cents on a $4 box of soap, as against the present duty of 60 cents on a $3 box and 80 cents on a $4 box.

This statement shows the extremely radical cut in the duty; the proposed reduction upon common soap is greater than that proposed upon any other article in Schedule A, with the exception of borax, which is produced almost exclusively in the United States.

A large part of the raw materials used in the manufacture of soap (expressed vegetable oils and essential oils) are to-day purchased through European markets.

With the decrease in the supply of animal fats in this country available for soap-making purposes, the tendency is to constantly use more and more of imported vegetable oils. Most of these oils pass through European markets and are largely controlled thereby. In view of these conditions the proposed duty of 5 per cent, equal to 15 or 20 cents a box, is not sufficient to insure to the American producer equality with his foreign competitor, but will give the European manufacturer an advantage. England and Germany have at present an advantage over the United States in the cost of labor, of alkalies, and of the vegetable oils which are imported through the European markets.

The proposed duty would adversely affect our trade with our insular possessions. Before the acquisition by the United States of Porto Rico, Hawaii, and the Philippines and Panama, the entire soap markets of these countries was practically in the hands of foreign manufacturers. Since the acquisition of these possessions the United States tariff has enabled the American manufacturer to obtain an increasing trade which will be checked and probably lost under the proposed duty.

The following table shows the shipments of common soap from the United States into Porto Rico:

Year	Value	Year	Value
1906	$230,107	1910	$410,765
1907	257,198	1911	502,010
1908	348,733	1912	555,192
1909	392,970		

The shipments from the United States to the Philippines were:

Year	Value	Year	Value
1906	$11,810	1910	$28,423
1907	6,806	1911	41,244
1908	21,960	1912	96,952
1909	22,917		

The shipments from the United States to Hawaii were:

Year	Value	Year	Value
1906	$76,628	1910	$117,950
1907	83,770	1911	127,235
1908	124,273	1912	161,490
1909	96,514		

The shipments from the United States to Panama were:

Year	Value	Year	Value
1906	$82,659	1910	$123,903
1907	102,689	1911	139,011
1908	136,460	1912	149,295
1909	141,814		

The American soap manufacturer knows by experience that English and Spanish soaps will immediately invade the Porto Rican market should the duty be reduced to the extent proposed. The Philippine market will in all probability also be lost by us to English, Spanish, and Japanese manufacturers.

AMERICAN EXPORTS OF SOAP DO NOT WARRANT THE RADICAL REDUCTION PROPOSED.

The Government figures relative to the total exports of common soap are misleading, unless carefully analyzed. The total export in 1912, for example, in pounds (57,855,457) and in dollars ($2,695,991) include the exports to Panama and the Philippines, and also include a very large quantity of saponified cottonseed-oil "foots" shipped in barrels, which is used in fulling mills and for other textile purposes for which it is peculiarly adapted. These figures are not a correct index of the exportations of common laundry soap manufactured by your petitioners.

The exports of all soaps, excepting toilet or fancy soaps, from 1907 to 1912, inclusive, are as follows:

	Total, including Panama and Philippines.	Total, excluding Panama and Philippines (net foreign).	Panama, Philippines, Porto Rico, and Hawaii.
1907	$2,661,218	$2,351,723	$310,967
1908	2,105,267	2,009,811	631,442
1909	2,411,708	2,176,977	654,215
1910	2,140,676	1,988,450	681,016
1911	2,305,010	2,124,155	810,709
1912	2,695,991	2,149,711	962,929

It will be noted that the total exports of common soap (including "foots" soap) during the last six years have remained nearly stationary, while the exports to our insular possessions have steadily increased.

Notwithstanding constant efforts to build up an export business, American soap makers have met with almost entire failure, and it certainly will not help them to tax their imported raw materials and throw open their home market to foreign competition.

We renew our appeal not to make so radical a reduction in the duty on common soap, again calling attention to the fact that the industry in this country is a highly individualized business in which there is the keenest competition. The price at which common laundry soap is sold has not contributed to the high cost of living, since with the general increase of prices in other commodities in this country the price of common laundry soap has remained practically unchanged.

ESSENTIAL OILS.

[Par. 47.]

The essential oils used in the manufacture of common laundry soap are now and always have been upon the free list. It is proposed in H. R. 3321 to impose a duty of 20 per cent ad valorem upon these oils. A distinction should be made between the high-priced, more

delicate perfumes used by the perfumers and the low-priced oils used in the manufacture of common laundry soap—namely, citronella, rosemary or anthoss, cassia, caraway, aspic or spike lavender, thyme, lemon grass, lavender, sassafras, oil of camphor, myrbane, and oil of cedar wood.

The oils in this list are practically used exclusively in the manufacture of common laundry soaps and are properly classed among the raw materials of the common laundry-soap industry. It is respectfully urged that an exception, therefore, be made as to the essential oils named, and that they be retained upon the free list. They are largely used in the manufacture of common laundry soap to counteract the natural odor of the soap, and for this reason have doubtless heretofore been included in the free list in preceding laws. They are necessary ingredients of common soaps and should not be taxed as luxuries.

The laundry-soap industry has not objected to a reduction of duty upon common soap, provided such reduction was not unreasonable in view of trade conditions, but to couple an excessive reduction of the duty on the manufactured article with a duty upon the essential oils used in the manufacture of soap is imposing a double burden upon the industry.

From a careful consideration of trade conditions it is evident that the proposed reduction from 20 per cent to 5 per cent ad valorem upon common soap is too radical.

It is respectfully submitted that the duty on common soap should not be reduced below 10 per cent ad valorem and that the essential oils used by the makers of common soap should remain on the free list.

We therefore petition that the following amendments be made in H. R. 3321:

1. Amend paragraph 67, line 17, by striking out the figure "5" and substituting therefor the figure "10."

2. Amend paragraph 47 by striking out in line 14 the words, "caraway; cassia; citronella and lemon-"; and in line 15 the words "grass," "lav-"; in line 16 the words "ender, and aspic or spike lavender;" in line 17 the words "rosemary or"; in line 18 the words "anthoss"; "thyme"; and by inserting in the free list in paragraph 566, at the end thereof, the following: "Citronella, rosemary or anthoss, cassia, caraway, aspic or spike lavender, thyme, lemon grass, lavender, sassafras, oil of camphor, myrbane, and oil of cedar wood."

This was signed by the following: H. W. Brown, of The Procter & Gamble Co., chairman; W. H. Wadhams, of B. T. Babbitt, secretary; F. H. Brennan, of The N. K. Fairbank Co.; L. H. Waltke, of Wm. Waltke & Co., committee of national conference of laundry-soap manufacturers.

Par. 47.—OIL OF LEMON GRASS.

HAARMANN-DE LAIRE-SCHAEFER CO., MAYWOOD, N. J., BY DR. LOUIS SCHAEFER, PRESIDENT.

MAYWOOD, N. J., *April 24, 1913.*

Hon. WILLIAM HUGHES,
United States Senate, Washington, D. C.

DEAR SIR: Ionone is manufactured from oil of lemon grass by a highly scientific synthetic process. It represents an artificial repro-

duction of the natural flower base of the violet perfume, which is widely employed in the manufacture of all kinds of perfumery.

The consumption of ionone in this country is difficult to estimate, as some of the largest users are said to manufacture their own requirements. The importation from Europe is conservatively estimated at over 10,000 pounds per annum, and represents at least 50 per cent of the total United States consumption.

We have manufactured ionone in this country for over nine years. With 25 per cent duty on ionone and the principal raw material, oil of lemon grass, free, we have scarcely been able to compete with the foreigners on their more cheaply manufactured products. With oil of lemon grass raised from the free list to 20 per cent ad valorem and ionone reduced to 20 per cent from 25 per cent ad valorem, the manufacture of this fine product, which we first introduced, will be made impossible in this country.

As the consumption of oil of lemon grass for ionone manufacture is comparatively small—about 3 pounds of oil of lemon grass are required to produce 1 pound of ionone—we can hardly ask to have oil of lemon grass placed back on the free list. We do ask, however, if 20 per cent duty is assessed on oil of lemon grass, that a compensating duty be placed on ionone, which, as above explained, is an almost completed perfume.

Imported concentrated ionone is being offered in this country as low as $6 per pound, equivalent to a foreign valuation of about $4.80 per pound. Oil of lemon grass sells at present in Europe and here at about $1.40 per pound, but the price frequently exceeds $2. Taking $1.50 as a conservative average price, the duty on 3 pounds of oil of lemon grass (yielding 1 pound ionone) at 20 per cent would amount to 90 cents, and the duty on 1 pound of ionone at $4.80, on the 20 per cent basis, would be 96 cents.

We therefore feel that a duty of at least 45 per cent ad valorem should be placed on ionone if oil of lemon grass is taxed with 20 per cent ad valorem. This rate would by no means exclude foreign competition, but preserve the present status and produce for the Government a substantial revenue, without hardship to anyone. We would recommend the following specific clause:

Ionone, alpha and beta, or mixtures, salts or solutions thereof, 45 per cent ad valorem.

We sincerely hope that the above will have your favorable consideration.

Par. 49.—PERFUMERY.

NEW YORK, *May 21, 1913.*

The FINANCE COMMITTEE, UNITED STATES SENATE.

Hon. FURNIFOLD M. SIMMONS, *Chairman.*
Hon. CHARLES F. JOHNSON, *Subcommittee.*

GENTLEMEN: The proposed changes in our paragraphs 47 and 50 are not for tariff revision downward but for increasing the revenue by taxing all our raw materials 20 per cent, which are now free and have been for over 25 years.

Is this right?

Is it fair?

That is President Wilson's crucial test for tariff action.

Our whole industry cries out, "No; it is not."

It is based on a misapprehension.

The 200 firms all over the country whose signatures are attached to our petition verify their worry over this possible new hardship.

Our industry is as honorable as any, its workers as sincere and honest.

Our business now pays the big revenue tax of 700 per cent on refined alcohol used.

You get $1,500,000 yearly revenue from us now.

This is 30 per cent tax on our output.

If you tax us 20 per cent more on our imported raw materials it makes a total tax of practically 50 per cent on cost, which is disastrous.

No other industry would be so handicapped.

To our knowledge no other industry contributes so large a proportion of its total volume of business to the support of the Government.

Why single out our industry for this new sacrifice?

Don't duplicate the tax. That is fundamentally wrong.

We may also be subject to a possible income tax, and a stamp tax in case of war.

In the formation of the Wilson bill in 1893 for revenue, under President Cleveland, this question was thrashed out, resulting in the Senate giving us free raw materials, which was agreed to by both Senate and House when they learned the facts.

So also in the tariff of 1909, after the House had unexpectedly passed a bill with a duty on our raw materials; when the facts became known, the law restored them to the free list, paragraph 639.

The natural misapprehension is that these, our raw materials, are luxuries and should be taxed.

They are not luxuries until American labor, capital, and silk makes them such, just as raw silk is not a luxury until manufactured, and is free as a raw material and has been for many years, and is justly retained on the free list in the proposed bill.

Yet our raw materials are discriminated against by the proposed tax of 20 per cent, in addition to our alcohol tax, while raw silk pays no revenue tax.

They are used in toilet goods for teeth, hair, skin, and mouth, and other articles of therapeutic value, which have grown into general use by our intelligent laboring people and have become househould necessities.

Some are used by the 48,000 druggists in every State in the Union.

Like raw silk, our raw matrials are not made in the United States. They can not be successfully produced here, as testified to by Dr. True, of the Plant Industry, Department of Agriculture.

No other nation so severely taxes this industry.

The revenue the Government might receive from it would be too small a price to throttle a national industry which is a struggling one.

Nearly all our manufacturers are making very modest incomes.

Ninety per cent of our profits go to our workpeople, salesmen, and promotion.

This is not special privilege.

It is simply a fair statement of facts and of our inalienable rights as citizens.

Our entire industry most respectfully, but most earnestly, protests, and urges the return to the free list of the items named in accompanying sheet, avoiding the restraint of trade sure to follow if this increased tax is levied.

Please give us a hand and spare us this severe hardship which would affect thousands adversely in an industry already taxed to the limit.

Trusting you will realize the justice of our position, and appreciating your laborious task, we bespeak your effective help to this end.

THE MANUFACTURING PERFUMERS' ASSOCIATION OF THE UNITED STATES, BY THEO. RICKSECKER AND D. H. McCONNELL, 129 LAFAYETTE STREET, NEW YORK CITY.

NEW YORK, *May 28, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SENATOR: We thank you very much for your kind promise to Mr. McConnell, Mr. Rockhill, and self to read and consider our letter answering your question why (aside from the alcohol matter) a duty of 60 per cent is not sufficient protection, even if 20 per cent duty is laid on our raw materials.

Representing the industry whose 200 signatures are before you, we highly appreciate this friendly courtesy and those of your honorable committee when we tried on Saturday to present our reasons for continuing certain raw materials on the free list.

We appreciate the difficulty, Senator, of your seeing the matter from our standpoint; your question is a natural one from an outsider not conversant with the intricacies of our sensitive business, which conditions are not even realized by the average tariff "expert."

Now, we are both trying to be governed by facts.

We will try to state our case more clearly.

Our manufacturers have continuously been compelled by public demand to make goods for 25 cents, 50 cents, 75 cents, and $1 per package.

The rigid prices, the severe home competition in quality and quantity compels the closest figuring to secure a living margin.

For this reason any increase of present costs comes out of the manufacturer.

We are all willing to accept 10 per cent as our share of the profits on these goods for the past five years.

Ninety per cent of our profits go to our workpeople, salesmen, and for promotion.

Few not in the business can realize this, because there is a large margin of gross profit.

This is dissipated in the extraordinary costs of conducting the business, which surprises all who enter it more than any other business we know of, but the plain truth is as stated. It is divided up among the thousands of workers involved.

Our marketing costs are in such excess of other lines, individual sales being limited, that we would actually suffer from this hardship.

The lower-priced foreign goods cut but small figure in competition The imported goods sold at $1 and over is where our competition comes in.

Imported perfumery and the 60 per cent ad valorem duty. To prove our necessity for certain raw materials to-day, could we have the choice of the two following proposals we would take the latter:

Ad valorem duty of 80 per cent plus 20 per cent on raw materials or ad valorem duty of 50 per cent with free raw materials.

Now, what does the Government get on alcoholic perfumery?

The total net duty, specific and ad valorem, under present law in the fiscal year 1910 and 1911 from Government figures, in print, foot up 71 per cent on imports; deduct our alcohol revenue tax, about 31 per cent on output; leaves difference of 40 per cent in our favor.

If you tax our materials 20 per cent, this averages say, 8 per cent, leaving us but 32 per cent on cost, which many years' experience proves is too small a margin for successful business in view of our costs for selling and promotion and the great difference in cost of labor and all else making up cost of doing this business.

Our labor costs from actual available figures are from two to three times as much as in Europe.

We have concluded not to ask for all of the 37 or more oils, etc., involved in the proposed bill to be taxed 20 per cent, but have selected eight items which are our more important basic crude materials, and respectfully request you to restore these, at least, back to the free list, where they have been for over 25 years, and spare us the impending hardship.

We inclose our brief and a list of these eight articles which our industry feels are absolutely needful on the free list to secure us a living margin.

If in doubt of the sincerity of any of our statements, we will gladly show proofs here to any investigator authorized by you. Or, should you wish us to go to Washington again for further explanation, we will be happy to do so.

Let us hope we have sufficiently proven to your mind our absolute need of these eight raw materials, at least, on the free list, and that your committee's potent influence may relieve the anxiety of the trade and our industry continue on fair lines indicated.

Again thanking you for your patience and assuring you that we have all read and approved this letter.

[Inclosure.]

Proposed changes.—H. R. 3321, chemical schedule, page 11, paragraph 47, line 13, take out the following:

"Oils bergamot, jasmin, neroli or orange flower, attar of roses."

Enter after the word "section," line 21, page 11, "except those in paragraph 565, free list."

Page 13, paragraph 50, take out the following:

"Enfleurage greases and primal floral essences, liquid or solid, by whatever method obtained."

Musk in pods, civet.

Paragraph 565, page 120, free list, after the words "oil cake," insert the following:

"Oils bergamot, jasmin, neroli or orange flower, attar of roses; enfleurage grease, primal floral essences, liquid or solid, by whatever method obtained; musk in pods, civet."

THE PERFUMERY, SOAP, AND EXTRACT MAKERS' ASSOCIATION OF CHICAGO. BY JOHN BLOCKI, PRESIDENT, THIRTEENTH STREET AND INDIANA AVENUE, CHICAGO, ILL.

CHICAGO, *April 25, 1913.*

Hon. F. M. SIMMONS,
United States Senator, Washington, D. C.

DEAR SIR: This personal appeal is written to you to lay before you the dangers that confront our industry, manufacturing perfumery, in the proposed tariff legislation imposing a duty on our raw materials—essential oils, concretes, pomades, etc.

It is our sincere belief that the Ways and Means Committee has presented its schedule without the investigation necessary for a full and correct understanding of the situation.

Of the necessity of revenue for the Government we are aware, but it should be noticed that our industry contributes heavily in the tax on our necessary solvent—alcohol. This charge amounts to fully 30 per cent of the selling price of our product, certainly an enormous tax. We have sustained ourselves under this charge, because the business has been built around and upon this basis. Essential oils have been duty free for practically 20 years, during which time our industry has grown from swaddling clothes to its present respectable proportion, and has been built around free raw materials.

For every inch of ground gained we have had to fight, as the foreign makers, operating under low expense and with cheap labor, formerly practically controlled the American market. The tariff on the finished product now and for many years past has barely covered the foreigner's operating advantages, but even then they have made great gains in their importations into this country.

The proposed duty of 20 per cent on our raw materials is bound to depress our American industry to that extent, which of itself is ruinous, but worse still it will increase the foreign maker's advantages in precisely the same proportion. It is a two-edged blade which cuts both ways against the American manufacturer.

Our prices are absolutely fixed and determined by the intense competition of the foreign makers. With the slightest price advance by the home producer, the foreign maker secures the trade. Advance in prices is practically impossible.

The proposed duty suggests that the American manufacturer by reducing the quality of his product might maintain present prices, but the American perfumer has built the character and quality of his product to equal the finest in the world, and he refuses to either reduce the quality or to offer any product save that equal to the world's best.

What is the avenue of escape from this extraordinary situation that the proposed legislation puts upon the American manufacturer of perfume? The profit of the business does not equal the proposed duty on many lines of goods. It is but little more on any line. Surely a serious situation for a struggling home industry. Our foreign competitor, who does not pay American wages or taxes, is benefited to the same extent that our industry is depressed by the proposed duty on raw materials.

In addition to this new burden, if it comes upon us, we find ourselves facing the most enormous advances in the prices of these materials, due to trade conditions. Never were the prices of essential oils

so high as now. For example, oil of bergamot, geranium, rose, lemon, etc. Normal price for bergamot is $2.70 per pound, present price $6.50; geranium, African, normal price $4 per pound, present price $11; normal price of rose is $4 per ounce, present price, $15; 20 per cent duty on oil of rose brings it to $18 per ounce.

It is said that perfumery is a luxury and should be taxed; it can not be said that essential oils are a luxury. They are raw materials that may be made into perfumery, food, confections, or medicines.

Perfumery is already taxed as heavily as it can stand in the tax on alcohol, which is $2.09 per gallon. We believe every American industry should have free raw materials, and particularly an American industry that is otherwise heavily taxed. It must also be remembered that these materials can not be produced in America, but must be obtained in the lands of the foreign competitors.

Therefore we appeal to you to save for us the fighting chance we have had in the past. To prevent with your vote and your influence the taking from us and giving to our foreign competitor the perfumery business of America.

(Following is a list of the members of the association: Baldwin Perfumery Co., Imperial Drug Co., Melba Manufacturing Co., John Blocki & Son, Kelly & Knefler, Raydith Perfume Co., Chapman & Smith Co., Jas. S. Kirk & Co., Pure Food Baking Powder Co., Wixon Spice Co., and Allen B. Wrisley Co.)

PARK & TILFORD, FIFTH AVENUE AND TWENTY-FIRST STREET, NEW YORK, N. Y., BY C. S. WELCH, ASSISTANT MANAGER DRUGGISTS' SUNDRIES DEPARTMENT.

NEW YORK, *June 6, 1913.*

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

In House bill 3321, paragraph 51, we find a change has been made on alcoholic perfumeries and toilet preparations from 50 per cent ad valorem and 60 cents per pound to 60 per cent ad valorem and 40 cents per pound.

We believe that the additional raise of 10 points on the ad valorem tax on perfumery and toilet articles is uncalled for—

First. Because the duty of 50 per cent ad valorem, with 40 cents per pound, affords an American manufacturer ample protection.

Second. While recognizing that these articles are luxuries and should be taxed for a revenue, we do not believe that an increased revenue will be obtainable by an increase in the ad valorem tax, as it will unquestionably tend to diminish the importation.

In the brief submitted by importers of perfumeries to the Committee on Ways and Means, printed in the tariff hearings, Schedule A, page 66, they asked for a change in the specific duty on alcoholic perfumery from 60 to 20 cents per pound, for the following reasons:

At the time the 60 cents per pound was made, in the 1909 tariff, the question was that this specific-weight duty was to offset this revenue tax in this country, aside from the fact that this 60 cents per pound is excessive and that 20 cents per pound would serve to amply offset this consideration. We respectfully call to your attention the fact that, inasmuch as alcohol contained in such perfumery pays an internal-revenue tax in the country of origin, which internal-revenue tax is contained in the selling price of this country, and pays the duty,

accordingly, ad valorem, the internal-revenue tax in the United States is thereby ipso facto equalized.

Government statistics on perfumery will show that from England, Germany, and France they are insignificant, and have since 1909 not increased to any extent, in any preparation, to the increase in the population of the country. In fact, such reference will show that the importation of perfumery is practically nil compared with the total consumption, which is sufficient indication in itself that the rates imposed are not conducive to the producing of a revenue.

We are aware of the fact that in drawing up this bill a tax of 20 per cent was imposed upon the raw materials entering the manufacture of perfumery, and in consideration of this increased cost to the American manufacturer the extra 10 points was added to the importation tax to offset this disadvantage to the domestic manufacturer. We call to your attention that this tax of 20 per cent on raw materials does not amount to more than 5 to 7 per cent of the cost of the manufactured article, and a tax of 50 per cent, as it formerly was, still amply protects the American manufacturer.

We also wish to point out that included in this schedule are many articles of necessity, such as dental preparations, preparations for the hair and skin, that are not actually luxuries and should not be taxed to the extent of approximately 75 per cent; and we respectfully would request your committee to change this schedule to 50 per cent ad valorem and 40 cents per pound.

We wish also to call your attention to paragraph 60 in House bill 3321—perfumed toilet soaps 40 per cent ad valorem and unperfumed toilet soaps 10 per cent ad valorem. We believe this to be an unjust difference in the tax between perfumed toilet soaps and unperfumed, and would recommend this schedule to be changed to perfumed toilet soap 30 per cent and unperfumed 20 per cent, thereby putting a more equitable tax on each and still insuring the same amount of revenue, as it is very clear that the character of the unperfumed imported soaps are of a luxurious nature—almost as much so as are the perfumed soaps—therefore ought to be taxed accordingly, as mentioned above. Thus changing the schedule would not diminish the amount of revenue to be paid.

Par. 52.—WITHERITE BLANC FIXE.

PROVIDENCE DRYSALTERS CO., BY JOHN D. LEWIS.

[American selling price under the tariff of 1897, $55; duty, one-half cent per pound. American selling price under the tariff of 1909, $38; duty, one-half cent per pound. Imports 1912, 5,702,262 pounds, one-half the American consumption.]

This product differs in composition, application, and price from blanc fixe, the by-product of peroxide of hydrogen, with which it seems to have been confused, and the price of which is $17 per ton.

Witherite blanc fixe is made from witherite spar, a mineral found principally in England, not found here, imported as mined, pulverized, washed, and treated in 14-pound lead-lined chambers (which lining has a life of only two years) successively with muriatic and sulphuric acid.

There are four American manufacturers.

For 16 years the duty has been one-half cent per pound, and the imports last year were one-half the American consumption, therefore

a freely competitive duty and under which the consumer has benefited in the reduction of price from $55 to $38 per ton, we taking the initiative. We add to the cost of our raw product 90 per cent for American labor and materials.

In H. R. 3321 the duty is 20 per cent, just half the present duty. This would not increase the revenue one penny while all the consumption would be supplied from abroad, as the American actually and absolutely could not survive.

This condition simply presents the business to the English and German producers, who would have an absolute monopoly, and who will not fail to grasp the opportunity to return the price to higher levels.

One-half cent per pound produces revenue of $30,000, benefits the consumer by a lower competitive price, and admits the employment of American capital and labor. Twenty per cent duty does not change the first condition, but eliminates the two latter.

An American industry which is itself willing and forces the foreign competition to join in reducing its price from $55 to $38, securing one-half the business under a given tariff rate, can not be classed as either unhealthy or undesirable nor, in our judgment, can the rate be deemed excessive.

The above statements perfectly represent our business, and on this showing we justify our plea that the duty remain one-half cent per pound, without impairing the revenue, without fostering or encouraging a monopoly, without increasing the price to the consumer, without our obtaining excessive profits, but allowing the continuance of a business modest in proportion and only possible through painstaking effort and, to us, large investment.

Witherite blanc fixe at one-half cent per pound is without detriment to any interest, except the foreign. We hope we have justified our appeal.

Par. 52.—BARYTES.

UNITED STATES BARYTES CO., PER J. M. CAMPBELL, MANAGER, AND OTHERS, TIFF, MO.

TIFF, MO., *May 10, 1913.*

Senator F. M. SIMMONS, *Washington, D. C.*

DEAR SIR: We wish to ask your assistance in retaining the present duties on barytes, both crude and manufactured. The duty on crude barytes has never been sufficiently high to permit our ore being sold in the eastern markets. We have been confined entirely to selling our output to the local mills. If the duties are adopted as suggested in the Underwood bill, the local mills will go out of business, as they are barely able to exist under the present tariff. This will compel us to discontinue running entirely, throwing hundreds of men out of employment in our district alone.

> Washington County produces approximately three-fourths of the output for the State and over 41 per cent of the output for the United States.

We quote the above from the biennial report of the State geologist to the Forty-seventh General Assembly, State of Missouri.

By far the larger part of our population know no other way of earning a livelihood than by mining barytes.

KREBS PIGMENT & CHEMICAL CO., PER H. J. KREBS, PRESIDENT.

NEWPORT, DEL., *May 5, 1913.*

Hon. F. McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: Permit me in the following to submit a few pertinent facts regarding lithopone and the manufacture thereof, and to solicit your support for obtaining a revised rate for this article, which in the now pending bill H. R. 10, paragraph 64, is treated the same as zinc oxide and given a rate of 10 per cent ad valorem. Under the Payne bill, now in force, it pays 1¼ cents a pound duty, equivalent to about 50 per cent ad valorem.

The proposed duty on crude barytes (par. 54) is 15 per cent ad valorem, and such products as satin white and blanc fixe, same paragraph, have a rate of 20 per cent ad valorem. These products are only one step removed from crude materials compared with lithopone, which requires large and expensive factories, with complicated machinery and intricate manipulation, and lithopone is down for only 10 per cent ad valorem.

As we import a large tonnage of crude barytes, as large as our output of lithopone, you will see that this finished product can be imported with nearly the same outlay for freight as we pay on this one article of crude material, barytes. This $BaSO_4$, which constitutes 70 per cent of lithopone, pays 10 per cent when imported in the finished state, while the crude barytes pays 15 per cent. This constitutes a bonus on imported lithopone.

We would add that our books and cost sheets show that we, during 4 years of the 11 that we have been running, have not succeeded to make enough money to pay us 5 per cent on the capital invested. Our cost of lithopone (not taking interest of capital invested into consideration) during this period averages 3¼ cents, and under the proposed tariff schedule the Europeans will be able to import and sell this product one-half cent below this cost.

I need not point out to you that Germany has abundant supplies, both of barytes and zinc, and is able to manufacture sulphuric acid at a nominal cost; in fact, in many places I understand it is sold below cost, in order to enable the metallurgical works to dispose of their product. These facts, together with the very low wages, enable the Germans to manufacture lithopone at an exceptionally low price, and as we have to import our barytes from Germany you will see that the industry will be very sorely pressed if a higher rate is not afforded.

It may be pertinent to inquire why lithopone has been given so low a rate as 10 per cent ad valorem. I incline to the opinion that it is caused by the fact that it is treated in the same paragraph as zinc oxide and pigments containing zinc (par. 64). There may be good reasons for assigning 10 per cent ad valorem as the rate of zinc oxide, which is manufactured in very large volumes and is, comparatively speaking, simple to manufacture. But it is evidently due to misconception that sulphide of zinc and lithopone are placed in the same paragraph and class. These two products are of much smaller volume and require a more complicated process, as I have attempted to explain in the foregoing.

I wrote Mr. Underwood the other day that we could not meet German prices if we did not get 30 per cent ad valorem, and that I was of opinion that we might be able to hold our own if we were afforded 25 per cent. Below this limit I do not see how the lithopone business can exist.

Par. 53.—ULTRAMARINE AND WASH BLUE.

THE HELLER & MERZ & CO., NEWARK, N. J.

NEWARK, N. J., *May 3, 1913.*

Hon. F. McL. SIMMONS,
Chairman Committee on Finance, United States Senate, Washington, D. C.

DEAR SIR: We wish to submit to you and to your committee the following facts for consideration in deciding on the duty to be put on "ultramarine blue * * * and wash blue containing ultramarine," paragraph 50, Schedule A:

The duty on these items under the Payne-Aldrich Act is 3 cents per pound, specific. In filing with you our protest against any change we will discuss the subject under three heads: (1) The duty should be specific, and not ad valorem; (2) the production of maximum revenue; (3) relations of wages paid in, and duties levied by, the United States compared with wages paid in, and duties levied by, foreign countries.

(1) *The duty should be specific, and not ad valorem.*—Ultramarine is used in paints, oil enamels, printers' inks, paper making, wash blue, and for other purposes. Each trade requires its own specialty, and the cost prices vary between very wide limits. The external appearance, and even the chemical analysis, gives no clue to its adaptability for a given use. It is therefore apparent that an ad valorem duty, involving an appraisal, is uncertain, unreliable, and fraught with difficulties in application.

Since 1870 the duty on ultramarine blue has been specific. The duty levied by the tariff bill of 1865 was ad valorem, but the difficulties of appraisal under this bill soon indicated that a specific duty was required. For the last 43 years the duty, though gradually falling from 6 to 3 cents per pound, has always been specific.

(2) *The production of maximum revenue.*—The caucus print published in connection with H. R. 20182 shows that the imports of ultramarine have steadily increased since 1905; the slight falling off in 1911 as compared with 1910, when 709,726 pounds were imported, is no more than one carload, which was more than compensated for by the increased imports of 1912. Following the statistics further back, we find that the imports in 1900 were estimated at 370,000 pounds per year and in 1898 at 275,000 pounds per year, showing that the imports have increased 250 per cent in a period of 13 years.

A further reduction of the duty will result in an increased importation expressed in pounds. It is not probable, however, that the increased importations under a reduced duty will be sufficient to maintain the revenue collected in 1910 and 1911. In fact, the caucus print shows that in the estimate of its compilers the revenue will fall

30 per cent under an ad valorem duty of 20 per cent and a 2-cent minimum. We are unable to estimate how much further the revenue will fall if the duty is reduced to 15 per cent ad valorem without the minimum specific duty of 2 cents, which is the rate proposed by the bill now before the House.

(3) *American wages and duties compared with European wages and duties.*—Fifty per cent of the cost of producing ultramarine blue is represented in wages paid. Our unskilled and semiskilled labor is paid from $10 to $15 per week. Skilled labor is paid from $3 to $4 per day, or $18 to $24 per week.

German laborers in ultramarine factories are paid but 50 per cent of the American wages. French laborers in ultramarine factories are paid 63 cents per day, or 37 per cent of the lowest American wages. Belgian laborers in ultramarine factories are paid 43 cents per day, or 25 per cent of the American wages.

The duties levied on ultramarine under the German tariff law, though but 15 marks per 100 kilos, specific, is prohibitive of imports into that country. Official statistics show that the German imports are less than 1½ per cent of the German production of ultramarine. The French manufacturer has the benefit of a protective duty of 30 francs per 100 kilos, or 2¾ cents per pound, specific.

In view of the protective duties levied by European countries, export from America into those countries is impossible; in view of the wage difference between American and European countries, it is impossible for the American producer to send ultramarine even into free-trade countries in competition with France, Germany, and Belgium.

The American employer pays his workmen from two to four times as much as is earned by the European laborer. We trust that the duty you will see fit to put on our products will not place the American manufacturer of ultramarine in the position to make him choose between conceding his market to the foreign manufacturer by going out of business or offering an American workman the European wage scale.

In view of the fact that the rate of duty on ultramarine blue has gradually been reduced from 6 cents per pound to 3 cents per pound, the last change, made by the Payne-Aldrich bill, being a reduction from 3¾ cents to 3 cents; and in view of the increase in importations of ultramarine blue under the Payne-Aldrich bill, we would respectively urge upon you that no further reduction be made in the rate of duty, and that the duty be left specific as heretofore.

PETITION OF BADISCHE CO. AND OTHERS, NEW YORK CITY, N. Y.

NEW YORK, N. Y., *May 2, 1913*

Hon. CHARLES F. JOHNSON,
Committee on Finance, United States Senate,
Washington, D. C.

DUTY ON ULTRAMARINE BLUE.

DEAR SIR: The tariff bill now under consideration proposes an ad valorem instead of a specific duty on ultramarine blue.

The characteristics which give ultramarine blue its value are the results of its mechanical preparation and are quite independent of its chemical composition. Its value is not readily established by a laboratory investigation; a practical application to the purpose for which it is sold alone determines its value.

Prior to the year 1870 there was an ad valorem duty on ultramarine blue, but the appraisal of imports caused so much confusion and acrimonious discussion that the rate, at the request of all concerned, was changed to a specific one and has remained so ever since.

We, the undersigned, importers, respectfully petition therefore, that the duty on ultramarine blue be made specific and not ad valorem.

THE STANDARD ULTRAMARINE CO., PER O. L. FRICK, PRESIDENT.

TIFFIN, OHIO, *May 6, 1913.*

Hon. F. McL. SIMMONS,
Committee on Finance, United States Senate,
Washington, D. C.

DEAR SIR: The Underwood tariff bill proposed and now under consideration makes a sweeping reduction on ultramarine blue from 3 cents per pound specific to 15 per cent ad valorem. This we contend will cripple our industry if carried into effect, which we believe is not the policy of the Democratic Party.

We wish to call your attention particularly to the item of labor. This alone bears 50 per cent of the cost of manufacture, our wage scale being at least four times greater than the same class of labor in some foreign plants manufacturing this article.

To appraise ultramarine blue requires the services of an expert to determine its true value for its varied uses, in our opinion making a specific duty most imperative.

We fully believe that a duty of not less than 2½ cents per pound specific will work no hardship and at the same time carry out the policy of the party now in power by placing us on a competitive basis with foreign manufacturers.

Par. 55.—DRY COLORS.

WESTERN DRY COLOR CO., FIFTY-SECOND AND WALLACE STREETS, CHICAGO, ILL., BY R. M. REED, PRESIDENT.

CHICAGO, ILL., *May 17, 1913.*

Hon. HOKE SMITH,
United States Senator from Georgia, Washington, D. C.

DEAR SIR: We are writing you in regard to the tariff bill, which is at present before the Senate.

We are manufacturers of chrome greens, chrome yellows, lakes, and unfading reds—dry colors for use in paints. There are in this country 20 to 30 color manufacturers, and there is very active competition among them in these colors. Only by using the greatest care and watchfulness has it been possible to make a small return in this line of business.

The tariff on greens and yellows has been too high, according to our opinion. We do not think the lower duty on these in the present bill will do much harm. The majority of our business, however, is in reds, and the situation in regard to these is entirely different. They are made from coal-tar products, which are imported from Germany entirely. The particular coal-tar products which we use in quantities are called paranitraniline and beta napthol. As we understand it, it is proposed to take these from the free list and place a duty of 10 per cent on paranitraniline and 5 per cent duty on beta napthol. These products are not made in this country and no attempt has been made to make them. At the same time we believe it is proposed to reduce the duty on the reds made from paranitraniline and beta napthol from 30 per cent, the present duty, to 15 per cent. This would be practically a reduction of from 30 to 5 per cent.

The cost of labor in Germany in this industry is from $5 to $8 per week, while we are compelled to pay from $15 to $20 per week. The cost of the materials entering into the pure red of this description is about 20 cents per pound. The labor costs about 9 cents, making the total cost 29 cents. We believe Germany can produce this, including the proposed duty, at about 26 to 27 cents delivered in this country, and that unless some change is made in this duty or we can reduce our labor cost we will eventually lose the business.

We believe that with the present cost of manufacture a 20 or 25 per cent duty is necessary to retain this business. A 10 per cent duty on coal-tar products may be necessary to raise revenue, but we can not see the necessity of reducing the duty on the colors made from these materials, and believe that they should remain, as at present, at 30 per cent, or at least not be lower than 25 per cent.

Paranitraniline and beta napthol are essentially raw materials in our industry, and we trust that either these are allowed to remain on the free list or that the duty on the colors made from them be allowed to remain at 30 per cent. Otherwise, the American manufacturers will lose a great majority of their trade in these products.

Par. 56.—EARTH COLORS, ETC.

J. W. COULSTON & CO., 80 MAIDEN LANE, NEW YORK, N. Y.

NEW YORK, *May 22, 1913.*

Hon. F. McL. SIMMONS,
Chairman of Finance Committee,
United States Senate, Washington, D. C.

HONORABLE SIR: If not too late, we would like to present to you the question of changing the duty that is proposed on the new bill now being considered by the subcommittees of your Finance Committee on earth colors, such as siennas and umbers.

The present duty on the crude is $2.50 per ton of 2,240 pounds and on the powdered, after being washed, $7.50 per ton of 2,240 pounds, leaving a margin of $5 per ton of 2,240 pounds for houses in America who import the crude and powder same, of which there are a few.

This $5 per ton is just about the cost of the powdering. In some instances less than our cost after taking into consideration the cost of

the barrels, and on some qualities which are very slow in powdering it does not equal the cost.

On the proposed new duty there is no practical difference of any moment in the cost on the crude or unpowdered and the powdered, the duty being 5 per cent. To show you what little difference there is, therefore, in the duty on the crude and on the powdered, please note the following costs:

Raw umber, crude, not calcined, costs us $4.20 per ton at the island of Cyprus. The duty on this is 21 cents per ton, whereas the duty on the powdered at 5 per cent is $1.25 per ton, allowing only a difference of about $1 per ton, which is not sufficient on this class of material.

Calcined or burnt umber costs $8.20 at island of Cyprus; duty on this is 41 cents per pound; duty on the powdered, $1.47; only a difference of $1 per ton.

To the cost of the crude umber, which comes in bags, we have to add cost of the barrels and higher rate of freight from island of Cyprus to New York than on the powdered from Liverpool to New York, and in addition we have lighterage and cartage expenses to our factory to powder the goods, and these expenses offset to a great extent the difference between the cost of the foreign crude umber and the foreign powdered umber.

On sienna earths the difference of duty between the powdered and the crude varies from 55 cents to $1.50 to $2 per ton, which is not sufficient protection.

We ask your kind consideration of this request, and reference to the proper subcommittee.

We believe that there should be a duty with a difference of $5 per ton between the crude and powdered siennas and umbers.

Par. 56.—OCHER.

J. LEE SMITH & CO., BY J. LEE SMITH.

NEW YORK, *May 9, 1913.*

Hon. F. McL. SIMMONS,
Chairman Finance Committee United States Senate,
Washington, D. C.

DEAR SIR: As we note that the proposed new tariff bill goes this week before the committee of which you are chairman, we take the liberty of writing you with reference to making a change in the raw material of the articles mentioned below.

In the new tariff bill, as reported in "Schedule A, Chemicals, oils, and paints," the duty on ocher and ochery earths, sienna and sienna earths, and umber and umber earths is 5 per cent ad valorem in both the crude and powdered state. It costs abroad an average of 52 cents to powder 100 pounds of these materials, and in this country $1.06. This results that it costs 54 cents more to do the work here, on account of the high cost of labor, etc., than it does to do the work in Europe.

Your proposed tariff bill allows less than 3 cents per 100 pounds to compensate the manufacturer in this country for 54 cents increased

cost. Unless the grinder here be protected by a greater ad valorem duty on the powdered material it will result that all these goods will be powdered abroad, thus causing the closing of all factories now depending upon this industry, with consequent loss to the laborer as well as the manufacturer.

To equalize the higher cost of manufacturing in this country there should be at least an ad valorem duty of 25 per cent on the powdered goods, if the crude goods are to pay an ad valorem duty of 5 per cent.

The present tariff bill gives a protection of 25 cents per 100, which is inadequate, and has resulted for years past in the powdered goods being freely sold in this market. Bearing this fact in mind, how can the manufacturer here hope to compete with a protection of less than 3 cents per 100 pounds?

As one of the largest grinders of these goods in this country, we trust that you may see the justice of altering the proposed bill to a 5 per cent ad valorem duty on ocher and ochery earths, sienna and sienna earths, and umber and umber earths, when crude or not powdered, washed, or pulverized, increasing the ad valorem duty to at least 25 per cent when powdered, washed, or pulverized.

As there are no umbers or siennas mined in this country that can favorably compete with those imported, it is only reasonable that our manufacturing plants and workmen should receive the benefit of the powdering of the goods.

HIWASSEE CHEMICAL & COLOR MINES (INC.), HIWASSEE, VA., BY RUDOLF PABST, PH. D.

HIWASSEE, VA., *May 8, 1913.*

Hon. CHAS. F. JOHNSON,
United States Senate, Washington, D. C.

SIR: We are miners and refiners of natural ochers, having very recently opened our mines here and equipped the most modern machinery for the purpose of refining ocher of a capacity of 30 tons per day.

We have noted that the House passed Schedule A and in it paragraph 56 covering duty on ocher, crude or manufactured, at 5 per cent ad valorem. This, if it passes the Senate and becomes a law, will make it impossible for us to sell our product at any of the seaboard points or where the freight rate is not very greatly in our favor.

We are advised that the subcommittee who will have charge of Schedule A consists of yourself and Senators Hoke Smith, of Georgia, and William Hughes, of New Jersey.

What we must have to enable us to run our plant is 20 per cent ad valorem, which is quite a reduction from former rates on both crude and manufactured ochers, which rates were one-eighth of a cent per pound on crude and three-eighths on manufactured. Otherwise we will be compelled to run our plant at one-fourth to one-half time and most probably close down entirely.

Now, we wish to put before you this information which we have from very reliable sources. This ad valorem is based on value at original point of shipment. For instance, we will take Apt Vaucluse, France, where we know their lower grades of ocher are

offered at a price of $6 per ton. The duty at 5 per cent ad valorem would be 30 cents per ton. which would lay the goods down at New York, Philadelphia, Boston, etc., including packages. at $10 per ton. We can not, to save our lives, put our goods there at that price.

We are advised by our New York office that two importing jobbers in that city, one of whom is stated by their employees to be heavily interested in the Society Ocher of Southern France, a Paris syndicate which controls most of the good mines of the Vaucluse, has suggested this reduction.

May we not ask your careful and due consideration of this matter? And we sincerely trust that it may meet your best views to strongly advocate and support an ad valorem duty of at least 20 per cent on the above article.

We thank you for the patience you have taken to read this communication, and thank you in advance for your efforts in our behalf.

GEORGE S. MEPHAM & CO., EAST ST. LOUIS, MO.

St. Louis, Mo., *May 3, 1913.*

A careful consideration of H. R. 3321. Schedule A. develops a condition that demands a protest against some of these items and a hope that a consideration of the matter by committee of the Senate will show some inequalities and necessity for change.

The following items directly concerning the business of mining and manufacturing earth. mineral, and chemical colors. as they stand will prohibit manufacture of these goods in United States, transfer the business to similar concerns in England, Germany, France, Spain, and Italy, and we venture to submit the following brief statement of facts concerning these items.

Paragraph 56. Ocher and ochery earths, sienna and sienna earths, umber and umber earths. 5 per cent ad valorem.

The previous duties under bills of 1905 and 1910 called for crude material one-eighth of 1 cent per pound, manufactured material three-eighths of 1 cent per pound. and when ground in oil 1¼ cents per pound.

The records show that the old rates have permitted bringing into this country considerable quantities of these products. but have kept out the cheaper products. which are shipped principally to Germany and Russia. A rate of 5 per cent and the low freight rates from Marseille. point of shipment in France, will bring into this country a vast quantity of cheap ocher that is now impossible to import because competition in America from American factories has brought price down to a figure less than French cost. about $6 a ton, freight to seaboard in France $2 a ton, and from Marseille to New York $3 a ton, or $11 cost, insurance, and freight at New York.

The labor prices paid where these goods are manufactured, Apt in the Vaucluse, France. were in 1911 2 francs, or 40 cents per day for common labor, and 2.50 francs, or 50 cents. per day for such skilled labor as is necessary. In comparison, American factories pay from $1.75 for the cheapest labor to $3 per day.

The items umbers and siennas are produced principally in Italy, from which country the entire amount of imported product is

brought here. The present duties permit bringing into this country of crude ores and the manufacturing of them here and their sale in competition with manufactured products from Italy. Five per cent duty on both will prevent any manufacture in this country, and the entire amounts must come from foreign countries in manufactured form.

There has been added to paragraph 56 the items Spanish brown, Venetian red, and oxide of iron, n. s. p. f. 10 per cent ad valorem. The item Spanish brown covers an iron ore mined in Spain and manufactured there. In 1911 the labor costs at factories doing this work near Malaga were for common labor 2 pesetas a day, 36 cents, and for skilled labor, engineers, coopers, carpenters, etc., 3 pesetas, 54 cents, per day. The labor costs in this country run from $1.75 to $3 per day. This material is in reality a hematite, or red oxide of iron. It is now imported in considerable quantity on a duty of 30 per cent ad valorem. It comes directly in competition with iron ores for the same purpose, treated the same way and made in this country by at least 20 concerns. If the duty is reduced to 10 per cent, which is figured on the value of the material in Spain, which is about one-half cent per pound or less, it will unquestionably close the majority of the American factories, both because of difference in cost and of the fact that freight from Spanish port to New York is less than one-half of the average freight from American factories to the American seaboard.

The next items, Venetian red, Indian red, and oxide of iron, in reality do not belong in the classification of earth colors, because these materials are produced from a chemical, viz: Copperas, a by-product in the manufacture of tin plate, wire, etc. This material, copperas, has been made for many years in England, and a considerable quantity of it manufactured into the colors named above, and shipped all over the world. The labor costs in England in 1911 were 80 cents a day for common labor and $1.20 a day for skilled labor used in this class of work, viz, engineers, machinists, bricklayers, carpenters, etc. The freight rates from English ports of manufacture range from $2 to $3 per ton, 2,240 pounds, while from central factories in this country the freight rates run from $5.80 per ton, 2,000 pounds, in carloads, to $8.20 per ton, 2,000 pounds for less than carload shipments. A rate of 10 per cent on these items will make it impossible to produce in this country unless labor is reduced to English basis.

Now, we submit that the only requests for reduction on file are from two importing brokerage concerns in the city of New York, viz, F. A. Reichard, a concern connected with the ocher society of southern France, a Paris syndicate controlling the majority of the ocher properties in France, and J. W. Coulston & Co., an importer of these productions.

We desire to contradict emphatically the statements appearing in briefs submitted by firms named above requesting these reductions, because, first, there are many manufacturers in this country who employ labor, pay taxes, and build factories, while importing brokers require small offices and a few clerks only, and, as a rule, they sell foreign products to arrive, so that they spend no money for either of the items mentioned.

If a rate of 10 per cent should prevail on these products it will mean closing down of factories in this country and continuance of

business of the concerns now engaged as importing brokers at some seaboard point: therefore we ask that items venetian red, Indian red, etc., be removed from paragraph 56, where they do not belong. and that they be covered under the general item of paints and colors. paragraph 64. where they have always been classified and where they really belong.

Item 64 covers all paints and colors, dry or in oil, at 15 per cent. We submit that this is too low for several reasons: First, it will not begin to cover the difference in labor on this class of material, particularly in England, as compared with the United States; second, it unintentionally makes possible a condition which probably was not intended when the bill was framed. We refer to the fact that paragraph 46 puts a duty on linseed oil of 12 cents a gallon. At the present cost of linseed oil in England this figures out a duty of 32 per cent, and it is believed that this duty is necessary to stimulate the production of flaxseed and linseed oil in this country. Now, paragraph 64, at 15 per cent, makes possible the mixing of any color in oil, thus bringing to the United States linseed oil in mixed form at a duty of 15 per cent ad valorem. As a prepared or mixed paint consists of at least 75 per cent linseed oil to 25 per cent or less of color, it demonstrates itself that linseed oil mixed with colors will be brought to this country in vast quantities and exclude the possibility of the production of this prepared paint in the United States, because 15 per cent of 38 cents, the price per gallon, will bring into the United States linseed oil at a price much less than its usual selling figure in this country, which is based upon the market price of flaxseed.

We submit that the rate on paragraph 64 should be 25 per cent. which puts it in line with other items of similar nature; for instance, white lead, with which colored paints are principally in competition.

We understand the entire mixed-paint trade of this country, which comprises over 300 concerns, have protested against item 64, and have asked for a rate of 25 per cent, under which the inequality regarding linseed oil will be avoided, and this rate, they believe, will permit their operations, and we venture to hope that this may be accomplished, but we particularly urge that the items venetian red, Indian red, and oxide of iron be taken out of the earth-color class, where they do not belong, and be placed in their proper position, and as they are a manufactured product, where labor covers at least 75 per cent of their cost, it is fair that they be given the same rate as all others kinds of paints and colors. It is manifestly unfair to single out items of this sort for so drastic a reduction as from 30 to 10 per cent, where the result would be the closing of American factories and the transfer of this business to importing brokerage concerns.

EAST ST. LOUIS, ILL., *May 9, 1913.*

Hon. CHAS. F. JOHNSON,
Senator, Washington, D. C.

MY DEAR SIR: Following conference, which you kindly gave me last Tuesday, I have carefully looked over report 5 to accompany H. R. 3321, April 21, 1913, and venture to write you in supplement

to brief given you on the subject of tariff, particularly referring to paragraphs 56 and 64.

I append memoranda made up from this and other governmental reports and wish, at this point, to say that there is no other means of obtaining reports as to production, as the business of producing earth, mineral, and chemical colors in this country has never been brought into any combination, trust, or agreement, even to the extent of imparting information by the different manufacturers on their tonnage output.

PARAGRAPH 56.

Ochers (in form of powdered, washed, or pulverized):
  Importation, year 1912, 11,687,021 pounds; revenue collected, $43,826 (duty equivalent 40.03 per cent).
  Estimate, H. R. 3321, 17,000,000 pounds; revenue estimated, $6,800 (duty equivalent 5 per cent).
  Increase in importations, 5,312,079 pounds (or 46 per cent); loss in revenue, $37,026 (rate reduced 35 per cent).

Venetian red:
  Importation, year 1912, 2,228,593 pounds; revenue collected, $5,531 (duty equivalent 30 per cent).
  Estimate, H. R. 3321, 3,000,000 pounds; revenue estimated, $3,000 (duty equivalent 10 per cent).
  Increase in importations, 771,407 pounds (or 35 per cent); loss in revenue, $2,531 (rate reduced 20 per cent).

Spanish brown, Indian red, colcothar or oxide of iron:
  Importation, year 1912, $99,106; revenue collected, $29,731 (duty equivalent 30 per cent).
  Estimate, H. R. 3321, $150,000; revenue estimated, $15,000 (duty equivalent 10 per cent).
  Increase in importations, $50,894 (or 50 per cent); loss in revenue, $14,731 (rate reduced 20 per cent).

Hence, according to estimate quoted above, there will be brought into the United States in manufactured form an increase of:

	Pounds.	Value.	Loss in revenue.
Ocher	5,312,979	$42,502	$37,026
Venetian red	771,407	11,562	2,531
Spanish brown, etc.		50,894	14,731
		104,959	54,288

Being an increase of importations in value $104,959, and a decrease in revenue of $54,288.

The following estimates are taken from governmental reports, and show importations into this country and production during periods stated:

Ocher.	Imports.	Manufactured in United States.
1910	$122,189	$112,445
1911	118,759	109,495

SPANISH BROWN, INDIAN RED, ETC.

The following is for the years 1908, 1909, 1910, and 1911 taken from governmental publications: Imported, $407,223; manufactured in United States, $405,560.

It is submitted that this shows that the business of manufacturing above items in the United States aggregated very closely the amount of the same items imported, both being stated in dollars, and while this business is not a large one, it represents manufacturing establishments in at least 14 States. The ores and minerals used coming from a still greater number, this requires employment of labor in mining, hauling, and manufacturing, while on foreign goods all of this labor and expense goes to operators in England, France, Germany, Spain, and Italy.

To bring in additional quantities as estimated of ocher 46 per cent, of venetian red 35 per cent, of Spanish brown, etc., 50 per cent, reduces the quantity that can be made in the United States by just that proportion, and as labor employed in production of these colors costs from 50 to 75 per cent of the total expense necessary in their production, it will readily be seen that many laborers must necessarily be unemployed and the factories in this country can not hope to operate.

I desire, personally, to state that having visited factories producing above goods in England, France, and Spain, I am prepared to state that plant and apparatus in these countries do not compare in cost or efficiency with similar plants in this country, for to achieve the present condition in competition with foreign goods it has been necessary to introduce the best possible efficiency in machinery, because of the very great difference in cost of labor in above countries and in United States.

I desire also to refer to what seems an oversight in H. R. 3321, paragraph 64, "paints, colors, etc., duty proposed, 15 per cent."

Paragraph 46, "Linseed oil," etc., provides a duty of 12 cents per gallon at present, ruling price of oil in England about 38 cents per gallon, this is an equivalent duty of 32 per cent. Now, according to paragraph 64, if linseed oil is mixed with any coloring matter it is dutiable as color in oil at 15 per cent, about 0.056 cent per gallon; under paragraph 66, if mixed with venetian red at 10 per cent the duty on oil would be about 0.038 cent per gallon; if mixed with ocher 5 per cent duty on oil would be about 0.019 cent per gallon.

Linseed oil in England is ordinarily worth about 20 cents per gallon less than in the United States—that is from 35 to 40 cents per gallon there—and from above figures it will readily be seen that importers will bring into this country linseed oil with colors, and so still further reduce revenue on this item, and displace American products by equal amount.

In conclusion, we earnestly ask, first, that all manufacturers of paint, colors, etc., be given exactly the same treatment whether materials are made from ores or from chemicals for a manufactured color, as ocher or venetian red is as much a finished product as the same items when mixed in oil.

And that the rates for paragraphs 56 and 64 be fixed at 25 per cent ad valorem; this will eliminate the difficulty regarding linseed oil when mixed with colors, and will bring all items on an equality, and, it is believed, will permit operations being continued in this country.

NATIONAL PAINT, OIL, AND VARNISH ASSOCIATION, BY IRA D. WASHBURN. CHAIRMAN TARIFF COMMITTEE.

CINCINNATI, *May 29, 1913.*

Senator F. M. SIMMONS,
Chairman Finance Committee, Washington, D. C.

MY DEAR SIR: I notice in the Oil, Paint, and Drug Reporter, of New York, May 26 issue, that you are placing a duty of 5 per cent on ochers, umbers, and siennas in oil. This matter has been called to my attention by a large number of paint grinders of this country in the last few days, and they are all of the opinion, to the man, that there must be a mistake on this rate, for this would mean that linseed oil mixed with ochers, umbers, and siennas would come into this country at a 5 per cent rate, which would be less than 2 cents a gallon duty, while the tariff itself calls for 12 cents per gallon on linseed oil. The linseed-oil crushers, so far as I am able to understand, are satisfied with the 12 cents per gallon, which is a reduction from the former duty, but the duty on ochers, umbers, and siennas in oil is certainly a mistake as it is, and should be considerably higher. As to the amount it should be, we would be glad to leave it to your own good judgment. This would mean, were it to pass as it is, that the paint grinders in this country on these items could not hope to compete with foreign imported goods. All that we are asking is a fair consideration. We expect and are willing that the tariff should be downward on these and all other lines, but do not deem it best to go to the extreme.

I trust you will give this matter your serious consideration.

THE WESTMORELAND CHEMICAL & COLOR CO., 925 CHESTNUT STREET, PHILADELPHIA, PA., BY HENRY C. STEWART, PRESIDENT.

PHILADELPHIA, *May 8, 1913.*

Hon. HOKE SMITH,
Member Subcommittee, Washington, D. C.

DEAR SIR: Kindly permit us to call your attention to paragraph 56 of H. R. 3321 as passed by the House of Representatives on April 29.

We submit that this clause is full of opportunities for evasion of the payment of the duties intended to be assessed and collectible.

The materials mentioned in the paragraph are jumbled together with little or no sense of their relative origin, adaptability, or importance.

Under the tariff acts of 1897 and 1909 it is evident that the duty is intended to cover only native or earth paints colored with iron in the form of an oxide.

But in H. R. 3321, as submitted and adopted, are inserted "Venetian red and colcothar or oxide of iron."

Both these materials were no doubt originally produced from hematite ore, which is a native oxide of iron, but modern practice produces them from the chemical copperas, which now, for the first time in any tariff law, is on the free list.

Modern practice also makes "Venetian red and colcothar or oxide of iron" much better, and therefore more valuable.

It is almost impossible for the person who is not an expert to differentiate between native and chemical oxide of iron.

As the paragraph now stands in H. R. 3211 unscrupulous shippers abroad will unquestionably undervalue the high-grade chemical oxides of iron and so word their invoices that importations will be entered at ocher and venetian-red values.

The duties in paragraph 56 are so low (5 and 10 per cent) that a contest in the courts to determine values "would not be worth the candle." The appraiser, realizing his inability to distinguish the relative values and the utter uselessness of a contest, will pass an entry without question. The Government loses the revenue and the American producer, be he miner or manufacturer, suffers a great injustice.

Comparatively speaking, these materials yield a good revenue, because they are reasonably definitely defined. To combine in one classification the two radically different productions will be, in our opinion, a mistake and work an injustice both to the American producer and the Treasury Department.

The native earths (ocher, umber, sienna, Indian red, and Spanish brown) ought to pay 15 per cent (the duties of 5 and 10 per cent adopted by the House of Representatives would hardly cover the cost of collection). The chemical oxides should be assessed the rate provided for dry paints in the blanket paint paragraph.

May we therefore respectfully ask that as a matter of right and justice paragraph 56 be corrected to read:

Ocher and ochery earths, sienna and sienna earths, umber and umber earths, Spanish brown, Indian red, and all other ferruginous earths, 15 per cent ad valorem.

The rate suggested is altogether inadequate for the successful pursuit of the industry under the present conditions (cost of labor. plant, coal, etc.), but is has the merit of being consistent, and on that score, we trust, will appeal to your judgment and have your valued correction.

P. S.—Please keep in mind that commercial "venetian red and colcothar or oxide of iron" are chemical productions (not native or natural) and have no place in a paragraph where native or natural oxides of iron are rated. As a matter of fact the word "colcothar" is almost obsolete in the business.

PHILADELPHIA, *May 26, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: Kindly permit us to again address you with the following supplemental data to our letter of May 8 in reference to paragraph 56, H. R. 3321.

We regret that the lack of statistics prevents our enlarging on the facts contained in the "Advance Chapter on Mineral Resources of the United States for the Calendar Year 1911," which states that

"the natural mineral pigments" produced in that year as reported to the survey amounted to 62.739 short tons, valued at $498,821.

The aggregate value of importations of ocher (exclusive of crude ocher), sienna, umber, venetian red, Spanish brown, Indian red, and oxide of iron in 1912 was $287,725; the duties collected thereon amounted to $91,060; the freight paid on 13,000 tons, $3 per ton, $39,000; add importers' profit, say, 20 per cent on $417,000, $83,400; total, $501,185.

These figures, which are very nearly exact, show the entire traffic (in foreign and domestic earth paints) to have been in recent years about $1,000,000 annually.

The following letter shows that the foreigners are well satisfied with their share of the business:

ENRICO GANNI & CO.,
DRY COLOR MANUFACTURERS,
Leghorn (Livorno), Italy.

GENTLEMEN: A report to our local chamber of commerce from the United States consul, Mr. Frank Deedmeyer, shows that umber and sienna earths have left our port for United States ports to the extent of 157,216 lires in 1911 and 225,608 lires in 1912, and out of each amount we find from our records that our firm has shipped 137,377 lires in 1911 and 204,158 lires in 1912, say, 87 and 89 per cent, respectively, which, we think, is a fair proportion, and that we well deserve the name of dry-color men.

Thanking you for your past favors,

Respectfully, yours, ENRICO GANNI & CO.

Why give them and the other foreign producers and importers any more than the half they already have?

To prove that the proposition of low duties is largely that of the importer we ask that the letter, addressed to the chairman of the Ways and Means Committee and printed on pages 307, 308, 309, hearings Schedule A, January 6, 7, 1913, be considered as part of this brief.

Besides the above, we submit the copy of a letter and its supplement sent out by the same importer about five years ago. The original letter and supplement are still in the hands of a gentleman in a western city and can be produced at any moment.

——— ———,
———, *Mo.*

GENTLEMEN: The present tariff upon many of the raw materials which enter into your business is practically prohibitive. In other instances the absolute necessity of using certain imported material makes the tariff upon them an absolute tax upon industry. The theory of our tariff being a duty equal to the difference in the cost of production at home and abroad, plus a reasonable margin of safety, it seems to us that the present color schedule utterly fails to fulfill its mission. On account of the small amount of labor necessary to produce colors our schedule of duties should be, in theory at least, a very modest one. The object of our tariff being not to prohibit competition but to make it equal, a lower scale of duties would amply protect the domestic manufacturer and furnish larger revenue.

On a separate sheet we mention in detail a number of the most prominent items in the color list and their present duty. In the second column we schedule suitable and lower duties, which we believe to be to the interest of all, while the third column is left blank for your suggestions. Will you not signify your opinion in this matter by returning this sheet properly filled out? Even if you are absolutely opposed to our ideas, please do not omit to return your blank. We desire to obtain an accurate consensus of opinion on these points, with the idea of presenting the result in a brief to the tariff committees of Congress in Washington.

Yours, very truly,

——— ———,
Per J. W. B.

From: ——— ———. ———.

DECEMBER, 1908.

HON. SERENO PAYNE,
Chairman of the Committee on Ways and Means,
House of Representatives, Washington, D. C.

SIR: Here below is a list of a few raw materials used principally by paint manufacturers. The rates in column No. 1 are the present rates of duty, those in column No. 2 are suggested by ——— ———, and those in column No. 3 are the rates which we favor.

Respectfully, ——— ———.

	No. 1.	No. 2.	No. 3.
Ocher and ochery earths, powdered, washed, or pulverized.	⅛ cent per pound	Free	....
Sienna and sienna earths, powdered, washed, or pulverized.	do	do	....
Umber and umber earths, powdered, washed, or pulverized.	do	do	....
Orange mineral	3⅜ cents per pound	1½ cents per pound	....
Red lead	2⅞ cents per pound	1 cent per pound	....
White lead, dry or in pulp	do	do	....
Zinc, oxide of, dry	1 cent per pound	Free	....
Zinc, oxide of, ground in oil	1⅝ cents per pound	1 cent per pound	....
Ultramarine blue, dry or pulp, or mixed with water.	3¾ cents per pound	20 per cent ad valorem.	....
Oxide of iron, natural, crude and levigated	30 per cent ad valorem.	40 cents per ton	....
Oxide of iron, artificial	do	15 per cent ad valorem.	....
Vermilion red, and colors containing quicksilver, dry or ground in oil or water.	10 cents per pound	5 cents per pound.	....
Talc, powdered	20 per cent ad valorem.	Free	....
Sulphate of lime, ground	$2.25 per ton	do	....
Clay, china, or kaolin	$2.50 per ton	10 per cent ad valorem.	....

NOTE.—In the first column are the rates under the act of 1897. In the second column are the importers' thoughts as to what they should be. The third column is to be filled in by the party to whom the importer addressed his letter; and the list was then to be sent to the then chairman of the Ways and Means Committee.

Now, we again affirm that the rates of 5 and 10 per cent for paragraph 56, as passed by the House of Representatives, are totally inadequate when credit is given for the scale of wages prevailing in the United States.

Again, the language of the paragraph is so indefinite that all sorts of evasions are possible, even to the importation under it of ochers, siennas, umbers, reds, and browns in oil. If this is a fact, and we believe it is, it riddles the effectiveness of the general paint paragraph No. 64.

Besides, as stated in our earlier appeal, the placing of native and chemical oxides of iron in one paragraph is unwise from the standpoint of the appraiser's department. Complications and loss of revenue will inevitably result.

One word more: Men don't work for themselves alone. The dear ones at home are a far greater incentive than the mere acquisition of wealth. The protective tariff has done more for the American people than simply make them prosperous. It has brought many a comfort to the dependent ones not directly traceable to the duty on foreign productions. For instance, in most of the States of the Union, and

especially in Missouri, Georgia, and Pennsylvania, deposits of earths available for use as paint occur frequently, and are worked regularly or at intervals by the occupants of the farm. The paints are sold to the powdering-mill man, and the money obtained is naturally invested in some necessity or comfort for the farmer's or miner's family.

If the Senate sustains the rates provided by the House of Representatives these indirect benefits of our industry must cease.

Surely it is a time to stop, look, listen, and think, for reflection will show that there will be no business for either the miner or miller of these earth pigments if the foreign mineral paints are entered at 5 or 10 per cent.

May we again, therefore, appeal to you to at least place the same rates of duty on these materials as is provided in the general paint paragraph No. 64, viz. 15 per cent.

It is all far too low, but evasions would be impossible, and it has, as we have said before, the merit of being consistent.

Paragraph 56 would then read:

> Ocher and ochery earths, sienna and sienna earths, umber and umber earths, Spanish brown, Indian red, and all other ferruginous earths, 15 per cent ad valorem.

We trust our plea will have your valued consideration and approval.

C. K. WILLIAMS & CO., EASTON, PA., BY JAMES H. NEAL, PRESIDENT.

EASTON, PA., *May 14, 1913.*

Hon. HOKE SMITH,
United States Senate, Washington, D. C.

DEAR SIR: We beg to call your attention to the reduction in duty mentioned in H. R. bill 10 on several items as set forth in the inclosed memorandum. H. R. 3321. It would be a great favor to us to have you read this data and use your influence to have the cut in tariff modified. We have been producing these goods extensively for the past 25 years, and we believe what we have asked for in the inclosed memorandum is very fair, and know positively that if H. R. bill 10 is not modified that it will practically put the manufacturers of these goods in this country out of business, the result of which will be far reaching, with the loss sustained to the manufacturers of these pigments in this country, which would affect a large amount of labor employed in the manufacturing, mining, and working up of these goods, all done in this country, and respectfully ask you to give this your support, in having the cut in tariff modified as above set forth.

WASHINGTON, D. C., *April 22, 1913.*

Hon. A. MITCHELL PALMER,
House of Representatives, Washington, D. C.

DEAR SIR: The duty on powdered, washed, and pulverized ochre for the past 14 years has been three-eighths of a cent per pound. The increase in the production from 1898 to 1904 was more than double. From 1907 to 1911, inclu-

sive, the importations compared with productions in the United States were as follows:

Year.	Ocher produced in United States.	Ocher imported	
		Crude.	Manufactured.
1908	$140,439	$1,181	$82,127
1909	123,349	7,494	83,556
1910	112,445	1,391	122,189
1911	109,495	2,579	118,759

showing at the present duty there is about the same quantity imported as is produced in the United States.

Crude ocher in the past could not be imported profitably, due to the dross, comprising about 70 per cent of the material as mined. Seventy-five per cent of the whole cost of the production of ocher in the United States consists of labor. The kind of labor employed in this kind of work in foreign countries is paid from 70 cents to 80 cents per day, whereas in this country it costs from $1.60 to $2 per day.

The present duty on washed or manufactured ocher is three-eighths cents per pound, which equals 41.98 per cent ad valorem, which produced a revenue of $49,857 in 1911.

Present duty on crude, one-eighth cent per pound, which equals 10.35 per cent ad valorem, which produced a revenue of $266 in 1911.

The duty proposed in H. R. 10, on manufactured and crude ocher, is 5 per cent ad valorem, a reduction of 88 per cent of the present duty.

We suggest a duty on the manufactured of $6 per ton, and on the crude of $2 per ton, making a reduction of 20 per cent of the present duty.

UMBERS AND SIENNAS.

We take these together, as all statistics treat the American umber and siennas as one.

Years.	American umber and siennas.	Imported umbers.		Imported siennas.	
		Crude.	Manufactured.	Crude.	Manufactured.
1908	$30,705	$20,404	$7,439	$14,717	$13,490
1909	33,472	12,716	10,194	17,430	12,767
1910	26,700	19,429	12,271	25,139	17,741
1911	26,225	13,265	6,372	26,091	15,961
Total	117,102	65,814	36,276	83,377	59,899

The following shows the umber and sienna manufactured in the United States, which includes the crude imported, as that is manufactured in the United States also:

American umber and sienna for four years 1908–1911, inclusive	$117,102
Imported umber, crude, manufactured in United States	65,814
Imported sienna, crude, manufactured in United States	83,377
	266,293

From these figures is shown that there should be maintained a reasonable difference between the crude and manufactured, that the manufacturing may be preserved to the labor in the United States.

Present duty on manufactured, three-eighths cent per pound; on crude, one-eighth cent per pound.

Duty proposed in H. R. bill 10 is 5 per cent ad valorem.

We suggest a duty on the manufactured of $6 per ton; on crude, $2 per ton: a reduction of 20 per cent of present duty.

IRON OXIDES.

The most important of all the products we manufacture are iron oxides, and they are greater in volume and value.

In the statistics on imports, Venetian red is separated, and as there are large quantities of other iron oxides imported, they are no doubt reported under some other name, as paints and colors, crude, dry, or ground in oil; thus we can only approximate from general knowledge of both the domestic and imports the comparative values, which are as follows:

Estimated domestic production of iron oxides and Venetian red for the years 1908 to 1911, both inclusive, $465,560; estimated imports, iron oxides and Venetian reds, for the years 1908 to 1911, both inclusive, $407,223.

There is no product of paints or colors in our line that the manufacturers have used greater endeavors to develop than iron oxide, due to the volume. We have been for the past 15 years using our greatest endeavors, with the most modern machinery, to divert the import business to the domestic, and while we produce the goods in practically the same manner and the quality just as good, we have difficulty in meeting the foreign competition.

The present duty on iron oxides is 30 per cent ad valorem; duty proposed in H. R. bill 10 is 10 per cent ad valorem.

We suggest a duty of 20 per cent ad valorem.

Hoping the above suggestions may have your favorable consideration, we remain,

Very truly, yours, C. K. WILLIAMS & Co.

Par. 61.—WHITING AND PARIS WHITE.

STICKNEY, TERRELL & CO., BOSTON, MASS.

MAY 10, 1913.

Hon. F. M. SIMMONS,
Chairman Finance Committee United States Senate.

DEAR SIR: We earnestly request your careful consideration of the following brief in relation to the tariff on whiting and Paris white.

These are commercial terms and refer to merchandise produced from crude or natural chalk. A ton of chalk will not make a ton of whiting or Paris white. It requires from 2,700 to 2,800 pounds of the crude material to make 2,000 pounds of whiting or Paris white. The freight cost and handling charges on this 700 to 800 pounds per ton of waste reduces by so much the duty protection, and taken in connection with the proposed reduction in the House bill, from one-fourth of 1 cent per pound to one-tenth of 1 cent per pound, comes very close to wiping out all protection in the tariff on whiting and Paris white. The Government has imposed a duty on whiting and Paris white since 1816 and, under any and all conditions, never less than the present duty of one-fourth of 1 cent per pound, and during most of this period the duty has ranged from one-half to 1 cent per pound. The present tariff is not prohibitive, although very little whiting and Paris white is imported. This is because of the low rate of prices of the American manufacturers. Competition among American manufacturers is, and always has been, intense. There is no trust or combination in the business. The margin of profit to the American manufacturer is so small that freight rates in this country largely determine the market in which the consumer places his orders.

Consumption of whiting and Paris white in this country, based on the statistics of 1911, is about 100,000 tons yearly. If the entire

amount were imported under the proposed tariff rate, the Government would receive about $200,000 in duties and the loss to labor in this country would be about $500,000 to $600,000 per annum. The cost of chalk and labor to the European manufacturer is from $4.50 to $5.50 per ton less than to the American manufacturer, so that the present rate of one-fourth of 1 cent per pound duty on whiting and Paris white is protecting the American laborer only and does not contribute to the American whiting manufacturer's margin of profit.

We will be pleased to inform you in detail any information we possess in relation to this industry, believing that careful investigation will convince you that the industry is not deriving undue profit from the present rate of one-fourth of 1 cent per pound duty, that the present rate barely protects the common laborer in this industry in a modest wage, and that any reduction in the present duty is certain to seriously disturb and, if the rate of one-tenth of 1 cent per pound proposed is maintained in the new tariff, probably abolish the manufacture of whiting and Paris white in this country. In this connection it is only fair to state that the investments in mills and machinery, because of their nature, would become practically worthless, seriously crippling the various owners.

We therefore earnestly request that whiting and Paris white retain the same duty as that now imposed, viz, one-fourth of 1 cent per pound, and solicit the benefit of your wide influence to give us this measure of justice.

Par. 61.—CHALK, WHITING, ETC.

WILLIAM GRIFFITHS, OF SOUTHWARK MANUFACTURING CO., CAMDEN, N. J., AND PENSACOLA, FLA.; A. E. COLE, OF ACME WHITE LEAD & COLOR WORKS, BOSTON, MASS.; H. T. SPOONER, OF THE H. F. TAINTER MANUFACTURING CO., OF NEW YORK, N. Y.; G. W. MACKENZIE, PHILADELPHIA, PA.; W. C. BELCHER, OF BENJAMIN MOORE & CO., BROOKLYN, N. Y.; F. N. TIRRELL, OF STICKNEY, TIRRELL & CO., BOSTON, MASS.

WASHINGTON, D. C., *May 27, 1913.*

To the Hon F. M. Simmons, chairman, and members of the Finance Committee, Senate, United States.

SIRS: The undersigned, a committee of the whiting manufacturers of the United States, respectfully request your consideration of the following brief in relation to a tariff on the indicated articles of commerce.

(1) REASONS WHY PRESENT TARIFF SHOULD NOT BE MODIFIED, OR IF MODIFIED, A DEFINITION OF THE EXTENT TO WHICH IT SHOULD BE MODIFIED.

1. The chalk business in its various forms in this country has been in exictence for about 100 years.

2. During that time, assisted by varying tariff duties, it has grown to a total capitalization of about $1,500,000 in plant investment.

3. Its gross business per annum does not exceed the capital, $1,500,000.

4. There are but 16 manufactories in this country—1 in Florida, 4 in New Jersey, 3 in New York, 3 in Massachusetts, 4 in Pennsyl-

vania, and 1 in Connecticut, with an average capitalization of less than $100,000.

5. The dividends paid do not exceed 6 per cent upon the capital.

6. It is a strongly competitive business. There is no trust or arrangement among the manufacturers as to prices.

7. No fortunes have been made in it.

8. The consumer is satisfied.

9. He makes no complaint.

10. The workman is satisfied, except like every worker he wishes higher wages.

11. The manufacturer is making simply an honorable living, although in some cases no dividends are paid or earned.

Why disturb such a condition by decreasing profits, now reasonable, and inevitably reducing the quantum of wages which should rather be paid here than in Europe.

(II) PROPOSED TARIFF CONSIDERED.

Section 16, page 4, which is—

> Chalk, precipitated, suitable for medicinal or toilet purposes; chalk put up in the form of cubes, blocks, sticks, or disks, or otherwise, including tailors', billiard red, and other manufactures of chalk not specially provided for in this section, 25 per centum ad valorem.

Is entirely satisfactory so far as it goes.

We suggest, however, to make the law consistent, that the words "French chalk, cut, powdered, washed, or pulverized," be taken from section 70, page 17, which section is intended to deal with "talcum, talc, and steatite," which are not chalk, and be transferred to section 16, page 4, above quoted, after the word "red," so that the section would then read:

> Chalk, precipitated, suitable for medicinal or toilet purposes; chalk put up in the form of cubes, blocks, sticks or disks, or otherwise, including tailors', billiard red, French chalk, cut, powdered, washed, or pulverized, and other manufactures of chalk not specially provided for in this section, 25 per centum ad valorem.

III.

Section 61, page 15, which reads:

> Whiting and Paris white, dry and chalk, ground or bolted, one-tenth cent per pound; whiting and Paris white, ground in oil or putty, 15 per centum ad valorem—

We ask should be modified as follows:

So that the first part of the section, which reads, "Whiting and Paris white, dry and chalk, ground or bolted, one-tenth cent per pound," should be changed therein to read "two-tenths cent per pound."

And the second part of the section, which reads, "Whiting and Paris white, ground in oil or putty, 15 per centum ad valorem," should be changed therein to read "four-tenths cent per pound."

The result would be that the section would read in its entirety—

> Whiting and Paris white, dry and chalk, ground or bolted, two-tenths cent per pound; whiting and Paris white, ground in oil or putty, four-tenths cent per pound.

These two changes as suggested will constitute upon the two items of this section a reduction of 20 per cent as regards each item. The present tariff as to whiting, Paris white, dry, etc., is one-fourth cent per pound. Our proposed change is to two-tenths, equivalent to one-fifth, a reduction then of 20 per cent on the present tariff instead of a 60 per cent reduction.

The second item, "Whiting and Paris white, ground in putty," etc., the present tariff is one-half of 1 per cent per pound. Our proposed reduction is to four-tenths per cent, equivalent to a 20 per cent reduction instead of a 60 per cent reduction.

We earnestly contend, under the statements of the facts upon which we stand in the first page of our brief, that there should be no modification of the present law.

There seems in our judgment no necessity or advantage to anyone, but if in your conclusion a change should be made, is there any just reason why the reduction should be made 60 per cent as against the present tariff on whiting and Paris white, dry, etc.? Or is there any just reason why the tariff proposed as to whiting and Paris white, ground in oil or putty, should be reduced 60 per cent as against the present tariff?

The consequence of such radical changes as suggested will paralyze some of these industries, and any close economic study of them will convince you that such disastrous results will follow.

Section 454, page 1111, provides that—

Section 454, page 1111, provides that "Chalk, crude, not ground, bolted, precipitated, or otherwise manufactured," shall be upon the free list, the same as heretofore.

This section is entirely satisfactory.

Par 62.—LITHOPONE.

BECKTON CHEMICAL CO., NEWARK, N. J., BY C. P. SEARLE, COUNSEL, 50 CONGRESS STREET, BOSTON.

MAY 16, 1913.

The FINANCE COMMITTEE UNITED STATES SENATE,
Washington, D. C.

GENTLEMEN: In paragraph 62 of H. R. 3321, lithopone is provided for with a duty of 10 per cent when dried, and 15 per cent when mixed with oil or water.

Lithopone is not known eo nomine in the present tariff act, but is a well-known article of commerce both in this country and abroad; and when imported into this country it is classified as sulphid or sulphide of zinc under paragraph 55 of the present tariff act, and pays duty of 1¼ cents per pound. The barium sulphate in the form of barytes, when properly mixed with zinc sulphide, produces this pigment, which is commonly sold under the name of lithopone; and it is extensively used in the manufacture of flat-coat paints, linoleum, oilcloth, and the rubber industries. The importation of this article into this country is in increasing quantities, and for the year ending June, 1911, 5,409,520 pounds of lithopone were imported into the United States, paying a duty of 1¼ cents per pound. This is

about one-eighth of the total amount of lithopone produced per annum in the United States. The rate of 1¼ cents per pound was equivalent to an ad valorem rate in 1890 of 43 per cent, in 1905 of 48 per cent, in 1910 of 41.85 per cent; and while I have not the figures for the last year, I presume the ad valorem equivalent would be about 40 per cent. The barytes entering into the manufacture of lithopone pays a duty of $1.50 per ton under paragraph 42 of the present act; and sulphid of zinc, or white sulphide of zinc, pays 1¼ cents per pound, as stated above under paragraph 55 of the present act; and as I have already stated, lithopone when imported is classified under paragraph 55 by similitude.

The manufacture of lithopone in this country is a comparatively new industry, and has been established within the last 15 or 20 years; and it is substantially upon a competitive basis with the European article, as is shown by the increasing importations into this country, and it would seem that it would not bear the rate of duty suggested by the House of Representatives in paragraph 62 of H. R. bill 3321.

We would respectfully suggest that the rate be three-fourths of a cent per pound, and inasmuch as your committee is in favor of ad valorem rates, may I suggest that the rate be made 25 per cent ad valorem, or not less than three-fourths of a cent per pound? This, as you will observe, will be a reduction of nearly 40 to 50 per cent from the present duty.

PHILADELPHIA, *May 22, 1913.*

Hon. WILLIAM HUGHES,
Committee on Finance, United States Senate,
Washington, D. C.

DEAR SIR: We are operating factories in Newark, N. J., and have large sums invested therein in the manufacture of lithopone, and I therefore feel that I am justified in appealing to you to ask you to secure the correction of one item in H. R. 3321, which I believe has slipped in through inadvertence and misunderstanding.

The correction I urge would be a minor one, though of very vital importance to us, would not in any way conflict with the Democratic principles upon which the bill is based, and would, in fact, only make the bill more consistent with its other provisions and with the avowed policies of the framers of the bill.

The item in question is contained in paragraph 62, referring to the duty on oxide of zinc.

There is included in this paragraph with the oxide of zinc, white sulphide of zinc and lithopone. They ought not to be classed with zinc oxide, but should rather be included in the next paragraph, 63, along with zinc chloride and zinc sulphate.

Sulphide of zinc, as such, is not an article of commerce to-day. It only occurs in commerce in the form of lithopone, which is a chemical compound, consisting normally of about 30 per cent zinc sulphide and 70 per cent barium sulphate.

The manufacture of our product, lithopone, is a complicated chemical process, similar to but even more complicated than the chemical processes by which zinc chloride and sulphate of zinc are made, whereas the manufacture of zinc oxide is a simple metallurgical process. Zinc oxide can, I believe, be produced to-day more

cheaply in the United States than anywhere else in the world, because of the remarkable favorable character of the unique deposit of zinc ore controlled by the New Jersey Zinc Co.

On the other hand, lithopone is a chemical compond of zinc sulphide and barium sulphate. Barium sulphate, one of our raw materials, is accorded a duty of 15 per cent in H. R. 3321 as against the 10 per cent ad valorem proposed on our finished product under the present wording of paragraph 62.

Our other raw material, zinc sulphide, is chemically produced by us from zinc sulphate, which is accorded a protective duty of one-half cent per pound in paragraph 63, whereas our finished product, lithopone, receives a protective duty in paragraph 62 of 10 per cent ad valorem, equal to about one-fourth cent per pound, or one-half of the duty proposed on the raw material, zinc sulphate.

Further, while zinc oxide is an old-established industry and one well able now to take care of itself, as indicated above, the manufacture of lithopone in this country is of comparatively recent origin, but is an industry which is growing rapidly in this country in the face of rapidly increasing imports from Germany, and I beg to point out that this increase in the industry, both in the domestic manufacture and in the imports, is due chiefly to the fact that lithopone is becoming recognized as a white pigment that is absolutely sanitary, both in the processes of manufacture and in its use in making paints that are sanitary and nonpoisonous, and by reason of these qualities this pigment is tending to replace to a great extent the use of white lead, particularly for painting interiors and largely because of the recognized danger of lead poisoning in connection with the use of white lead.

This is, therefore, particularly an industry which should be recognized by your honorable body as one especially tending toward the conservation of the health of our people; and yet, in the proposed bill, white lead, our principal competitor, is accorded a duty of 25 per cent, while it is proposed to cut the duty on lithopone from 1¼ cents per pound—equal to about 50 per cent ad valorem—to 10 per cent ad valorem.

I respectfully urge, therefore, that sections 62 and 63 should be amended in the simple manner hereinafter indicated. This would change the duty provided in the bill on our product from 10 per cent ad valorem to one-half cent per pound; equal to 20 per cent ad valorem, which would still leave it lower than the duty proposed to be fixed on white lead and lower than the average of about 25 per cent provided on other similar products in the bill, but would relieve us very greatly from the exceptionally drastic cut which it has been proposed to make in the duty on our article of manufacture.

I respectfully urge, therefore, that paragraphs 62 and 63, which now read as follows—

62. Zinc, oxide of, and white sulphide of, lithopone, and pigments containing zinc, but not containing more than 3 per cent of lead, ground dry, 10 per cent ad valorem; when ground in or mixed with oil or water, 15 per cent ad valorem.

63. Zinc, chloride of, and sulphate of, one-half cent per pound—

should be amended to read as follows:

62. Zinc, oxide of, and pigments containing oxide of zinc, but not containing more than 3 per cent of lead or of sulphide of zinc, ground dry, 10 per cent ad valorem; when ground in or mixed with oil or water, 15 per cent ad valorem.

63. Zinc, chloride of, sulphate of, sulphide of, lithopone, and pigments containing sulphide of zinc, but not containing more than 3 per cent of lead, one-half cent per pound.

I have already addressed to each member of the committee a brief on this subject, referring to the corresponding paragraphs in proposed H. R. 10, and I inclose copy of that brief herewith.

I appreciate fully the tremendous present demands upon your time and attention, but if you could accord me the favor of an appointment for a personal interview I would appreciate it very much, and would be glad to give you at such interview any further information you may desire in relation to this subject.

Yours, very respectfully, BECKTON CHEMICAL CO.,
By R. S. HUBBARD, *President.*

THE KREBS PIGMENT & CHEMICAL CO., NEWPORT, DEL., BY H. J. KREBS, PRESIDENT.

NEWPORT, DEL., *May 13, 1913.*

LITHOPONE.

(1) We desire to bring to your attention an injustice—which we are satisfied is unintentional—in the propsed duty on lithopone,

In what follows we will first very briefly endeavor to state the case:

(2) Mr. Harrison, of New York, who had charge of Schedule A, agrees with us that a mistake has been made in the treatment of lithopone, and he is willing that the proposed rate be increased. Mr. Underwood has signified he would agreed to any change recommended by Mr. Harrison. (See appendix.)

(3*a*) *Duties.*—The mistake lies in the uniform treatment of the white-zinc pigments, failing to differentiate between the simple but expensive zinc oxide and the complex but cheap lithopone. The paragraph fixes a rate of 10 per cent ad valorem on them both alike. It is in this uniform treatment of the zinc pigments that the injustice referred to is found. (See appendix, 3*a*.)

(3*b*) The rate on the complex lithopone is 10 per cent, while on blanc fixe and satin white it is placed at 20 per cent, and on white lead at 25 per cent. We think there is no reason why it was desired to thus discriminate against lithopone.

How much more lithopone has been cut into than the other white pigments is shown by the following figures: White lead, cut 20 per cent; zinc oxide, 33 per cent; and lithopone, 33 per cent.

We pray that lithopone be accorded equal treatment as zinc oxide and white lead, viz, cut 33 per cent, which would be about 30 per cent ad valorem.

(3*d*) The change is a cut of 80 per cent of the duty on lithopone from the Payne bill, while the other pigments were cut less than half as much—only about 35 or 20 per cent.

(4) *Costs.*—The effect of the proposed changes can be estimated by noting the costs and selling prices:

	Per pound.
European lithopone sells f. o. b. New York (duty not paid), average	$0.02¼
European lithopone is selling f. o. b. New York (duty paid at 1¼ cents)	.03¾
European lithopone will sell f. o. b. New York (duty paid at 10 per cent)	.02¾
American lithopone costs about	.03-.03¼

(4*a*) These figures vary according to conditions, but as given are very conservative. If European manufacturers can sell for 2¼ cents, and it costs us about 3 cents, what then? (See Appendix 4*a*.)

(4*b*) Please see our cost sheets for 11 years attached hereto in the appendix (4*b*).

The lithopone industry could stand with the other competitive industries a cut of some 35 per cent from the Payne rate of duty, from 1¼ cents a pound to say three-fourths cent a pound, equivalent to about 30 per cent ad valorem. But a cut to 10 per cent ad valorem we fear will destroy the industry in this country, and we trust that the evident error in reducing the duty on lithopone so much more than on the other white pigments will be corrected.

APPENDIX.

In the above we have stated our case as tersely as we could, but in our endeavor to be brief and to make our major points stand out clearly we have omitted many relatively minor facts of considerable importance and much matter that would tend to confirm our statements and so round out our major points as to give them full significance.

We therefore, in the appendix that follows, add matter that complements the above and to which we respectfully refer in elucidation of any paragraphs that have not been entirely clear.

The paragraphs of the appendix are numbered to correspond with the foregoing.

(2) The error would undoubtedly have been corrected in the House if we had not been too late in pointing it out.

(3*a*) We believe the error is largely an arithematical one, made as follows: Neither "Imported merchandise entered for consumption in 1912" nor page 54 of the Tariff Handbook differentiate between zinc oxide and lithopone, and a cut of about one-third was made—or, rather, intended to be made—on basis of the data there set forth, thus: Average value of imports, 6.4 cents pounds: duty (Payne Act). 1 cent (or 1¼ cents on lithopone), intended to be cut to two-thirds cent, which is thus about 10 per cent ad valorem. So it is on zinc oxide, but on lithopone it works out differently, due to its very much lower import value—2½ cents pound (10 per cent equals one-quarter cent)—a cut of 80 per cent from the Payne figure of 1¼ cents pound. It is due to this trick of arithmetic, we think, that lithopone was cut so much more than other pigments.

Into no other white pigment does there go so many various chemical "raw" materials—zinc, acid, barytes, coal, caustics, and oxidizing agents, etc., nor does any other require so large and complex and fine a plant to put the raw materials through.

The pigment with which we are classed in the same paragraph is made by a most elementary smelting process, the plant for which is simple, and without adjunct chemical treatment.

(4*a*) In further comment on this paragraph we would say that the figures are, as we said, most conservative. European lithopone has been offered f. o. b. New York, duty not paid, for considerably less than 2¼ cents pound. And our costs have averaged for 10 years 3.4 cents pound. But we have repeatedly increased the size of our plant, and our increase in size has resulted in a decrease in cost to practically 3 cents pound. If, now, the rate of duty be fixed at the lowest point at which we now can do business, what, then, is to become of our smaller competitors, for whom, with their larger costs, the cut in duty brings lithopone on the market below their cost? We do not believe it is the desire of the framers of this measure to make competition so awfully keen that nothing smaller than a trust can do business.

Our high cost as compared with the European is not due to any considerable ignorance on our part. There are employed at our works from three to five college technically trained men. We have done considerable research work. We have traveled the country over in search of cheaper raw materials and have experimented with many new ones. We believe that science has done for us what it reasonably can be expected to do to aid us in manufacturing efficiently.

There is an element of possible relief in the reduction of duty on zinc and barytes. If the working of the pending bill shall result in a reduction of the cost to us of zinc and barytes to the full or even approximate extent of the proposed reduction in the present rates of duty on zinc and barytes we should be able to save approximately 0.17 cent per pound on lithopone, bringing our cost down to about 2.82 cents per pound.

The United States Geological Survey is well informed and can give information which we believe will confirm this letter.

(4b) *Cost sheets.*—The figures given below are taken from our factory statements, which were not specially compiled for this purpose but are the figures that we have been using in the factory for our own guidance year by year. Inasmuch as we are thus submitting our confidential data, we hope that no public use may be made of these figures.

In 4 of the 11 years we have not made enough profit to pay 5 per cent on the capital invested.

Annual cost statement of ponolith, per 1,000 pounds production, in dollars.

	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912
Expense	$0.9140	$0.6180	$0.5727	$0.8821	$0.7589	$0.7707	$0.7470	$0.4082	$0.4512	$0.5731	$0.4177
Salary	1.9080	1.4160	1.1118	1.2628	.9218	1.6840	1.9828	1.2880	1.3721	1.4389	1.0020
Insurance	.9610	.4780	.3601	.4258	.3387	.3718	.5516	.2161	.1884	.2127	.1551
Interest and discount	.5440	.3330	.1412	.2050	.3402	.3119	.6345	.0665	.0844	.1612	.2456
Fixed	1.4850	2.7750	2.1981	2.6806	2.3286	3.1414	3.9148	2.1020	2.0000	2.3900	1.9107
Pay roll	7.0690	5.8876	5.5741	5.8161	6.0342	5.9732	6.3258	4.5248	3.7319	4.9875	4.2998
Repairs	1.0349	1.0240	.8619	.3771	.7546	.7749	.5300	.5801	.7196	.7621	.5117
Coal	3.0225	2.7240	2.1112	2.5878	2.5319	2.9254	2.8549	2.2253	2.1225	1.8830	1.7164
Semifixed	11.4055	9.6330	8.5885	8.7810	9.3257	9.6742	9.7107	7.3345	7.9516	7.6320	6.4889
Sulphuric acid	2.2005	2.1570	2.1316	2.2614	2.2631	2.4822	2.3745	1.9062	1.8761	1.8053	1.6879
Barytes	3.0159	3.3690	2.6755	3.7623	3.2006	2.9840	2.9022	2.8172	3.0088	3.3512	3.1391
Zinc	7.0460	4.7150	6.8505	9.7191	9.7172	10.0128	8.1100	8.7271	9.2177	8.8676	11.0883
Minor chemicals	1.9650	1.7170	1.7488	.7771	.4581	.4719	.6006	.4610	.4911	.5591	.6571
Filter cloth	.3110	.1775	.1065	.1723	.3168	.3194	.1886	.1619	.2351	.2116	.2108
Chlorite	......	.2006	.2868	.4288	.2627	.2658	.1720	.1001	.1584	.1420	.1851
Barrels	.8850	.8870	1.0182	.9267	.8884	.9580	.8214	1.0115	.9836	.9628	1.0831
Freight	2.7050	1.8110	1.3332	1.0672	2.0500	1.3251	1.5575	1.0687	1.4561	1.2275	1.3232
Commission	1.9820	2.7370	2.6721	2.1871	2.5108	2.1898	1.9015	1.4011	1.2628	1.2422	1.0001
Merchandise discount	......	......	......	......	......	....	.3153	.3295	.1817	.1114	.1425
Proportionate	21.0400	17.7980	18.9355	22.2288	21.7347	[illegible]	19.3495	18.8175	18.9012	18.4940	20.5728
Depreciation	......	1.7550	1.3300	1.3000	2.0000	2.0387	2.6400	3.3617	1.6572	1.8858	......
5 per cent on capital investment	3.5000	1.2877	1.0000	1.5400	2.0780	1.9184	2.0882	1.0192	1.0707	1.1014	.8817
Total cost	39.0720	32.1837	32.0651	36.6184	37.3229	38.1671	37.7082	32.6340	31.3324	31.5069	29.8841

THE BECKTON CHEMICAL CO., 1100 SOUTH THIRTY-FIFTH STREET, PHILADELPHIA, PA.

PHILADELPHIA, PA., *May 5, 1913.*

Hon. F. M. SIMMONS,
Chairman United States Senate Finance Committee,
Washington, D. C.

DEAR SIR: We are manufacturers of lithophone, classed in the tariff bill as sulphide of zinc.

H. R. 10 reduces the tariff on this article from about 50 per cent in the shape of specific duty to 10 per cent ad valorem, a cut of 80 per cent in the tariff on this article.

We are confident that this exceptionally drastic reduction is due to misunderstanding and confusion of this product with zinc pigments, particularly zinc oxide, with which it is grouped in H. R. 10.

The manufacture of zinc oxide is well established in this country, and we are inclined to believe that a reduction in duty to 10 per cent ad valorem would have no injurious effect on that industry, as zinc oxide has for some years been very largely exported from this country to Europe and is, we believe, more cheaply produced in this country than anywhere else in the world. This is on account of the superior nature for this purpose of the special zinc ore (found in quantity only in this country) from which the zinc oxide is made direct at minimum cost.

Lithophone, on the other hand, is the result of elaborate chemical processes, the raw materials having to be brought into solution and after purification mixed in suitable proportions to form the basis of lithophone. The process is complicated in character and costly in labor. In its manufacture we use a crude barium sulphate, which is imported from Germany on tonnage approximately equal to the tonnage of lithophone produced. We beg to call to your attention that H. R. 10 provides a duty of 15 per cent on this raw material, while reducing the duty on the finished product to 10 per cent ad valorem.

Our other principal raw material is zinc or spelter, and the duty on this it is proposed to reduce from 1 cent per pound to an ad valorem of 10 per cent, equal to about one-half of 1 cent per pound, under H. R. 10, a much smaller reduction of duty than is proposed for lithophone.

We now have invested in this industry large sums of money; the business and the use of lithophone in this country is increasing rapidly, and as a nonpoisonous white pigment, it is tending to take the place, to a large extent, of white lead. In H. R. 10 white lead, our principal competitive pigment, is accorded protective duty of 25 per cent, while the duty on lithophone is cut to 10 per cent.

We believe that if the industry in this country is not now crippled by too drastic a cut in the tariff we will eventually be able to meet the German manufacturer on an even basis, but we feel that the cut proposed by H. R. 10 is unreasonably severe and must, as we have said, be due to confusion of this product with zinc white, technically known as zinc oxide. We submit the following data, which is taken from the Official Hand Book, showing the heavy and rapid increase in importation of German lithophone into this country at the rate of duty imposed by the present and preceding tariff and which we submit as a convincing argument that the excessive cut of 80 per cent in duty proposed by H. R. 10 is unjust and unnecessary.

(64) Zinc, sulfid of, white, or white sulphide of.

Item.	Dingley tariff.		Payne tariff, 1912.	Estimates for a 12-month period under H. R. 10.
	1905	1910		
Imports:				
Quantity (pounds)	1,189,511	2,367,699	6,325,072	7,000,000
Value	$30,997	$68,925	$157,921	$180,000
Average unit	$0.026	$0.029	$0.025	$0.026
Duties	$14,869	$24,846	$79,063	$18,000
Equivalent ad valorem (per cent)	47.98	41.85	50.07	10.00

Par. 65.—CHLORATE OF POTASH.

HOYNES SAFETY POWDER CO., BY R. S. WADDELL, CLEVELAND, OHIO.

Importations into the United States.

Year.	Pounds.	Value.	Duty.	Rate.
1889	2,525,763.0	$250,843.00	$75,772.00	$0.03
1890	2,442,773.0	224,599.00	73,283.00	.03
1891	2,989,291.0	285,713.00	....	Free.
	612,631.0	35,948.00	18,379.00	.03
1892	3,453,492.0	354,311.00	....	Free.
1893	4,061,176.0	455,905.00	....	Free.
1894	4,131,055.0	399,571.00	....	Free.
1895	4,549,890.0	489,774.00	....	Free.
1896	5,196,575.0	432,058.00	....	Free.
1897	6,151,543.0	462,531.00	....	Free.
1898	4,242,027.0	265,858.00	106,050.74	.02½
	65,340.0	45,026.00	....	Free.
1899	2,786,490.0	172,767.00	69,662.25	.02½
1900	1,636,582.0	102,337.00	40,914.50	.02½
1901	1,103,379.2	67,383.20	27,584.51	.02½
1902	854,851.0	49,566.37	21,371.38	.02½
1903	912,646.0	40,002.10	22,816.18	.02½
1904	315,316.0	12,511.00	7,882.93	.02½
1905	38,808.0	2,359.00	970.22	.02½
1906	57,905.5	3,868.00	1,447.64	.02½
1907	20,570.0	1,486.00	514.00	.02½
1908	13,268.0	1,052.00	331.70	.02½
1909	20,801.0	1,655.00	520.03	.02½
1910	413,885.0	26,018.00	8,277.70	.02
1911	25,079.0	2,006.00	501.58	.02
1912	42,131.0	3,411.00	842.62	.02

From 1892 to 1897, inclusive, when chlorate of potash was on the free list, the average importation per year was 4,591,123 pounds. The maximum was during 1897, when 6,151,543 pounds were imported.

During a corresponding period of six years, from 1907 to 1912, inclusive, the importations averaged 89,287 pounds, including the maximum in 1910, when 413,885 pounds were imported by reason of the stimulus of trade given, probably on contracts made in apprehension of an increased tariff rate.

The average importation of the last two years is 33,600 pounds.

No argument should be required to demonstrate that a tariff on chlorate of potash renders the use of this article, when imported, prohibitive to American manufacturers.

The reduced importations from 4,591,123 to 33,600 pounds average per year, while the general volume of trade of the country has greatly increased, indicate that chlorate of potash should be placed on the free list to enable domestic manufacturers to use it in competition with others at home and abroad.

2. There are three plants in the United States manufacturing chlorate of potash, located at Niagara Falls, Bay City, Mich., and in Vermont. A single firm in New York City controls the marketing of the entire output of these plants and enjoys a complete and exclusive monopoly on this article in the United States. By reason of such monopoly and the existence of a prohibitive tariff duty of 2 cents per pound, this firm entered into an agreement with the chemical pool of Europe, by the terms of which all foreign manufacturers obligate themselves not to sell or deliver chlorate of potash for shipment into the United States, thereby confirming this absolute monopoly at New York, enabling it to fix high destructive prices and restrain domestic and foreign trade.

The tariff charge is the inducement and consideration offered to foreign manufacturers as a basis for this unlawful conspiracy in restraint of trade. This foreign agreement, founded on the tariff, defies the law, nullifies the tariff, sustains an American conspiracy in restraint of trade, enriches the monopoly at the expense of the masses, and precludes any revenue as compensation for the exclusive tariff favor.

3. The proposed reduction in the tariff from 2 cents to 1 cent per pound will reduce the revenue, but can not promote trade. Placing chlorate of potash on the free list would destroy the inducement offered foreign manufacturers to remain parties to a contract closing the market of this country to themselves, and may enable American manufacturers, not parties to the conspiracy, to obtain this raw material at a fair price in foreign markets.

Chlorate of potash costs to manufacture by electrolytic process. in Sweden and Norway, 3.5 cents per pound; on the Continent, 3.6 cents per pound; in the United States, 3.75 cents per pound. It sells abroad for 5 to 5.5 cents per pound. The American monopoly fixes 9.5 cents per pound.

We again urge that chlorate of potash be placed on the free list.

Par. 65.—YELLOW PRUSSIATE OF POTASH.

HENRY BOWER CHEMICAL MANUFACTURING CO., PER W. H. BOWER, VICE PRESIDENT, GRAYS FERRY ROAD AND TWENTY-NINTH STREET, PHILADELPHIA, PA.

APRIL 28, 1913.

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

SIR: We have addressed a letter to the Hon. Oscar W. Underwood, chairman of the Committee on Ways and Means of the House of Representatives, calling his attention to a serious error in the basis used in calculating the proposed duty on yellow prussiate of potash, covered by paragraph 65 in House bill 3321. In the event of the failure of the Ways and Means Committee, or of the House sitting as in Committe of the Whole, to make this important correction, we wish to bring it to your attention by quoting below the full text of our letter to Mr. Underwood, and at the same time to ask your aid in having this important item amended:

APRIL 25, 1913.

Subject: Yellow prussiate of potash. H. R. 3321. Schedule A, paragraph 65, page 15.

SIR: We respectfully wish to bring to your attention what appears to us to be a serious error in Tariff Handbook, which is the "Statistical basis for bill H. R. 3321," page 57, dealing with paragraph 65 of the bill. Therein your committee has evidently used as the average unit of foreign value of yellow prussiate of potash the figure of nine-eighths cent per pound, and has calculated at the ad valorem rate the equivalent proposed specific duty of 1¼ cents per pound. We beg leave to state that the unit of foreign value so used is wrong, and in proof thereof submit for your inspection clipping from the Oil, Paint, and Drug Reporter, issued April 21, 1913, showing market reports from both London and Antwerp, which figure out as follows:

London minimum price, 6d. per pound (£ sterling=$4.8665). London price per pound=12.1662 cents.

Antwerp price, 141 francs per 100 kilos (franc=19.3 cents; 100 kilograms=220.5 pounds). Antwerp price per pound=12.6 cents.

	Cents.
12½ per cent of London value, 12.1662 cents	1.5208
12½ per cent of Antwerp value, 12.6 cents	1.575
Average	1.55

(In both London and Antwerp price quotations it should be understood that German goods are referred to.)

The rate of 12½ per cent is of course a lower rate than that proposed in paragraph 5, page 2, lines 11 to 17, in House bill 3321, which would impose a duty of 15 per cent on "all chemicals * * * compounds, preparations, mixtures, and salts and combinations thereof not specifically provided for in this section."

There do not appear any reasons why yellow prussiate of potash should be subject to a lower rate of duty than other chemical compounds and salts not specially provided for in Section I. As a matter of fact, the proposed lower rate of 1¼ cents per pound would be merely a useless sacrifice of revenue, inasmuch as the German producers in combination annually have a surplus of the material, which they dump in the United States irrespective of price here, in order to keep supply and demand balanced in Germany.

We would therefore ask either that yellow prussiate of potash be not specified in bill 3321, leaving it subject to 15 per cent ad valorem duty under paragraph 5, or that the specific equivalent of this ad valorem rate, based on the correct unit of foreign value, be substituted for the proposed rate of 1¼ cents. This would be, on the correct average foreign unit value of 12.38 cents per pound, at 15 per cent, 1.857 cents, or, say, 2 cents per pound, for convenience of calculation.

With this adjustment, we, as the largest manufacturers of yellow prussiate of potash in the United States, would feel that justice had been done to us under the declared tariff policy of the present majority party, whereas the rate of 1¼ cents is, in our opinion, unjust to an industry that has only with difficulty survived through great stress what may fairly be termed the unfair competition of Germany.

Par. 65.—CAUSTIC POTASH.

NIAGARA ALKALI CO., PER H. D. RUHM, VICE PRESIDENT AND GENERAL MANAGER, NIAGARA FALLS, N. Y.

NIAGARA FALLS, N. Y., *May 10, 1913.*

Hon. F. M. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: We desire to make the following brief statement with regard to House bill 3321, as per printed copy under date of April 21, 1913, as introduced into the Sixty-third Congress, first session, with more especial reference to paragraph 65, page 15, Schedule A, and paragraph 585, page 120, of the free list.

The bill which was introduced into the Sixty-second Congress by the Ways and Means Committee provided a specific duty on potash, caustic or hydrate of, of six-tenths of 1 cent per pound. We presented a brief to the honorable Finance Committee of the Sixty-second Congress requesting that this be increased to 1 cent per pound. When the Ways and Means Committee of the Sixty-second Congress held their hearings preliminary to the present session of Congress the writer submitted a brief, which is fully set out in the report of tariff hearings on Schedule A, January 6 and 7, at pages 360 to 369, to which we respectfully call your attention.

We also beg to advise that the writer was instructed to appear before the committee at 11 o'clock on January 6 for a hearing. He reached the Capitol at a few minutes past 10 o'clock, having gotten

up from a sick bed to be there, when he found that owing to the failure of the four parties preceding him on the list to be there on time his name had been called and his turn given to some one else, notwithstanding the fact that he was there about an hour before the time he was notified to be there, so that no opportunity was given him to appear at all.

He filed the brief referred to and asked that if any opposition to his arguments developed he should be given an opportunity to appear personally and answer same. Nothing was done until, on January 31, Mr. C. C. Speiden, one of the importers of caustic potash, of New York City, appeared personally and spoke in opposition to this request, as set out in the hearing on the free list at pages 5966 to 5972. At the same time statements were filed by Peters, White & Co. and E. C. Klipstein, as shown on pages 5972 and 5973. No opportunity was given me to answer the statements made, and to my surprise the Ways and Means Committee not only failed to increase the duty to 1 cent per pound, as shown by me to be entirely proper and necessary, but did not put any duty at all on this material and placed on the free list all caustic potash containing less than 15 per cent caustic soda.

My information is that the principal argument which led the committee to take this action was the statement that the majority owners of this company belonged to the potash trust and had caused all the trouble to the consumers of potash in this country.

As a matter of fact, the majority owners of the stock of the Niagara Alkali Co. were the Schmidtmann interests, and the only trouble which they caused the consumers of raw-material potash in this country was a 50 per cent reduction in the price which was then being charged by the syndicate or potash trust to the consumer, and on the basis of this reduction in price the Niagara Alkali Co. was formed and made a contract for its supplies of muriate of potash.

Under the German potash law an export tax was placed on raw-material potash, which amounted to about 100 per cent of the contract price we were expecting to pay; and this situation was finally compromised, our people going back into the syndicate, and a compromise price being made slightly below the original price charged by the syndicate.

Therefore the result which our people attempted to bring about was a 50 per cent reduction for the benefit of consumers of raw-material muriate of potash in this country, and the actual net result was more than 10 per cent reduction.

How the committee could have figured that our people were the reprehensible ones in this matter and should therefore be punished by leaving their American investment at the mercy of the German manufacturers I am unable to see.

The great reduction which has been made in the price of caustic potash has been made solely for the purpose of driving us out of business; and while the present low prices are very satisfactory to the consumers of caustic potash; they all know very well that these prices can not continue a minute longer than the present management of the Niagara Alkali Co. continues to make potash.

With a small duty on caustic potash, so that American-made material will have a slight advantage over the German, it will be impossible for them to cut the price here and keep their high price at home.

If, however, no objection is afforded against this dumping of their product over here, we will be forced to abandon the manufacture of caustic potash, or, which would be infinitely worse for the American consumer of caustic potash, we will be forced to sell out to the foreign trust.

In view of the vigorous prosecution being conducted by the United States Government against trusts in this country, who by similar actions force their competitors out of business, it does not seem to me to be justifiable on the part of the Democratic Party to encourage similar action on the part of a foreign trust. Even though it be true that the majority stock of this company is controlled by Germans, these Germans have furnished nearly three-quarters of a million dollars for investment in this country, and have thoroughly demonstrated under the management of the writer that the manufacture of caustic potash on anything like an equal basis is a thoroughly feasible and profitable proposition, notwithstanding the remarks of Messrs. Spieden and Klipstein to the contrary.

In addition to this fact there are some thirty-odd American stockholders whose interests are just as much entitled to consideration as those of the importers of the foreign material.

The interest of the actual consumer lies in being assured of the opportunity to continue to purchase caustic potash at practically the present low prices, and this can only be insured by the continuance of the Niagara Alkali Co. in business.

I have repeatedly requested an opportunity to urge the views above stated, but through reasons of policy this has been denied me.

I am therefore compelled to bring the matter to your honorable body as a last resort, and will appreciate your giving due consideration to the insistence made by me.

I suggest that if the paragraph 585 of the free list be changed so as to omit caustic potash therefrom, and if section 65 of Schedule A be changed so as to provide some small duty, preferably 1 cent per pound, but in any event as much as one-fourth of 1 cent per pound, with an absolute minimum of one-tenth of 1 cent per pound, that the object desired will be accomplished and American consumers will be guaranteed their supplies of potash at the low prices now prevailing.

NIAGARA FALLS, N. Y., *June 5, 1913.*

HON. CHAS. F. JOHNSON,
United States Senator, Washington, D. C.

DEAR SIR: As further evidence of the fact that the German manufacturers of caustic potash sell same in Germany at far higher prices than they sell this commodity in the United States, we beg to submit you following prices, recently obtained by friends of ours who are large manufacturers in Germany, and who should get the best prices likely to be accorded:

GERMAN PRICES.

	Per 100 pounds.
Large drums, 250 to 350 kilograms:	
1. 42.5 marks per 100 kilograms f. o. b. cars	$4.60
2. 54 marks per 100 kilograms f. o. b. cars	5.85
3. 56 marks per 100 kilograms f. o. b. consumption place	6.06
Small drums of about 100 kilograms:	
75 marks per 100 kilograms f. o. b. Hamburg	8.12

AMERICAN PRICES.

	Per 100 pounds.
Small drums	$4.32-$4.98
Large drums	4.00- 4.60

Agent's commission, freight, and charges would, of course, reduce these amounts to much lower figures representing the amount received by German manufacturers.

Trusting this information may be of value, we are,

Very truly, yours,

NIAGARA ALKALI CO.,
H. D. RUHN,
Vice President and General Manager.

Par. 65.—POTASSIUM CYANIDE.

THE ROESSLER & HASSLACHER CHEMICAL CO., PER LOUIS RUHL, ASSISTANT SECRETARY, NEW YORK, N. Y.

NEW YORK, *May 9, 1913.*

[Cyanide: H. R. (tariff bill) 3321, par. 65, potassium cyanide, proposed duty, 1½ cents per pound; par. 68, sodium cyanide, proposed duty, 1½ cents per pound.]

Hon. FURNIFOLD McL. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

SIR: Thus both these salts are placed on a footing of equality, although they differ in commercial value as follows:

The actual value of cyanide is based on its cyanogen contents. Pure potassium cyanide contains 38.40 per cent cyanogen; pure sodium cyanide contains 52 per cent cyanogen; 100 pounds sodium cyanide is equal to 130 pounds potassium cyanide.

In order to equalize the duty on both salts, their comparative duties should be as herewith illustrated:

Potassium cyanide.	Sodium cyanide.
When 1½ cents per pound,	then 2 cents per pound.
When 1¾ cents per pound,	then 2⅜ cents per pound.
When 2 cents per pound,	then 2¾ cents per pound.

All potassium cyanide is now imported, as its manufacture in this country was abandoned with the enactment of the Dingley Tariff Act, 1897, when the duty was reduced from 25 to 12½ per cent ad valorem.

The manufacture of sodium cyanide, an American invention by Hamilton Y. Castner, was started in this country in 1902. The proposed 1½ cents per pound specific duty is equivalent to a reduction from 25 per cent to 8⅓ per cent ad valorem.

We do not oppose a reasonable reduction, but we do protest against a radical change, and suggest an adjustment of duty as above indicated.

HON. KEY PITTMAN, UNITED STATES SENATE, AND OTHERS.

UNITED STATES SENATE,
Washington, D. C., May 23, 1913.

Hon. CHARLES F. JOHNSON,
Chairman of Subcommittee No. 3 of the Finance Committee,
United States Senate.

DEAR SIR: We desire to call your attention to the fact that in the chemical schedule (A) a duty of 1½ cents per pound is imposed upon potassium cyanide, sodium cyanide, and other combinations of cyanide.

Cyanide and other combinations of cyanide are universally used throughout the mining States in the reduction of ores; in fact, it is almost an essential to economical milling of nearly all the gold and silver ores of the West, and no satisfactory substitute is known. Practically all combinations of cyanide consumed in this country are manufactured in Germany, and the sale of same in the United States is controlled absolutely by Roesler & Hasslacher Chemical Co., of New York City. This firm maintains a small plant for the manufacture of cyanide at Perth Amboy, N. J., but this plant is capable of supplying only a small percentage of the cyanide used, and is only maintained as an excuse for a protective tariff. This protective tariff enables the selling agent in the United States to obtain 3 cents a pound more for the product in this country than they obtain for the same product in Mexico. In other words, the same sales agents sell the chemical compounds of cyanide in Mexico for 14 cents a pound and in the United States for 17 cents a pound.

The manufacture and sale of cyanide, at the present time, is an absolute monopoly, and we believe that under our platform it should be put upon the free list.

As this is a matter of great importance to the mining interests throughout the Western States, we respectfully urge upon you that you give this matter early attention, and, if possible, grant this small concession to the Western States.

Respectfully submitted.

KEY PITTMAN.
T. J. WALSH.
H. L. MYERS.
G. E. CHAMBERLAIN.
HENRY F. ASHURST.

If the statements made above are true, I cheerfully indorse the proposition.

HARRY LANE.

H. A. HUSTON, 42 BROADWAY, NEW YORK, N. Y.

[This memorandum—cyanide of potash (par. 65) and cyanide of soda (par. 68)—was prepared and presented by H. A. Huston, 42 Broadway, New York. Mr. Huston has no interest in either material. He prepared the memorandum at the request of the manufacturers of cyanides in Germany. Before preparing it he consulted American importers and the only American manufacturer, and all these parties unite in asking that the difference in duty between the two cyanides be continued. Mr. Huston's connection with the case is wholly an act of courtesy to his German friends.]

I. CYANIDE OF POTASH UNDER PARAGRAPH 64, PAYNE ACT OF AUGUST 5, 1909.

Cyanide of potash is included in paragraph 64 of the Payne Act, which provides as follows:

64. Prussiate of potash, red, 8 cents per pound; yellow, 4 cents per pound; cyanide of potassium, 12½ per cent ad valorem.

This is identical with paragraph 66 of the tariff act of 1897.

Cyanide of soda was not specially mentioned in the Payne Act or in any preceding tariff act, but has been assessed at 25 per cent ad valorem under paragraph 3 of the act of 1909, which reads as follows:

3. Alkalies, alkaloids, distilled oils, essential oils, expressed oils, rendered oils, and all combinations of the foregoing, and all chemical compounds, mixtures, and salts, and all greases, not specially provided for in this section, 25 per cent ad valorem; chemical compounds, mixtures, and salts containing alcohol or in the preparation of which alcohol is used, and not specially provided for in this section, 55 cents per pound; but in no case shall any of the foregoing pay less than 25 per cent ad valorem.

Under the act of 1897 the same rate was applied under paragraph 3, which reads as follows:

3. Alkalies, alkaloids, distilled oils, essential oils, expressed oils, rendered oils, and all combinations of the foregoing, and all chemical compounds and salts not specially provided for in this act, 25 per cent ad valorem.

II. CYANIDE OF POTASH UNDER THE UNDERWOOD HOUSE BILL NO. 10.

Cyanide of potash is included in paragraph 67 of the Underwood House bill No. 10, which reads as follows:

67. Potash: Bicarbonate of, refined, one-half of 1 cent per pound; chlorate of, chromate and bichromate of, 1 cent per pound; cyanide of, 1¼ cents per pound; nitrate of, or saltpeter, refined, $7 per ton; permanganate of, 1 cent per pound; prussiate of, red, 2 cents per pound; yellow, 1¼ cents per pound.

CYANIDE OF SODA UNDER THE UNDERWOOD HOUSE BILL NO. 10.

Cyanide of soda is included in paragraph 70 of the Underwood House bill No. 10, which reads as follows:

70. Soda: Benzoate of, 5 cents per pound; chlorate of and nitrate of, one-half cent per pound; bicarbonate of, of supercarbonate of, or saleratus and other alkalies containing 50 per cent or more of bicarbonate of soda, hydrate of or caustic; phosphate of, hyposulphite of, sulphid of, and sulphite of, one-fourth of 1 per cent per pound; cyanide of, 1¼ cents per pound; chromate and bichromate of and yellow prussiate of, three-fourths of 1 cent per pound; borate of or borax (refined), crystal carbonate of, monohydrate, and sesquicarbonate of, sal soda, and soda crystals, one-eighth of 1 cent per pound; and sulphate of soda crystallized or Glauber salts, $1 per ton.

Under the Payne tariff, 12½ per cent ad valorem, cyanide of potash paid at the average price a duty of 1.8 cents per pound.

Cyanide of soda, at 25 per cent ad valorem (basis 96 per cent cyanide of potash), paid 4.1 cents per pound.

The actual reduction as proposed by the Underwood bill amounts to—cyanide of potash, three-tenths cent per pound; cyanide of soda, 2.6 cents per pound.

Percentage reduction: Cyanide of potash, 16.6 per cent; cyanide of soda, 64.4 per cent.

Cyanide of soda is made in the United States. Cyanide of potash is not. Both cyanides are imported, nearly the whole importation coming from Germany.

No objection is made by manufacturers or importers to a reasonable reduction in duty on both materials. American and German manufacturers request that a difference in duty comparable to that now existing be maintained. In this request the importers join. Those compelled to use cyandide of potash are already at a disadvantage, because of the higher cost of cyanogen in this form. The proposed changes in the tariff puts them to a further disadvantage in meeting their competitors whose ores or processes permit the use of cheaper cyanogen in the form of cyanide of soda.

III. Uses of These Substances.

Cyanide of potash and cyanide of soda are used in the extraction of precious metals from low-grade ores, in electroplating, for fumigating fruit trees, particularly citrus fruits to kill San Jose scale, and in some minor metallurgical operations.

Electroplaters have preferred cyanide of potash, and some mine managers claim that the nature of their ores require cyanide of potash and that cyanide of soda, which is cheaper, can not take its place in treating their ores.

The active agent for all of the uses mentioned is the cyanogen. One hundred pounds of pure cyanide of potash contains 40 pounds of actual cyanogen, and at average foreign prices the cyanogen in it costs 38 cents per pound f. o. b. European shipping points.

One hundred pounds of pure cyanide of soda contains 53 pounds of actual cyanogen and at average foreign prices the cyanogen in it costs 30 cents per pound f. o. b. foreign points.

IV. Amounts Imported.

Previous to 1898 very little cyanide was used in the United States, the importation of cyanide of potash and cyanide of soda combined being only 16,232 pounds in 1897. In the years following the trade rapidly increased, as shown in the following table of importations of cyanide of potash.

	Pounds.	Value.	Duty.
1898	[illegible]	$150,252.00	$15,515.11
1899	1,162,785.00	254,615.00	31,701.65
1900	2,001,974.00	411,703.00	55,587.90
1901	2,629,268.63	475,835.00	59,473.13
1902	3,651,254.00	705,786.80	71,115.38
1903	3,049,464.50	540,628.00	68,753.53
1904	1,713,810.00	276,591.00	31,946.72
1905	1,624,372.00	266,508.00	32,526.02
1906	2,148,770.00	321,867.00	46,223.42
1907	3,070,665.00	483,789.00	61,473.65
1908	1,328,375.00	191,915.00	61,801.42
1909	2,752,985.00	386,371.00	48,201.31
1910	2,422,047.09	328,115.00	11,018.27
1911	2,325,286.65	326,972.74	10,871.50
1912	2,005,511.00	312,777.00	39,990.12

Cyanide of soda not being specifically named in the Payne tariff, no statistics of its importations are available from American sources. From statistics of German exports to the United States it appears that in 1910 the United States imported about 657,115 pounds and in 1911, 1,360,373 pounds. Reports of 1912 are not available, but the indications are that about 2,000,000 pounds of cyanide of soda were imported in 1912, or practically the same quantity as of cyanide of potash.

V. GRADES.

These substances are by no means of a uniform degree of purity, and the price per pound varies according to the grade. An ad valorem duty would be more equitable; however, manufacturers and importers are not objecting to a specific duty.

VI. SUGGESTIONS FOR A MORE EQUITABLE TARIFF ON THESE SUBSTANCES.

(A) A reduction of 40 per cent of the present rate on each. This would make the duty on cyanide of potash 1 cent per pound or 7½ per cent ad valorem; cyanide of soda, 2½ cents per pound or 15 per cent ad valorem.

The revenue under this plan would amount to $70,000. The present revenue is about $100,000. The revenue as proposed in the Underwood bill would amount to about $60,000.

(B) If a further reduction in duty is desired it is suggested that cyanide of potash be placed on the free list with the other potash compounds in paragraph 655 and that cyanide of soda be listed at 1½ cents per pound. The revenue under this plan would be about $30,000.

(C) If a larger revenue is desired it is suggested that cyanide of potash be assessed at 1½ cents per pound as in the Underwood bill and that cyanide of soda be assessed at 3 cents per pound. The revenue under this plan would be about $90,000.

The ad valorem equivalent would be about 10 per cent for cyanide of potash and about 18 per cent for cyanide of soda.

Either of these plans would make a reasonable reduction in the duty on each and would not disturb the industries making use of the material.

The foreign manufacturers would, perhaps, prefer suggestion B, while the American manufacturers and the importers would probably prefer either A or C. As the supply of cyanogen is limited it has been suggested that the foreign makers of cyanides have it in their power to increase their prices, following the expiration of present contracts, if the duty is reduced. However, new processes of manufacture will probably exert a controlling influence in this matter.

Par. 67.—SOAPS.

SOAP MANUFACTURES OF THE UNITED STATES, BY F. H. BRENNAN, CHAIRMAN, AND WILLIAM H. WADHAMS, SECRETARY.

WASHINGTON, D. C., *March 21, 1912.*

To the Chairman and Members Committee on Finance, United States Senate, Washington, D. C.

GENTLEMEN: This statement is submitted in behalf of soap manufacturers of the United States now in convention at Washington, representing over 75 per cent of the production of common and laundry soaps.

The title of the bill above, by which it is proposed to amend the existing law, recites that it is an act "to encourage the industries of the United States." Instead of encouraging the soap industry it is respectfully submitted that it would not only prove seriously detrimental to that industry, but unnecessarily burden the consumers.

After having carefully considered the proposed bill and the report of the Ways and Means Committee of the House of Representatives on Schedule A, we have resolved to present this statement to your honorable committee for the purpose of showing the conditions of the industry and the injurious consequences that would surely result if the bill were enacted into law.

It is submitted as a general proposition that there should be no increase in duties on raw materials which enter into the manufacture of common or laundry soap, which is a necessity of life. The various items which will hereinafter be dwelt upon and upon which increases are proposed are all used as basic raw materials in the manufacture of such soaps. It is not believed by the soap industry that it is the purpose of Congress to increase the tariff upon such materials and thus increase rather than decrease the already burdensome cost of living.

It is difficult to understand what purpose can be subserved by placing a duty upon the raw materials which must, in the end, have the effect to increase to the consuming public the cost of the everyday common or laundry soaps in general use by the people. These common soaps are used not only for laundry purposes but also by great numbers of people for general toilet purposes.

It has been the fixed policy of the Government to place the burden of revenue upon the luxuries and not upon the necessities of life. There can be no benefit to nor will it "encourage" the industries of the United States to make the proposed increases. The soap-making industry has been built up in reliance upon the policy of free admission of basic raw materials.

Facts relating to the soap industry.—Number of soap factories in the United States, 436.

Locations: There are soap factories in all sections, and nearly every State in the Union has one or more factories: New York, 67; Pennsylvania, 60; Ohio, 43; Massachusetts, 36; Illinois, 31; California, 27. Character of establishments (out of 436): Individual ownership, 146; firms, 108; corporations, 182. Capital: Less than

$5,000, 101; $5,000 to $20,000, 103; $20,000 to $100,000, 140; $100,000 to $1,000,000, 79; $1,000,000 and over, 13.

There is keen competition among soap manufacturers in all sections of the country. This competition compels each manufacturer to give the largest possible cake or the best possible quality or the lowest possible price, or all of these; otherwise his volume of business can not be increased or even maintained. The prices to consumers of the common and laundry soaps we are discussing run between 2½ cents and 5 cents per cake or bar.

Comparative importance to the soap industry of the cost of labor and the cost of raw materials.—The labor employed in the soap factories is principally unskilled. The wages paid average from $1.75 to $2 per day. The cost of raw materials is a more important item in the cost of soap than is the cost of labor. According to the figures furnished by the Thirteenth Census all establishments engaged in the manufacture of soap paid, during the year 1909, for both salaries and wages, the sum of $11,732,000, while the cost of raw materials is given at $72,179,000.

Coconut oil.—Coconut oil should remain on the free list where it is now, and, so far as can be ascertained, always has been. This oil is almost entirely produced in the East Indies and other foreign countries. Coconut oil was for many years chiefly used in the manufacture of the better grades of toilet and bath soaps. Relying upon the continued supply of duty-free coconut oil, that oil has been more and more used in the manufacture of common or laundry soaps and now constitutes one of the principal ingredients thereof. The public has reaped the benefit of these improvements. The price of coconut oil, however, with its enlarged use, has steadily advanced and to-day is at a point where it would be impossible to furnish a soap of the present superior quality at current prices if a duty is imposed upon coconut oil.

Where hard water is used the use of coconut oil is essential to obtain a good lathering or cleansing soap. This is also true where salt water must be used. So that in large sections of the country and on sea-going vessels coconut-oil soaps are indispensable. The imposition of a duty on coconut oil will result in increasing the price or diminishing the quantity at a given price of soaps of the character described. It will in no wise benefit the insignificant copra-crushing industry in this country, because it should be expressed within a short time after the gathering of the copra. For this reason the oil produced in the East Indies and other foreign countries is of superior grade for soap-making purposes, whereas the oil expressed here is inferior in quality, because the oil-expressing industry is so distantly situated from the copra-gathering sections.

It is proposed to impose a duty of one-quarter of a cent per pound upon coconut oil. The public has become accustomed to the sale to them of a certain sized cake of soap at a fixed price. The trade conditions which have thus been established through custom and long usage would not permit an increase of this price. The necessary result therefore would be that the size of the cake of soap would have to be reduced, and the burden would fall upon the consuming public.

Palm oil, palm-kernel oil, soya-bean oil.—It is proposed to impose a duty of one-quarter of 1 cent per pound upon the above oils, which are now on the free list. They are largely used in the manufacture of common or laundry soaps, and the arguments herein presented with respect to duty-free coconut oil are applicable in the same degree to them.

Attention is respectfully directed to an error at page 280 of the majority report of the House Committee on Ways and Means, under "remarks," where it is stated "no palm-kernel oil seems to be imported." This error has obviously arisen from the fact that prior to 1911 palm-kernel oil was not separately listed, but included under "all other fixed or expressed oils." It appears from the Monthly Summary of Commerce and Finance of the United States, published by the Department of Commerce and Labor, for December, 1911, that 11,201.039 pounds of palm-kernel oil were imported during the period from July 1, 1911, to December 31 of the same year. (See p. 842.)

Olive oil (rendered unfit for use as food or for any but mechanical or manufacturing purposes).—It is now proposed to impose a duty of three-eighths of a cent per pound upon the olive oil above, which is now on the free list and is one of the elementary raw materials used in the manufacture of common or laundry soaps.

None of the oils referred to in this statement and used for soap making are produced from products grown in this country.

Essential oils.—Bergamot, caraway, citronella, lemon grass, lavender, aspic, or spike lavender, rosemary or anthoss, thyme, oil of mace (distilled), oil of geranium, and palma rosa.

It is proposed to impose a duty of 20 per cent ad valorem upon all of these oils, with the exception of oil of mace, oil of geranium, and palma rosa, which will be hereafter separately discussed. These oils have all been heretofore and are now upon the free list. Under the Payne bill the House of Representatives imposed a duty of 25 per cent ad valorem, but this was amended by the Senate and they were placed upon the free list.

Believing that the change of classification now proposed is due to a misunderstanding of the nature and use of these oils, we respectfully urge their restoration to the free list. They are the essential oils most commonly used in the manufacture of common or laundry soaps to overcome the odor of the tallow, and for this reason doubtless were included in the free list in the existing and preceding laws. They are not expensive and refined perfumes such as are used in fancy toilet soaps or perfumes, but are necessary ingredients of the common soaps used by the great mass of the people throughout this country. There is no reason, therefore, why they should be classed with or taxed as luxuries.

Oil of mace.—It is proposed to impose a duty of 8 cents per pound upon mace oil (oil of mace) under paragraph 50 of the pending bill. The oil is of two kinds, namely, expressed and distilled. The oil of mace used by soap makers is a distilled oil, now on the free list, of the same general character as the distilled oils above mentioned. It should be included in the same classification. The distilled oil is out of place in paragraph 50, which applies to expressed oils. It is

properly included, under the present law, with other essential oils distilled, under paragraph 639.

The proposed duty on expressed oil of mace is not opposed by the soap-making industry, as they do not use the expressed oil. There is danger, however, that paragraph 50 of the pending bill, if enacted, may take oil of mace off the free list. It is therefore respectfully suggested that, in order to straighten this out, the word "expressed" be inserted in parentheses after the words "mace oil" in paragraph 50 of the pending bill, and that the word "distilled" be inserted after the word "mace" as it appears in the free list in paragraph 639 of the present law.

Oil of geranium and palma rosa.—It is proposed to reduce the duties upon these oils from 25 to 20 per cent ad valorem. This reduction is effected by the change in the duty imposed upon essential distilled oils not specially provided for. These oils also are largely used in the manufacture of common or laundry soaps, and should, therefore, be placed upon the free list with other essential oils used for the same purpose and above enumerated.

Alkalies.—Carbonate of potash, hydrate of or caustic potash not including refined in sticks or rolls.

It is proposed to impose a duty of one-half of a cent per pound upon carbonate of potash, and of six-tenths of 1 cent per pound upon the hydrate of (caustic) potash. These materials have heretofore been upon the free list where they should remain. They are largely used in the manufacture of common soaps and soaps used in the textile industries.

Resin.—It is proposed to impose a duty of 10 per cent ad valorem upon gum resin (rosin). The pending bill in imposing this duty does not differentiate between the refined gum resin mentioned in paragraph 20 of the existing law—which imposes a duty of one-quarter of 1 cent per pound plus 10 per cent ad valorem—and ordinary unrefined gum resin (rosin) used for commercial purposes and heretofore upon the free list under paragraph 559 of the existing law. It is obvious from a comparison of paragraph 28 of the pending bill with paragraph 20 of the existing law that it was the intention to reduce the duty on refined resin by one-quarter of 1 cent per pound. The soap manufacturers have no objection to such reduction on refined resin. But it should be made clear that such duty does not apply to crude resin by the insertion, after the words "gum resin," in paragraph 37 of the pending bill, of the words "except such as is commonly used for soap making." The resin used by the soap-making industry is the residue after the distillation of turpentine. It is the crude article not refined, and is properly classed as a raw material, as has recently been determined by decision of the United States Court of Customs Appeals. It is one of the materials used widely in the manufacture of common or laundry soaps, and the imposition of a tax thereupon would be a serious matter, especially in view of the conditions of the resin trade in this country. It is generally conceded that the control of the resin market is in the hands of a small number of persons, and that the price has steadily advanced, although the volume of supply to meet the demand has been enormously increased. The exports of this article show that there is no justification for the imposition of the tax proposed upon ordinary

unrefined gum resin. In the Monthly Summary of Commerce and Finance of the United States, published by the Department of Commerce and Labor, issue of December, 1911, at page 860, the following comparison of exports appears:

United States exports of resin.

Years.	Values.	Quantities.
		Barrels.
1909	$8,211,650	1,984,525
1910	12,373,825	2,209,339
1911	16,207,958	2,415,440

The ordinary gum resin referred to, which is the residue after the distillation of turpentine, should properly be classed with turpentine, which remains upon the free list.

Effect of proposed duties on the cost of laundry soap.—Using as a basis the standard box of 100 cakes of 12 ounces each, it is estimated that the increase in the cost resulting from the proposed duties would be, in the case of coconut oil, palm oil, palm-kernel oil, and soya-bean oil, about 12 cents per box, or one-eighth cent per cake; in the case of the essential oils, about 1 cent per box; in the case of resin, about 8 cents per box, or one-twelfth cent per cake.

The total increase would be about 21 cents per box, or nearly one-fourth cent per cake.

In view of the fact that common laundry soap must be considered one of the prime necessities of life, the National Conference of Soap Manufacturers urges respectfully upon your honorable committee that under the circumstances the principal ingredients entering into the manufacture of those soaps should be free from duty.

List of firms represented: B. J. Johnson Soap Co., Milwaukee, Wis.; A. Hoefner & Sons, Buffalo, N. Y.; James Beach & Sons, Dubuque, Iowa; Robert Hamilton & Son, Philadelphia, Pa.; Day & Frick, Philadelphia, Pa.; Beach Soap Co., Lawrence, Mass.; The White & Bagley Co., Worcester, Mass.; F. Kenney Manufacturing Co., Boston, Mass.; Lysander Kemp & Sons, Cambridge, Mass.; Lever Brothers Co., Cambridge, Mass.; The Fairchild & Shelten Co., Bridgeport, Conn.; The J. T. Robertson Co., Manchester, Conn.; The J. B. Williams Co., Glastonbury, Conn.; Thos. Gill Soap Co., Brooklyn, N. Y.; Jones Bros. Co., Brooklyn, N. Y.; Manhattan Soap Co., New York, N. Y.; John T. Stanley, New York, N. Y.; Mülheus & Kropff, New York, N. Y.; Pacific Coast Borax Co., New York, N. Y.; Lightfoot Schultz Co., New York, N. Y.; Christian Bros. Soap Co., Albany, N. Y.; Granite City Soap Co., Newburgh, N. Y.; Rome Soap Co., Rome, N. Y.; Harris Soap Co., Buffalo, N. Y.; The Holbrook Manufacturing Co., Jersey City, N. J.; The Seydell Manufacturing Co., Jersey City, N. J.; The Thompson & Chute Soap Co., Toledo, Ohio; The Phoenix Oil Co., Cleveland, Ohio; The Central Soap Manufacturing Co., Cleveland, Ohio; The Thomas Ross & Bros. Soap Co., Columbus, Ohio; The Hewitt Bros. Soap Co., Dayton, Ohio; The Cincinnati Soap Co., Cincinnati, Ohio; United States Soap Co., Cincinnati, Ohio; The Ryan Soap Co., Cincinnati,

Ohio; The Yale Soap & Refining Co., Cincinnati, Ohio; Summit City Soap Works, Fort Wayne, Ind.; Crescent Soap Co., Indianapolis, Ind.; The Williams Soap Co., Indianapolis, Ind.; Kalamazoo Soap Co., Kalamazoo, Mich.; Detroit Soap Co., Detroit, Mich.; Haskins Bros. & Co., Omaha, Nebr.; Burlington Soap Co., Burlington, Iowa; Iowa Soap Co., Burlington, Iowa; Independent Soap Co., Eagle Grove, Iowa; Magic Keller Soap Works, New Orleans, La.; National Soap Co., Leavenworth, Kans.; Mt. Hood Soap Co., Portland, Oreg.; Luckel, King & Cake Co., Portland, Oreg.; Citrus Soap Co., San Diego, Cal.; Sacramento Soap Co., Sacramento, Cal.; Los Angeles Soap Co., Los Angeles, Cal.; and Commercial Soap Co., Reno, Nev.

MORSE INTERNATIONAL AGENCY, THIRTIETH STREET AND FOURTH AVENUE, NEW YORK, N. Y., BY H. R. PATTEN, TREASURER.

NEW YORK, N. Y., *May 8, 1913.*

Honorable COMMITTEE ON FINANCE, UNITED STATES SENATE.

GENTLEMEN: We respectfully ask your favorable consideration for a further reduction in the duty on perfumed toilet soaps from the rate fixed in H. R. 3321. This paragraph now reads:

67. Soaps: Perfumed toilet soaps, 40 per centum ad valorem; medicinal soaps, 30 per centum ad valorem; castile soap and unperfumed toilet soap, 10 per centum ad valorem; all other soaps not specially provided for in this section, 5 per centum ad valorem.

Under the act of August 5, 1909 (the Payne-Aldrich law), the rate was fixed at 50 per cent ad valorem, but we feel that the facts are such as to warrant a greater reduction, and at the same time we are sure that the revenues will be materially increased.

The rate on perfumed toilet soaps was fixed at 15 cents per pound in the Dingley law. We will show by the short tables herewith that since the increase of duty by the Payne-Aldrich law not only have the values of the importation fallen off but that the revenues have been decreased.

Year.	Import values.	Duties.
1900	$559,048	$194,021
1910[1]	239,446	114,486
1911	350,041	190,020
1912	324,050	162,025

[1] The first year under the Payne-Aldrich law.

You will see by this that from the last year under the Dingley law the total valuations of perfumed toilet soaps have fallen off $235,000 and the duties have decreased $32,000. During the same period the exports of American toilet soaps have increased in value about $710,000. The American manufacturers export five times as much fancy toilet soaps as is imported.

Year.	Export values.	Import values.
1909	$1,130,723	$559,048
1910 [1]	1,479,970	239,446
1911	1,741,971	380,041
1912	1,840,037	324,050

[1] The first year under the Payne-Aldrich law.

Over half of the toilet soap imported into the United States comes from the United Kingdom. From the last year under the Dingley law the importations of fancy or toilet soaps from the United Kingdom have fallen off $83,000, while the exports from the United States to the United Kingdom have increased $4,500. The following table will show the values of toilet soaps imported from the United Kingdom, and exported from the United States to the United Kingdom.

Year.	Imports.	Exports.
1909	$285,479	$358,719
1910 [1]	121,039	416,810
1911	229,797	440,037
1912	202,054	393,063

[1] The first year under the Payne-Aldrich law.

There is no tariff on American perfumed toilet soaps going into the United Kingdom. The population of the United Kingdom is about 45,000,000, just half of the population of the United States. Yet the American manufacturer is able to sell twice as much soap in the United Kingdom as the United Kingdom manufacturer is able to sell here.

This is ample proof that perfumed toilet soap can be manufactured cheaper in the United States than it can be manufactured in the United Kingdom. If it were otherwise how could it be freighted to the United Kingdom and sold on the even market with the United Kingdom soaps?

During the last year of the Dingley law there was imported into the United States 1,293,474 pounds of fancy, perfumed, medicinal, and all kinds of toilet soaps, valued at $559,048, paying a duty of $194,021, which is figured at 34.70 per cent ad valorem. The rate in H. R. 3321 on perfumed toilet soaps is fixed at 40 per cent ad valorem.

We respectfully urge your honorable committee to amend paragraph 67 of H. R. 3321 to read:

67. Soaps: Perfumed toilet soaps, 25 per cent ad valorem; medicinal soaps, 25 per cent ad valorem; castile soap, and unperfumed toilet soap, 10 per cent ad valorem; all other soaps not specially provided for in this section, 5 per cent ad valorem.

We feel sure that this is not unreasonable to the American manufacturer, while at the same time the revenues will be increased materially.

Par. 68.—SULPHIDE OF SODA.

THE GRASSELLI CHEMICAL CO., CLEVELAND, OHIO.

CLEVELAND, OHIO, *May 14, 1913.*

Senator F. M. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: In reference to the proposed tariff bill, H. R. 3321, there are two matters to which we will call your attention, more as they relate to the question of revenue and to the administration of the bill. We manufacture the following articles:

SULPHIDE OF SODA.

[H. R. 3321, Par. 68.]

In considering this item a distinction should be made between commercial sulphide of soda containing between 30 and 35 per cent of sulphide of soda and concentrated sulphide containing between 60 and 62 per cent. The difference has been heretofore recognized by classifying sulphide containing less than 35 per cent of sulphide of soda at a rate of three-eighths cent per pound and that containing over 35 per cent at three-fourths cent per pound. This classification was made because the foreign manufacturers had perfected a process of fusing or concentrating the article so that it contained twice the amount of sulphide of soda.

Each pound of concentrated is equivalent to 2 pounds of commercial in sulphide of soda contents; therefore should a flat rate be again adopted the concentrated only will be imported. Thus the revenue to the Government will be decreased, because the duty will only be levied on 1 pound, whereas the equivalent of 2 pounds is really being imported.

The ad valorem rate in this case would not answer the purpose, because the difference in the selling price is not double, and then the Government would only be exacting duty for 1 pound, where as a matter of fact 2 pounds were being imported.

Furthermore, all Government statistics are computed on the two grades separately, and if there were only one rate of duty, or an ad valorem rate were fixed, these valuable statistics would have to be discontinued.

We would therefore urge that a difference be maintained between sulphide containing less than 35 per cent and that containing more than 35 per cent sulphide of soda content, no matter what rate may be adopted on each grade.

ACETATE OF LEAD, WHITE AND BROWN.

[H. R. 3321, par. 58.]

A difference in rate has always been maintained between these two grades. At present the difference is 1 cent per pound, the duty being 3 cents per pound on the white and 2 cents per pound on the brown. The same argument as used above applies in this case, so there is really no need of repeating the same.

A specific rate is always preferable to an ad valorem rate on account of the difficulties of properly administrating the latter method. In

the case of the specific rate so much a pound irrespective of the cost or selling price is levied and paid to the Government, whereas in the case of an ad valorem rate this must be based on selling prices, which are constantly fluctuating, and therefore there is a continual wrangle existing probably between the seller and the buyer on the one hand and the Government on the other.

If there is any further information that I can give you, please let me know, and I will be very glad to do so.

Par. 68.—BICHROMATE OF SODA.

MUTUAL CHEMICAL CO. OF AMERICA, 55 JOHN STREET, NEW YORK, N. Y., BY HERBERT M. KAUFMANN, GENERAL MANAGER.

NEW YORK, *May 9, 1913.*

HON. WILLIAM HUGHES, M. C.,
Washington, D. C.

DEAR SENATOR: We are large manufacturers of bichromate of soda and bichromate of potash, operating one factory in Jersey City and another in Baltimore. The tariff bill now under consideration has reduced the rate on bichromate of soda from 1¾ cents per pound to three-fourths of a cent, and that on bichromate of potash from 2¼ cents per pound to 1 cent. It is our impression that the proposed duties do not cover the difference between the cost of manufacture in this country and abroad. We believe, however, that it is the intention of Congress to adopt the rates proposed, and therefore are not making any further protest against them at this time.

We wish, however, to call your attention to section 4, Paragraph S, of H. R. 3321. This section reads as follows:

> That the President shall cause to be ascertained each year the amount of imports and exports of the articles enumerated in the various paragraphs in section 1 of this act and cause an estimate to be made of the amount of the domestic production and consumption of said articles, and where it is ascertained that the imports under any paragraph amount to less than 5 per cent of the domestic consumption of the articles enumerated he shall advise the Congress as to the facts and his conclusions by special message.

This provision seems to us a most objectionable one. If, owing to our desire to keep out the foreign product on the one hand and the intensity of domestic competition on the other, prices in this country are maintained at such a level that it would not be advantageous for foreign manufacturers to send their goods over here, we would probably be penalized by having the duties removed altogether. The only way that we can prevent this is to import a quantity equivalent to about 5 per cent of the domestic consumption for our own account, paying the loss that would be involved out of our own pocket. This is probably not the intent of the measure; it is certainly the way it would work out in practice. Do you not agree with us that this clause should be eliminated? If you do, we would ask you to use your best efforts to this end.

While it is possible that the manufacturers of the country may be able to adapt themselves to the changed conditions that will follow the enactment of the new tariff bill, provided a condition of per-

manency is assured, we think it will be very difficult to do so if they are constantly threatened with a change in the duties in which they are interested. Such a state of affairs will undoubtedly exist if the clause we are objecting to is included in the new law.

We wish also to call your attention to the fact that there are two other manufacturers of bichromates in Jersey City and Newark. We feel safe in assuring you that over 50 per cent of the domestic production of these articles is made in the State of New Jersey.

We have been informed that you are a member of the subcommittee of the Finance Committee that will deal with the chemical schedule. When the bill is before you for consideration, we hope you will give your personal attention to the protest we make. It is our belief that this clause is prejudicial to the interests of the manufacturers of this country and their employees.

We trust you will do all in your power to have the above quoted clause stricken from the bill.

Par. 69.—SPONGES.

LEOUSI, CLONNEY & CO., 39 AND 41 WALKER STREET, NEW YORK, N. Y., BY ALBERT HART.

NEW YORK, *June 2, 1913.*

HON. HOKE SMITH,
United States Senate, Washington, D. C.

DEAR SIR: I understand that there appeared before your honorable subcommittee one Mr. Milton Bernstein, who testified with regard to paragraph 69, sponges. Most of the statements made by him were so contrary to actual facts that I feel it should be called to the attention of your honorable committee. The following are some of the statements made by Mr. Bernstein during the course of his examination:

(1) That the cost of material and labor involved in the bleaching of sponges is but 1 to 1½ per cent.

(2) That one dozen of unbleached (natural) sponges costing, say, 50 cents will only cost 51 cents per dozen after being bleached.

(3) That no skill is required in bleaching. That any man taken from the street could in a few days become a competent bleacher.

(4) That some sponges imported into this country from Europe (Mediterranean sponges) are brought in both in their natural and bleached state, proportionately about half and half.

(5) That some sponges are only washed in a solution of lime to change them from a dirty dark brown to a light brown.

(6) That bleaching does not enhance the value of sponges; they are simply bleached because people prefer them that way.

Replying to those parts of Mr. Bernstein's testimony, I desire to state as follows:

First. That the cost of material and labor in bleaching sponges varies according to the quality and grade of sponge. Some unbleached sponges emanating from the West Indies, worth only from 20 to 50 cents per pound, cost as high as 20 to 25 cents per pound for bleaching, labor, etc.; i. e., 50 to 100 per cent. Others worth around $1 per pound cost about 15 cents per pound for bleaching,

etc., and still others worth around $1.50 per pound will cost but 10 cents per pound. There is no grade, however, that can be bleached at anything near the cost stated by Mr. Bernstein, no matter how expensive. The figures as given above are as taken from our factory record, and which are open to your kind inspection, and I shall be glad to bring it before you if so requested. On the whole, however, we would say that the average cost of bleaching is over 15 per cent.

Second. Answering Mr. Bernstein's second statement, I would state that one dozen sponges costing 50 cents would have to sell for not less than 75 cents when bleached.

Third. To this statement I can only say that unless a skilled operator is used for the bleaching process the risk of ruining sponges will be great, as the length of time certain sponges must remain in the various acids must be accurately judged, and this requires considerable experience.

Fourth and fifth. No sponges are imported from Europe only limed, but passed through various solutions of chemicals.

Sixth. Sponges are bleached for the purpose of making them suitable for bath and toilet use.

In conclusion we would point out that there should be a difference in duty between the raw and bleached sponge. We would also point out that the duty on foreign sponges has no effect whatever on the domestic sponge, as this country does not produce enough sponges to supply the demand. We suggest that the rate stand as it is now printed in the Underwood bill, unless you see fit for reasons given herein to advance the chemically treated sponges to 20 per cent, which would be no more than a fair protection to the American industry.

Par. 71.—VANILLA BEANS.

FOOTE & JENKS, JACKSON, MICH.

JACKSON, MICH., *April 17, 1913.*

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: In the matter of the new tariff bill proposing in the main reduced duties on articles of necessity and in some cases increasing duties on luxuries we beg to call your careful attention to the published hearing on vanilla beans before the Ways and Means Committee on January 31, also to marked passages in inclosed reprints showing that flavors in food products are articles of practical necessity and that to increase duties upon raw materials for this class of products is to increase arbitrarily by legislation the cost of living or to inflict further hardships on a class of manufacturers who are already heavily handicapped in comparison with foreign makers of similar products.

The tariff bill proposes to increase the duty on vanilla beans from nothing to 50 cents per pound, irrespective of quality or value.

The first published reports of proposed duties on oils of lemon, orange, limes, and anise fixed the duty at 20 per cent ad valorem.

Later statements give 10 per cent as the duty proposed on all these essential oils, all of which, except oil of orange, have long been admitted duty free, all of which are and must be imported and are raw materials not competing with any American industry for the making of articles of prime necessity, viz, flavoring extracts.

As to oil of orange and other citrous oils, it should be difficult for the present Congress to defend the imposition of a protective tariff on these necessities for the possible benefit of a prospective industry, especially as there is a large and ever-increasing demand for the fruits for table purposes, which would naturally preclude the use of any except imperfect or over-ripe fruit for the manufacture of essential oil, and such waste products, if or when available, should need no protective duties for profitably working them up into the staple raw materials of the maker of flavoring extracts.

We therefore pray you to use your best efforts to secure the free entry of all flavoring raw materials.

Par. 50.—VANILLA BEANS.

THE C. F. SAUER CO., RICHMOND, VA.

RICHMOND, VA., *May 26, 1913.*

Hon. THOMAS S. MARTIN,
Washington, D. C.

HONORABLE SIR: We do not like to annoy you too much with our troubles, but we feel that with industries which have been established and running under certain conditions for 25 years or more it is very hard for the average manufacturers to adjust themselves to different conditions, particularly so when a retail price has been established.

While we believe a reasonable adjustment of the tariff may be necessary from time to time, we do not believe it is necessary to make such radical cuts. We are willing to stand our share, but feel that if the bill goes through in its present shape the flavoring-extract business will be one of the highest-taxed industries in the United States. We are already paying $2.09 on every gallon of alcohol we use. In the case of lemon extracts the Government tax amounts to 75 per cent of the cost of the goods. The same argument would apply to practically all the other flavors.

Flavoring extracts are not a luxury, but are the means of giving the average family the pleasure of a dessert at times which they could not afford to pay for at caterers' prices.

The workings of the pure-food law have caused nearly all raw materials to advance very much. In the case of oil lemon the normal price of which was 75 to 80 cents, it is now $3.35 per pound. This oil, as well as vanilla beans, has always been on the free list since we have been in business—more than 25 years—and prices are to-day necessarily higher than they have ever been, as a rule. Our profits have come down to a basis of less than 4 per cent, and if we are to meet the conditions any further it will mean, first, that we have to cut the 5-cent bottle out entirely; second, a 10-cent bottle, which is the most popular seller to the average housekeeper, will have to contain not much more than the 5-cent bottle of to-day.

It will put us in this position: The quantity we can afford to give will be so small it will not be enough to flavor a dessert for a medium-sized family. The consequence is that you will throw the trade away from pure goods, which the Department of Agriculture has been agitating, to imitation goods, in which case the consumer receives two to three times the amount in quantity. The Government loses by this process, because in the case of pure goods large quantities of alcohol are used, on which they collect $2.09 per gallon, whereas on imitation goods very little alcohol is used. You can readily see that a tax on raw material in this instance does not bring in any revenue.

Further, our books and records are open to your inspection, so you can see for yourself. While our industry is small, comparatively speaking, we employ a force of easily 400 people—salesmen, bottle makers, etc.

We believe this bill is largely brought about by a desire to give free sugar. As business men, we are willing to put ourselves on record that free sugar is a myth: that the consumer will never realize a reduction beyond a half cent a pound, which is insignificant. We are willing to put ourselves on record that you will not see sugar cheaper than 4 cents, as it is selling in this city at retail to-day for 4½ cents.

What we want is free lemon and free vanilla. We are willing, if necessary, to stand the tax on the balance.

FLAVORING EXTRACT MANUFACTURERS' ASSOCIATION OF THE UNITED STATES (INC.), BY S. J. SHERER, CHICAGO, ILL., PRESIDENT.

CHICAGO, ILL., *May 3, 1913.*

The UNITED STATES SENATE,
Washington, D. C.

DEAR SIR: In reference to the proposed levy of duty of 10 per cent on lemon oil and 30 cents a pound on vanilla beans.

We respectfully call your attention to the proposed tax above mentioned, which, if levied would be an excessive tax, first upon the manufacturer of vanilla and lemon extracts, and in turn of course a direct excessive tax on the consumer thereof; and vanilla extract and lemon extract are in every sense food products.

In the manufacture of 1 gallon vanilla extract at least one-half gallon of high-proof spirits is used and the internal-revenue tax on 1 proof gallon of high-proof spirits is $1.10 of the $1.35 we pay for a proof gallon, which equals $2.09 of the $2.60 we pay for the spirits. On the cost of a gallon of vanilla extract, then, the revenue tax on the spirits alone is 25 per cent of the cost of the product. This tax the consumer eventually pays.

A gallon of standard extract of lemon contains 111.8 fluid ounces of high-proof spirits (80 per cent absolute alcohol), which costs $2.28, with high-proof spirits at $2.60 per gallon. A gallon of this extract contains 6.4 fluid ounces of oil of lemon (5 per cent of volume), which costs $1.07, at $3 per pound for oil of lemon (the present price).

This makes the total cost of raw material in a gallon of standard lemon extract $3.35. Of this total $1.83 represents the internal-revenue tax on the high-proof spirits used.

In other words, 54 per cent of the present cost of a gallon of lemon extract is tax. Now, if you add a duty of 10 per cent ad valorem on the oil of lemon used to this, 58 per cent of the cost of the material will be tax, and this tax the consumer will have to pay.

This means that the consumer pays on every 10-cent bottle of vanilla about 2½ cents tax and 4½ cents tax on a 10-cent bottle of lemon. The internal-revenue tax is hardship enough without the import tax.

We therefore bring this to your kind consideration with the above facts and hope that you will see the advisability of retaining lemon oil and vanilla beans on the free list.

The rich can and do use fresh fruits for flavoring. The poor must and do use extracts to make their foods palatable.

WESTERN FORESTRY AND CONSERVATION ASSOCIATION, PORTLAND, OREG., PER E. T. ALLEN, FORESTER FOR ASSOCIATION.

PORTLAND, OREG., *April 9, 1913.*

Hon. HARRY LANE,
United States Senate, Washington, D. C.

DEAR SENATOR LANE: In his tariff message the President says we should cultivate foreign trade. As a resident of Oregon, associated with others here, on the Puget Sound, and in California in the handling of vanilla from the Society Islands, I want to ask your consideration of keeping vanilla on the free list instead of imposing the duty of 50 cents a pound as proposed by the Underwood bill. I am somewhat in hope that it may be refreshing to receive a request for a lower duty upon a commodity in which the protestants are interested, rather than a higher one as is commonly the case.

The world's vanilla comes chiefly from Mexico, the islands of the Indian Ocean, and the Society Islands. The first class is worth from $4 to $5 a pound; the second, from $3 to $4, and the last, in which we are interested, from $1 to $2. Society Islands vanilla goes chiefly to Germany, Russia, and southeastern Europe, Hamburg being the main market, but it is shipped to San Francisco mainly in barter for American goods such as flour, canned goods, hardware, lumber, etc. The shippers receive their returns in the form of account sales with their Pacific coast agents, usually showing small cash margin because the value of the vanilla has been converted into American exports in the manner mentioned. This is the system of exporting vanilla from the Society Islands largely because San Francisco is the most convenient market—not a necessary one.

To impose a duty upon vanilla would bring very little revenue, because the export would be diverted by way of New Zealand or direct to Europe on French steamers. It would kill the export trade in American products. Moreover the proposed tax upon a flat basis per pound would be grossly unfair, because it takes no cognizance of the different classes of vanilla. An ad valorem comparison would make it amount to about 11 per cent on Mexican vanilla, 14 per cent on Bourbon, and 30 per cent on Tahitian vanilla. Clearly it would raise the price to the American consumer of a commodity no more a luxury than salt or sugar and tend to adulteration and substitution of synthetic products.

Since this business amounts to nearly 400,000 pounds of vanilla a year brought into San Francisco, and is constantly increasing, at a valuation averaging, perhaps, $1.50 a pound, chiefly paid for in American goods, you can see that this subject is one of great importance to Pacific coast shippers, particularly as lumber, flour, and canned salmon, all produced here, are the most important among the exports affected. The revenue obtained by this injury to our trade would be insignificant. We sincerely hope that vanilla can be kept on the free list and, if not, that the duty be made less onerous by a reduction in the tax proposed and more equitable by being fixed upon an ad valorem basis.

FLAVORING EXTRACT MANUFACTURERS' ASSOCIATION OF UNITED STATES, PER G. M. DAY, MILWAUKEE, WIS.

MILWAUKEE, WIS., *April 28, 1913.*

The COMMITTEE ON FINANCE OF THE SENATE,
Washington, D. C.

GENTLEMEN: We should like to set forth a few reasons why vanilla beans and oil of lemon should be imported into this country on the free list and should not have a tax imposed on them.

The first reason is that the ultimate consumers of extracts is of the poorer classes, as rich people use fresh fruit mostly in flavoring their cooking, while the poor people are compelled to buy extracts. If these two articles have a duty imposed on them in addition to the price which the manufacturer is now compelled to pay for them, it will mean that the price to the ultimate consumer will have to be raised, as the manufacturer is now turning out most of his extracts at a smaller margin of profit, as shown by exhaustive research, than almost any other line of manufacturing in the United States.

Second. Vanilla beans and oil of lemon are noncompetitive raw materials, as neither one of these articles are raised in the United States, and it is therefore unnecessary to put a tariff on them to protect home industries.

Third. The flavoring extract manufacturers of the United States are compelled to follow certoin rules and regulations set forth for them by the United States Department of Agriculture, compelling the use of certain amounts of vanilla beans and oil of lemon in manufacturing the extracts of same, and also the correct amount of alcohol which it is necessary for us to include in the extracts so they may pass their rulings.

These are good laws, and we all try to adhere strictly to them; but in view of the fact that we are already compelled to follow certain lines which compel us to use large amounts of alcohol, which is already a heavily taxed article, we think that the other articles which we use in large ways should not be taxed at all.

Trusting that the statements as above made will influence you to allow the items of vanilla beans and oil of lemon to remain on the free list entirely and not be taxed at all, I beg to remain.

CH. TETZEN & CO., SAN FRANCISCO, CAL., BY A. C. TETZEN.

SAN FRANCISCO, CAL., *May 14, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

SIR: In consideration of the tariff schedules, especially Schedule A, paragraph 71, in the Underwood bill (H. R. 3321), relating to vanilla beans, whereon a duty of 30 cents per pound is imposed, heretofore on the free list, we desire to present the following facts for your kind consideration:

In the French possessions in Oceania, namely, Tahiti, there is grown what is known to commerce as Tahiti vanilla, a commodity almost exclusively used for flavoring and consumed almost entirely by the inhabitants of Europe, as will readily be seen by the following table, compared to what is used in the United States.

Entire shipments received by Ch. Tetzen & Co., of San Francisco, for seven years.

	United States.		Europe.	
	Quantity.	Value.	Quantity.	Value.
	Pounds.		*Pounds.*	
8 months in 1906	4,300	$1,700	53,000	$22,000
1907	27,000	19,000	89,000	59,000
1908	22,000	10,000	150,000	75,000
1909	32,000	17,000	176,000	86,000
1910	21,000	13,000	135,000	94,000
1911	19,000	21,000	134,000	141,000
1912	13,000	23,000	65,000	111,000
4 months in 1913	5,000	8,000	40,000	74,000
7 years	113,300	112,700	842,000	662,000

And further, through the courage, enterprise, and constant struggles of the San Francisco merchants this commodity has been able to flow through the port of San Francisco in increasing quantities the last 40 years free and unhampered, and there distributed to the wants of foreign countries, as can be seen on page 923 of Commerce and Navigation of the United States for the year ending June 30, 1912.

In this way a commodity of a value of $429,707 in 1912 has been used that has been one of the instrumental means of distributing United States products of all kinds throughout French Oceania, to the value of $595,613, as shown on page 115 of Commerce and Navigation of the United States for the year ending June 30, 1912, in competition to the goods of Europe and New Zealand (a close rival). In the interest of this trade and the American people the free ingress of Tahiti vanilla is essential, for once the bulk of this trade diverts to foreing channels it will be difficult to retrieve; in time null.

And further, not alone is the contemplated duty to be derived from the small United States consumption of Tahiti vanilla insignificant compared to the loss of trade the United States will suffer, the handling in bond of Tahiti vanilla for foreign shipments can not profitably be accomplished: first, the expense compared with foreign ports is too great: second, the overhauling required, such as assort-

ing the different lengths, redrying the green vanilla, rebundling the faulty ones, and repacking into tins necessary for the wants of foreign countries can not be done as competently as required.

Further, the Island of Tahiti has as good facilities of receiving from and shipping to Europe as it has with San Francisco, there being direct steamship lines in place of the old-time sailing vessels.

[Inclosure.]

Vanilla exported from United States.

[From Commerce and Navigation of the United States, year ending June 30, 1912, p. 923.]

EXPORTS.

To—	Quantity.	Value.
	Pounds.	
Denmark	540	$864
France	47.977	98.896
Germany	165.125	216.755
Italy	550	1.025
Switzerland	1.075	3.290
England	1.400	3.288
Canada	17.081	61.424
Mexico	4.084	9.030
Cuba	1.309	2.098
Bolivia	11	25
China	6	12
Total	239.158	399.617

IMPORTS

[P. 414.]

Vanilla imported into—	*Pounds.*	
Atlantic coast districts	496.088	$1.536.974
Mexican border districts	213	518
Pacific coast districts (Tahiti vanilla)	320.920	416.717
Northern border districts	24.407	70.944
Total	841.628	2.025.153

SUPPLEMENT.

Statistics of the foreign commerce and navigation of the United States for the year ending June 30, 1912, shows:

	Quantity.	Value.
	Pounds.	
Vanilla imported into United States	841,628	$2,025,153
Vanilla exported from United States	239,158	399,617
Vanilla imported into San Francisco from French Oceania (Tahiti vanilla)	320,920	416,717
Vanilla exported from San Francisco (Tahiti)	197,580	255,351

H. R. 3321: On page 127, between lines 13 and 14, insert "Tahiti vanilla beans."

GENERAL.

MANUFACTURING CHEMISTS' ASSOCIATION OF THE UNITED STATES, BY HENRY HOWARD, CHAIRMAN EXECUTIVE COMMITTEE, 33 BROAD STREET, BOSTON, MASS.

BOSTON, MASS., *May, 1913.*

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

DEAR SIRS: At the opening hearing before the Ways and Means Committee in January the Manufacturing Chemists' Association of the United States appeared and presented its brief setting forth its views on the general subject of tariff revision as affecting the chemical industry of this country. The association at that time placed itself on record in protest to the policy of revision as demonstrated in the chemical bill passed by the House in the winter of 1912, and known as H. R. 20182. This bill not only provided for a radical reduction in rates on finished products, but it also provided for a heavy tax on a large number of raw materials which had previously been on the free list. Regarding this bill (H. R. 20182) the Association's brief contained the following analysis:

Regarding the question of adjustment of rates as between raw materials and finished product, our association has made a careful analysis of H. R. 20182 as compared with the act of 1909. For the purpose of this analysis the so-called caucus print, which is Appendix B of your report, has been used. The caucus print gives definite data and an estimate of revenue, etc., for a 12 months' period regarding approximately 300 specific articles contained in the 76 paragraphs of the dutiable list. Of these 300 articles 97, or approximately one-third, may be classified as raw materials, and the rest, or approximately two-thirds, may be classified as finished product.

Of the 97 different raw materials made dutiable under the proposed bill (H. R. 20182), 80 were entered free under the Payne Act of 1909. Of the remaining 17 articles, the duty in almost every instance was increased from the rates under the existing law.

The caucus print further shows that the total revenue derived from Schedule A under the Payne Act for 1911 amounted to $12,966,545, while the estimated revenue for a 12 months' period under H. R. 20182 amounts to $16,170,157, or an increase in revenue of nearly $3,500,000. This increased revenue, however, results entirely from the increase of rates on raw materials, the revenue from the above-mentioned raw materials under the act of 1909 amounting to $1,826,955, while the estimate for a 12 months' period for the same raw materials under H. R. 20182 amounts to $6,081,060, or an increase of approximately $4,000,000. At the same time, under the proposed bill, the rates of duty on finished products are very materially decreased, with the estimated result that the revenue for a 12 months' period on finished products would amount to $10,089,097 as against $11,139,590 revenue under the act of 1909, or an estimated decrease in revenue by virtue of the decrease in rates on finished products of more than $1,000,000.

Thus it is apparent that the estimated increase in revenue under H. R. 20182 comes entirely from a most radical increase in rates on raw materials, an increase so great that a loss in revenue on finished products of approximately $1,000,000, owing to a drastic decrease in the average rate from about 25 per cent ad valorem to about 16 per cent ad valorem, is not only offset, but a net increase in revenue is estimated of nearly $3,500,000.

NOTE.—A complete analysis showing a comparison of the Payne Act and H. R. 20182 with respect to changes in duties on raw materials and finished products, may be found in a brief of this association printed in the hearings and statements before the Committee on Finance, United States Senate, March 14 to March 22, 1912, at pages 438–454.

This means a double hardship to the manufacturer. It not only removes his protection against the more favorable conditions of manufacture existing in

foreign countries, but it renders those conditions even more difficult, if not prohibitive, by taxing the basic materials which enter into the finished product.

It is hardly conceivable that this result in its entirety was intended as a matter of policy by your committee, for such a policy, if pursued for all schedules, would inevitably bring disaster to many industries with the consequent hardship to labor unemployed. The result, in a large number of instances at least, must have been brought about by a misconception of the basic character of many commodities—a misconception which will inevitably occur in the absence of a thoroughly expert investigation.

The bill which recently passed the House (known as H. R. 3321) has made nearly 100 changes in the rates contained in H. R. 20182, not to mention changes in classification, etc.

The association therefore invites your consideration of an analysis of these changes, particularly in view of the above critictism regarding the policy of increasing rates on raw materials and decreasing rates on finished products.

Approximately 17 different raw materials, or groups of raw materials, which were free under the Payne Act, and which were made dutiable under H. R. 20182 with a total estimated revenue of nearly $1,000,000, have been restored to the free list by H. R. 3321. Approximately 13 different raw materials, or groups of raw materials, which were made dutiable under H. R. 20182, with a total estimated revenue in excess of $1,250,000, have received considerable reduction in the present bill, H. R. 3321. Thus the present bill is much less radical than the bill of 1912 on the question of taxing raw materials. Had the Ways and Means Committee stopped at this point, the effect of these changes would have been to modify in some degree the bill of 1912.

The association calls attention, however, to the fact that in over 50 cases the rates on finished products as established by H. R. 20182 have been very materially reduced by the provisions of the new bill, while an increase in rates has been made in less than 10 cases. These 50 cases of decreased rates involve articles which, according to H. R. 20182, already show an estimated revenue of approximately $1,500,000. Furthermore, this decrease will again materially reduce the average ad valorem rate of the chemical schedule which by H. R. 20182 had already been reduced from 25 per cent ad valorem to 16 per cent ad valorem.

The other changes in the bill relate largely to classifications, phraseology, etc., many of which are beneficial, but in this connection the association points out that in 18 different cases the new bill has omitted the provision for a minimum specific duty in the alternative for the ad valorem rate. This takes away a certain safeguard against undervaluation which the minimum specific rate provided.

The net result of the changes effected by the present bill (H. R. 3321) is that the benefits which might have resulted from the reduction in the rates on raw materials is offset or more than offset by the further reductions in the rates on finished products.

The association therefore submits that the original criticisms made by the association to the chemical bill of 1912 are equally applicable to the bill now before your committee for consideration.

The association takes this opportunity of again requesting that your committee will consider the question of providing in the new tariff bill for a nonpartisan tariff commission.

The association believes that expert investigation is a necessary condition precedent to any adequate tariff revision, and that such investigation can only be conducted by a commission or other body nonpartisan in composition and with a tenure of office of sufficient duration to complete a work of great magnitude.

APPENDIX.

ANALYSIS SCHEDULE A.

Raw materials.

(a) Revenue for 1911 under Payne Act	$1,826,955
(b) Estimated revenue under bill of 1912 (H. R. 20182)	6,081,060
(c) Estimated revenue under bill of 1913 (H. R. 3321), approximately	[1] 4,500,000

Conclusion: The above figures show the radical policy of increasing the rates of duty on raw materials as compared with the present law.

Finished products.

(a) Revenue for 1911 under Payne Act	$11,139,590
(b) Estimated revenue under bill of 1912 (H. R. 20182)	10,089,097
(c) Estimated revenue under bill of 1913 (H. R. 3321), approximately	[2] 9,000,000

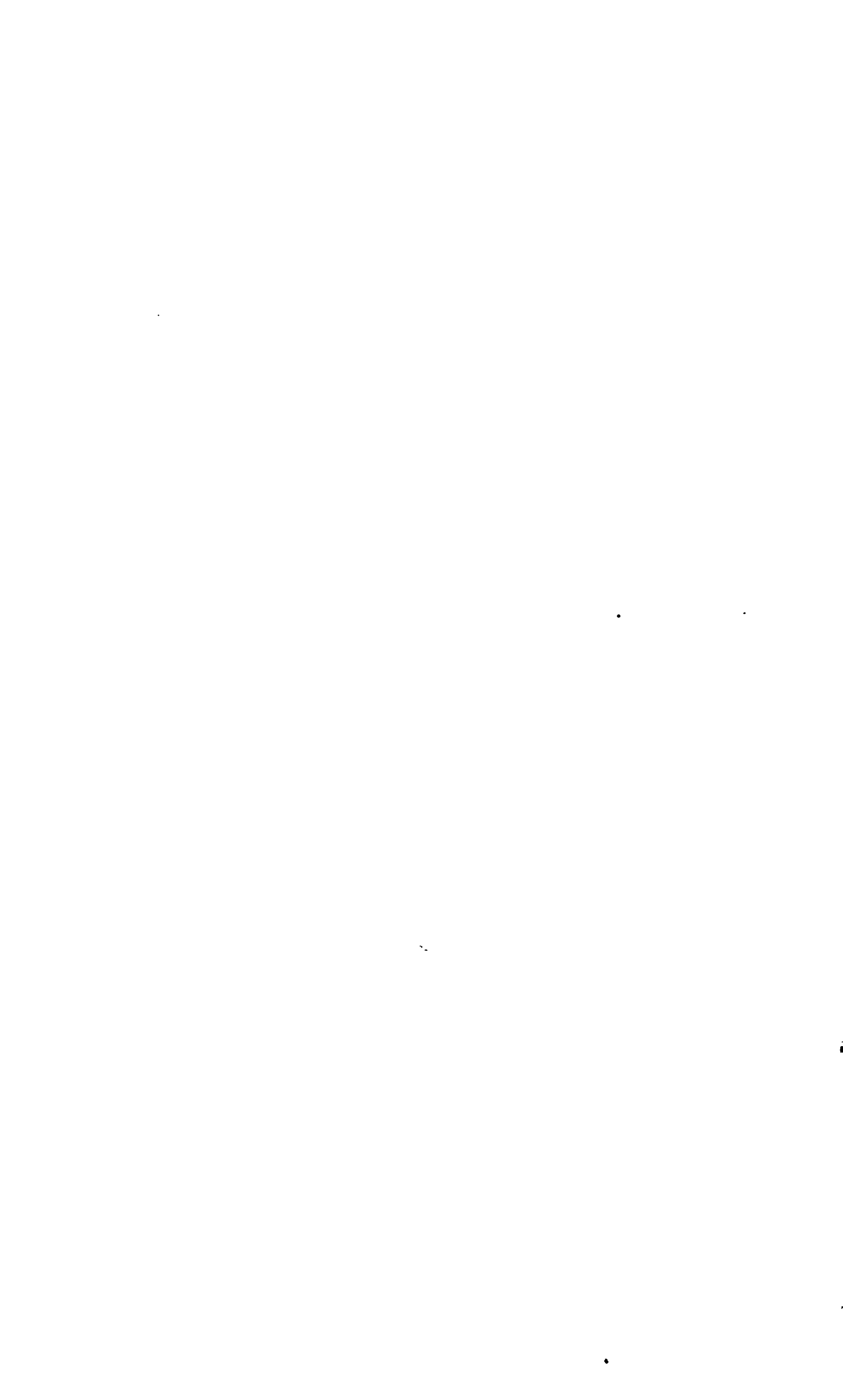
Conclusion: These figures reflect in some degree the policy of reducing the rates on finished products from 25 per cent ad valorem to 16 per cent ad valorem under the bill of 1912, and a further substantial reduction on 50 articles under the bill of 1913.

[1] For the purpose of this estimate the estimated revenue under the bill of 1912 is taken as a basis, and allowance is made for the 40 raw materials which were dutiable under the bill of 1912, but made free or reduced under the bill of 1913.

[2] For the purpose of this estimate the estimated revenue under the bill of 1912 is taken as a basis, and an allowance made for the further reductions in rates on finished products provided for in the bill of 1913.

SCHEDULE B.

EARTHS, EARTHENWARE, AND GLASSWARE.



SCHEDULE B.—EARTHS, EARTHENWARE, AND GLASSWARE.

Par. 73.—TILES.

ROBERT PICHOT & CO., 906 DOMINION BUILDING, VANCOUVER, BRITISH COLUMBIA.

VANCOUVER, BRITISH COLUMBIA, *May 30, 1913.*

The CHAIRMAN SENATE COMMITTEE ON FINANCE,
Washington, D. C.

SIR: Our purpose in writing to your committee is to call their attention to conditions in the Pacific Coast States in regard to the manufacturing of roofing tiles.

We claim that when there is no demand for a particular line of goods it is necessary to build up this demand with an imported article.

We were located in Seattle, Wash., for five years, our intention being to import roof tiles from Europe till we had sufficient trade to warrant us opening a plant to make our own tiles.

During the five years we obtained one order only, the high duty of the 1909 tariff—4 cents per square foot (equivalent to 6 cents per square foot counting loss by overlapping)—making our program impossible of fulfillment. It was not possible to work with the few American factories making roof tiles, as they all had agents and seemed in agreement as regard prices.

We have been in Vancouver, British Columbia, for one year and have 30 large orders, the duty being only 35 per cent ad valorem. If circumstances had allowed us to do this in Seattle in the same interval of time, we would now be running a plant of our own near Seattle.

There is no fear of cheap European tiles holding the market against American tiles, as the following figures will show: Actual selling prices at works Akron, Ohio; Detroit, Mich.; Chicago, Ill.; Coffeeville, Kans.; St. Louis, Mo., $8 per square of 100 square feet f. o. b. cars.

Tile roof can be made at New York or at any other eastern point and sold for $4.50 per square, including a reasonable profit.

Here is the cost of the cheapest foreign tile (interlocking red tile) made at Marseille, France: Cost at 90 francs per 1,000 and 20 francs for packing, counting 127 pieces per square; cost at Marseille per square, $2.77. If freight to New York at $4.86 per ton, and supposing duty at 35 per cent ad valorem, the tile will come at $6.85 per square, f. o. b. wharf New York or New Orleans, whereas with this actual 4 cents per square foot duty they would not come less than $12.25. (The present duty alone being $6, in fact, per square.)

Should the tariff on roof tiles be reduced to a reasonable figure the cheap cost of this material would create an enormous demand and soon every large firm of brickmakers would produce roof tiles.

The superior business ability of Americans and their perfect machinery would soon enable them not only to hold their own market, but go in competition on near markets in Cuba, Mexico, and South America as they do now for floor and wall tiling, which are far superior to European makes.

In any case heavy and brittle material like tiles is always handicapped by costly freight charges, which amount to 100 to 150 per cent of the cost at wharf, European ports; and when these goods are packed the expenses incurred amount to at least 50 per cent of that first cost, and yet they don't afford a sufficient protection. When the tiles are shipped in the most economical way—in bundles attached with wire, not crated—the breakage is never less than 8 to 12 per cent, which carries on cost of freight and first cost.

The Canadian rate of duty of 35 per cent is protective enough, as there are two new roof tile factories in Ontario doing quite a large business locally, and still their sales cover a district less populated than two American States.

All the above statements can be verified easily by experienced people of the trade and importers.

TILE LAYERS & HELPERS' INTERNATIONAL UNION, PITTSBURGH, PA., BY JAMES P. REYNOLDS, SECRETARY.

PITTSBURGH, PA., *June 24, 1913.*

Senator SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: By a referendum vote of our various local branches throughout the country I have been instructed to write to the Finance Committee of the United States Senate, having under consideration the Underwood tariff bill, and request of that committee that tiles, such as are used for sanitary and decorative purposes, be placed on the list of articles entitled to enter our ports free of duty.

Our workmen are of the opinion that if tiles were to be admitted to our country free of duty the price of the domestic-made tiles would be somewhat reduced and made within the reach of a great many home builders who now find the use of tiling a luxury that none but the wealthier home builders can avail themselves of, the result being the bathrooms and toilets of the cheaper class of homes are in most instances erected regardless of sanitary necessities.

We respectfully petition your body to consider our appeal for the admittance of foreign-made tiles duty free, as we conscientiously believe that such an act on the part of the present Congress would bestow a great benefit upon thousands of modest home builders who desire to provide comfortable and sanitary homes for their families, but who are under present conditions unable to do so, owing to the high first cost of tiling.

Par. 74.—CEMENT.

THE NEW ENGLAND PORTLAND CEMENT CO.

The New England Portland Cement Co. owns deposits of limeston and clay at Rockford, Knox County, Me., and is developing these deposits with the intention of erecting at Rockland a plant for the manufacture of Portland cement. In the beginning the New England Portland Cement Co. hopes to supply cement to the New England market, and ultimately to the entire Atlantic coast and, by way of the Panama Canal, to the Pacific coast of the United States, Mexico, and South America.

Located on the Atlantic seaboard, the New England Portland Cement Co. would feel the full effect of any European competition, present or future. At the present time this competition would not be severe for the reason that the demand for cement, and as a result its price, is at a very high level in Germany, Belgium, and England. Also, the freight rates between European and United States points are at record levels, due to the recent boom in the world's commerce and shipping. The New England Portland Cement Co., however, must look to the future as well as to the present in considering the investment of capital at Rockland. Should there come a depression and period of low prices in Germany, Belgium, and England, European manufacturers of cement would be very glad to sell a part of their product for export at no more than the actual labor, material, and repair costs of production, and thus keep intact their organizations. Under such conditions the mills of Germany and Belgium (in which labor receives only half the wages which the New England Portland Cement Co. must pay) would no doubt feel justified in selling their surplus product at 40 cents or even at 30 cents per barrel. At the same time, under the conditions which would exist in the shipping trade, freight rates on Portland cement to the United States would decline from the present figures of 30 cents per barrel to 15 cents or less per barrel, as it is a well-known fact that ships going to the United States for cotton and foodstuffs would be very glad to handle so bulky a product as Portland cement on the outbound voyage at a figure little above the actual cost of handling, rather than go in ballast. The New England Portland Cement Co. respectfully submits to your honorable committee that under such conditions a duty of 30 cents per barrel (8 cents per 100 pounds) would do no more than protect its actual operating and depreciation costs, allowing nothing for interest on the investment.

On page 220 of the Daily Consular and Trade Report of January 13, 1913, Vice Consul General Poole, of Berlin, gives detailed statistics of the German cement industry. In these it is shown that during 1911 the average yearly wage of cement workers in Germany was $280 per year and that the average value of the cement produced was 85.3 cents per barrel. A comparison of these figures with corresponding statistics for the United States shows that in 1909 the average wage of cement workers in this country was $576 (census data), and that in 1911, according to the records of the United States Geological Survey, the average mill price of Portland cement was 84.4 cents per barrel. It is plain from this that the demand for cement in Germany was so great that the operations of the mills was very

profitable, and that higher prices were obtained than those prevailing in the United States, in spite of the fact that labor costs are 100 per cent higher in the latter country. In these figures is found the explanation for the large exports of cement from the United States and the small imports into this country from abroad. The figures also show clearly that under different conditions in Germany the relative position of the two countries in the cement trade would undergo a decided change, for the labor costs are twice as great here.

The honorable chairman of your committee on January 10, 1913, stated that your committee has to legislate on facts and conditions as they are to-day, and that the tariff bill can not be written for what is going to happen. As investors in the industry, we can not neglect the future probabilities, for the reason that the value of our investment in future years will be determined by the conditions prevailing in those years. But even if consideration is given only to present conditions, what is there in them to require a reduction in the present tariff on cement? If cement now sells in the United States at lower prices than those quoted abroad, and if we are exporting to foreign countries in the face of German competition, then a reduction in the tariff rate would have no effect on the present price of cement in the United States, nor would it increase the revenue of the Government through increasing imports. There is nothing in present conditions to warrant a reduction of this tariff rate, either from the standpoint of increasing competition or from the standpoint of increasing revenue. If the committee, in considering this tariff schedule, has in mind the possibility of higher cement prices here and the introduction of a competitive tariff rate, then it must necessarily look to the future, and in that event the future position of the New England Portland Cement Co. should also be given due and just consideration. Present conditions make any reduction in the present tariff on Portland cement ineffective and inconsequential, but the conditions which we may expect in the future do justify its maintenance.

While we, located on the seaboard and on the firing line of competition, would have to bear the brunt of German dumping under future probable conditions, we would not be the only sufferer. The plants in Alabama, which are now able to supply the cement necessary for the great harbor improvements at Mobile, Pensacola, New Orleans, and other Gulf ports, would be undersold in these cities by the European plants which could ship their cement as ballast in vessels returning for cargoes of cotton. The cement market in Gulf ports is now kept at reasonable levels by competition between the Alabama plants and those of New York and Pennsylvania. Surely, the citizens of Alabama would not wish their plants to meet additional competition through unfair dumping of European surplus stocks in periods of depression, nor do we believe that the cement users of the north Atlantic seaboard would prefer the opportunity of obtaining foreign cement at low figures in occasional years to the establishment of a new all-American enterprise on the Atlantic seaboard.

Now, if the New England Portland Cement Co. is engaged in a legitimate, proper attempt to develop an hitherto latent resource of the New England States, it has the right to ask at the hands of your committee such protection as will prevent undue and unfair dumping of foreign surplus stocks during periods of depression abroad—

provided that the protection which it asks will not in the long run place an undue burden upon the consuming public. It is our contention that the cement users of the Atlantic seaboard will in the long run, in the average year, receive their cement at lower prices by virtue of the existence of the New England Portland Cement Co. under the present duty than those that would prevail without the New England Portland Cement Co. and with no duty.

The argument on which this statement is based is, first, that the New England Portland Cement Co., by introducing additional competition in the coastwise cement trade of the United States, will keep cement prices at reasonable levels—at levels lower than would be made by imports of foreign cement during periods of prosperity in Europe.

It would only be during occasional periods of European depression that imports of European cement could lower appreciably the prices of cement on the Atlantic seaboard. Therefore, the total gain to consumers in years of European prosperity would more than offset the total loss to them in years of European depression, and the tariff in this case would actually result in a saving to the cement users of the Atlantic seaboard.

In the second place, we have no hesitation in saying that the present duty is a very reasonable one, amounting as it does to only 20 per cent of the average import value of Portland cement during the past calendar year. It is our understanding that this is less than half of the average rate of duty collected on imports during the past year. As to the effect of a duty of 30 cents per barrel on the ultimate consumer, even in a year when prices in some localities might be reduced to the extent of such a duty, it may be said that the average cost of a cubic yard of mass concrete is about $5 and that this amount of concrete requires only 1 barrel of cement on which the tariff protection would be 30 cents, or 6 per cent of the total cost of the concrete. In reenforced concrete buildings, etc., the cement used accounts for a far smaller percentage of the value of a complete job than in the case of mass concrete, and it is doubtful if the ultimate effect of 30 cents per barrel addition to or deduction from the price of cement would affect the cost of constructing an office building or manufacturing plant as much as one-half of 1 per cent, an amount too small to be reflected in rent.

We therefore maintain that we are not asking to have a burden put upon the consumers in this country to enable us to establish a plant at Rockland, for we believe that the establishment of our plant there will result in a substantial gain to them. We further believe that in establishing at Rockland a plant manufacturing 1,000,000 barrels of cement per annum, employing 300 American workingmen, consuming annually over 100,000 tons of American coal, requiring the investment of $2,000,000 American capital, and providing new tonnage for shipment in American coastwise vessels, we would be engaged in the highest and most praiseworthy type of industrial development, and that our attempt to expand the industry and commerce at New England is entitled to the very kindest treatment at the hands of the Government, especially since the treatment that we ask involves in no way a special privilege, or over a term of years a taxation of the consumer for our benefit.

We feel that we are especially entitled to consideration in this matter for the reason that we are pioneers in the field of cement manufacture in the New England States and also on the Atlantic seaboard, and if we are willing to take the risk of developing these deposits and expending capital in their exploitation we feel that we are entitled to all the protection which can be given us without taxing others for our benefit.

There is a further question to be considered in this connection—it is that of discrimination. In years of depression, with surplus production and low freight rates, the manufacturers of Europe will be able to place cement at the Atlantic seaboard at prices 30 cents per barrel below those which could be made by the American plants. Under such conditions the Atlantic seaboard would receive its cement at very much lower prices than those that could prevail 300 miles back from the coast line for the reason that a haul of 300 miles inland will cost on the average more than 30 cents per barrel in freight rates, and therefore use up all of the tariff protection. Since the natural protection of freight rates makes prices independent of the tariff, excepting on a very narrow belt along the coast line, a reduction in price in any year through a removal of duties would constitute an actual discrimination by the Government against the entire interior territory and in favor of a very narrow strip along the coast.

The question also arises as to whether or not foreign competition is necessary to prevent undue increase in cement prices as a result of combination among American producers. In reply it may be stated with full confidence that there is not, has not been, and never will be a cement trust in the United States; that there has not been, and is not now, any agreement among leading producers of cement looking to the restriction of output, restriction of territory, or maintenance of the price of Portland cement; the very conditions of occurrence of the raw materials of Portland cement in the United States makes it impossible that a cement trust should ever develop. In an industry of this sort, control of the output could be obtained only through a control of the raw materials, and these occur so widely distributed over the United States that no man or set of men can ever monopolize them. The largest interest now engaged in the manufacture of Portland cement is the Atlas Cement Co., which makes about 15 per cent of the total production of the United States. The next largest is the United States Steel Corporation, which manufactures the so-called Universal cement from blast-furnace slag and limestone and accounts for 10 per cent of the entire production of the country. The remaining 75 per cent of the production comes from widely scattered, small, independent companies in all parts of the United States.

The very course of cement prices and production in recent years shows that there has been no combination in the industry. If combination in the industry would have the effect of increasing the total production of cement in the United States from 5,800,000 barrels in 1899 to 78,528,000 barrels in 1911, and at the same time decreasing its price from $1.80 per barrel at the mill in 1899 to 84 cents in 1911, it would seem to be to the interest of the Government to foster combination of that sort. Such is not the result of combination, however: it is the result of free independent competition, such as now exists and which has, incidentally, brought the price of Portland cement

to a level so low that its manufacture is profitable only at a few plants which have such locations that freight rates give protection.

In conclusion we respectfully ask that your honorable committee, when considering the question of tariff rates on Portland cement, take into consideration the aims of the New England Portland Cement Co. and look to the future rather than to the present in considering the possible effect of foreign competition, remembering always that we ask for protection, not on a basis of what now exists, but on a basis of what may exist under certain probable conditions in Europe; and if you agree with us that the New England Portland Cement Co., in this attempt to develop a latent but hitherto unexploited resource of the New England States, is doing a proper and valuable service to the New England States and to this country as a whole, we respectfully ask that you retain the present reasonable rate of duty of 8 cents per 100 pounds on Portland cement.

[Supplementary brief from the New England Portland Cement Co. upon the duty on cement.]

This additional statement is devoted entirely to the consideration of Canadian cement as affecting the cement industry of the United States.

First. The following abstract was taken from official Canadian report (see United States Daily Consular and Trade Report of Tuesday, Jan. 14, 1913, p. 232):

> The total quantity of cement made in Canada during 1911 was 5,677,539 barrels of 350 pounds net each, as compared with 4,396,282 barrels in 1910, an increase of over 29 per cent. An average of 3,010 men were employed in the industry during 1911, and the wages paid aggregated $2,103,838. The increase in annual production since 1905 has been nearly fourfold. The consumption of cement in Canada in 1911 is estimated at 6,354,831 barrels, of which 5,692,915 barrels were Canadian and 661,916 barrels imported.

From the above it appears that there was an actual shortage of Canadian cement in 1911 of 677,300 barrels, or approximately the amount imported into Canada. This undoubtedly was the cause of the export of United States cement into Canada and the lack of importations of Canadian cement into the United States during this period, barring possibly some individual cases where the difference in freight rate more than offset the Canadian tariff.

Second. The following abstract was taken from official Canadian report (see United States Daily Consular and Trade Report of Friday, Mar. 28, 1913, p. 1527):

> The total quantity of Portland cement, including slag cement and natural Portland, made in 1912 was 7,169,184 barrels. The quantity of Canadian cement sold or used was 7,120,787 barrels, valued at the mills at $9,083,216, or an average of $1.27 per barrel. The total imports of cement were 5,020,446 hundredweight, equivalent to 1,434,413 barrels of 350 pounds each, and valued at $1,969,520, or an average of $1.37 per barrel—an actual shortage of 1,386,016 barrels, of which 1,280,058 barrels came from the United States.

The above figures show that the shortage of Canadian cement was greater during the year 1912 than during the preceding year. This shortage became so great in the western part of Canada (and as a matter of fact the shortage was wholly within that section) that in answer to urgent petitions from the boards of trade in the principal

cities of Manitoba, Saskatchewan, and Alberta requesting the Dominion Government to reduce temporarily the Canadian import duty on cement for lack of sufficient supply, the Canadian Government acceded to such request and granted a rebate of one-half of the duty to American manufacturers for a period of approximately six months. This unnatural situation occasioned rather a heavy export of American cement into Canada during this period.

Third. The Canadian import duty of approximately 42 cents on a 350-pound barrel was restored on October 31, 1912, practically barring from Canada American cement, except in those rare instances where the difference in freight rate may be less than the import duty.

Fourth. The major part of the Canadian cement industry is controlled by one organization, whereas there is no such control in the United States and competition is keen and open. The average price of cement in Canada during 1912 was approximately 50 cents a barrel more than in the United States. Moreover, the production of cement in the United States is considerably in excess of the consumption.

Fifth. There has been within the past few months the organizing and starting of a number of additional mills in Canada, so that the production of Canadian cement will be largely increased. With this increase, which is very likely not only to reach but exceed the consumption in normal times, and especially in the event of financial depressions, the Canadian import barrier against American cement would permit the Canadian industry so controlled to dump their surplus cement into the American market at a price which might prove ruinous to American capital and labor, and by so doing be able to keep their mills running economically to full capacity, and at the same time, by keeping up the price of Canadian cement, be able to net a fair average price for their total product manufactured.

Sixth. The eastern section of Canada is not anywhere near as thickly populated as the western section, and neither is the development in the east nearly as rapid as in western Canada; consequently the unnatural conditions in western Canada will not likely be duplicated in eastern Canada. The new eastern Canadian cement mill near St. John, with its very cheap quarrying and labor costs, near-by coal, power, and gypsum can make cement very cheaply, and with cheap water transportation will be a serious menace to the mills on the Atlantic seaboard, for the reasons as stated in section 5.

Seventh. The present import duty on cement in the United States is 8 cents per 100 pounds or approximately 30 cents a barrel of 380 pounds. This is reduced in the present bill as reported by the Ways and Means Committee to 5 per cent ad valorem, or an approximate duty of from 3 to 4 cents a barrel. Under the American navigation clause in the new tariff should cement be shipped in American tonnage with American ownership, an allowance will be made of 5 per cent, which would mean that a Canadian mill employing American shipping could come into the United States on the free list. We believe that it is absolutely unfair and unjust with the present high Canadian cement duty in force against the United States mills for the American mills to be subjected to the unfair competition from surplus supplies of eastern Canadian cement mills—that such a discrimination against one of the largest industries in the United States is unfair and not in keeping with the principles of the Democratic majority in Congress.

For these additional reasons, we respectfully request that a readjustment be made of the cement schedule as proposed to a basis that will protect this important industry from such possible ruinous competition.

Par. 75.—LIME.

JOHN S. M'MILLIN.

May 1, 1913.

Hon. Wesley L. Jones,
United States Senate, Washington, D. C.

My Dear Senator: The new tariff measure greatly emphasizes the disadvantage in which the lime manufacturers of Puget Sound are to be placed under the proposed new law in competition with British Columbia manufacturers.

Under the law now in force in British Columbia we are obliged to pay a duty of 17½ per cent on any lime which we may ship into that territory. Under what they term as their "dumping clause" they require the shipper to make affidavit that the invoiced price of the goods is not lower than that which is charged for the same goods in the home markets here. If they are not satisfied with the valuation of the goods, as shown by the invoice, they simply ignore the invoice altogether and place a valuation on same to suit themselves. Under the operation of the law a minimum duty of 17½ per cent on the invoiced price is collected, and if they see fit to increase the valuation they do so, regardless of the invoiced price.

Under our present law the British Columbia manufacturers are exporting their lime from Canada into the United States at approximately a 10 per cent duty. They fix their own valuation thereon and make it as low as suits their pleasure. Just now extremely low prices are prevailing in British Columbia, and they get the benefit of any such low prices in shipping lime to this side. So under the laws as they now stand the British Columbia manufacturer may invade the American markets by paying a 10 per cent duty on his own valuation of his goods, while an American manufacturer must pay 17½ per cent duty on whatever valuation the Canadian authorities see fit to place upon his goods.

This has always seemed a gross injustice to me.

Under the terms of the new bill, however, it is proposed to admit lime from British Columbia at a 5 per cent duty, while the Canadian tariff remains unchanged. Under the terms of this new law it would appear to be an effort on the part of the American Congress to enter into a partnership with British Columbia manufacturers to invade and destroy the profits of American manufacturers, leaving the British Columbia markets fully and carefully protected for themselves.

Lime from British Columbia is being sent into the Hawaiian Islands and into our Washington and Oregon markets right along under the present law. It is proposed to let them come in at half the present rate of duty, and thus encourage their business on this side of the line.

This unequal contest has encouraged British Columbia real estate schemers to open up lime properties in a more or less primitive way and then, while lying behind their 17½ per cent wall of protection,

attack the American markets with the avowed purpose of forcing American manufacturers to either subsidize them to remain out of our markets or to buy them out entirely, in order to maintain a living price for the product from their own kilns in their markets. This practice has been common for several years, and, notwithstanding the fact that the Puget Sound kilns have for a number of years not been operated to 50 per cent of their capacity, these foreign invaders are encouraged by the conditions above described to demoralize our markets by cutting prices to such an extent that it is impossible for home manufacturers to make a profit on their operations. By reference to the importations from British Columbia one might naturally say that the quantity of lime dumped upon our markets by British Columbia manufacturers was not sufficient to greatly affect the local manufacturers. This is true so far as quantity is concerned. It is the policy of these invaders to ship a small quantity of lime into our markets so that by selling it at ruinous prices their losses amount to very little, but with a small amount of lime thus sold at ruinous prices they are able to fix the price of all locally manufactured lime. Thus, while holding our market, which, as a matter of fact, they intend for us to do, they compel us to sell at very unremunerative prices, in the hope of extorting blackmail from us, either in the way of subsidy or in the purchase of their plants. Just now this exact condition is prevailing. A certain manufacturer on the British Columbia side is continually shipping small quantities of lime into our markets, both to Puget Sound and the Hawaiian Islands, cutting the prices down to an unprofitable basis, and openly and defiantly saying to us, "There is just one remedy for you—pay us a sufficient subsidy or buy our plant, at our figure, as the price of peace in your own markets." To accede to these terms means no protection, as, once bought, these people would be for sale next day as a condition of keeping the first agreement, and so on indefinitely. In other words, the present duty of 17½ per cent into British Columbia and of 10 per cent into the United States simply invites and encourages an effort at commercial blackmail upon American manufacturers, without any recourse whatever, and to still further reduce the duty, as proposed in the new bill, would simply mean a further and greater encouragement along the same lines. Instead of lowering the present duty of 10 to 5 per cent, it should at least be increased to the equivalent of the Canadian duty, which is 17½ per cent. If they had to pay 17½ per cent duty to come to this side, as we have to pay on that side, and on a valuation not fixed by themselves, but by market conditions, we would be able to meet the competition on a basis of equality and fairness. Under present conditions, however, our laws simply encourage these British Columbia real estate schemers to impudently pursue this ruinous and contemptible policy. The institution that is just now assailing our markets at every quarter has been trying for the past two years to sell their property to us and to other local manufacturers. We certainly should be afforded some protection against that kind of unbusinesslike policy. As above stated, there is absolutely no justification for this great difference in the tariff laws. Our own kilns have not operated to 50 per cent of their capacity during the last five years. This is true of all other manufacturers on Puget Sound, and while our kilns are standing idle for want of a

sufficient market at home our British Columbia neighbors are invited by law to destroy what profit there should naturally be in supplying this moiety of trade or in levying tribute upon the American manufacturers as a price of peace. This outrage should certainly be stopped by the new proposed law instead of being still further encouraged by it. Can you not help us in the premises? Is it not possible for you to secure for us affirmative relief in the premises rather than that we be compelled to work at still further disadvantage?

On Puget Sound alone there is approximately $1,500,000 invested in lime-manufacturing plants. They employ from 300 to 400 men. Their supplies are bought in our home markets. The men secure good wages. Every barrel of lime that is supplied from British Columbia simply displaces the representative amount of labor on the American side and curtails the possible profits upon the capital invested.

J. J. MANEY, SEATTLE, WASH.

SEATTLE, WASH., *April 21, 1913.*

Hon. J. A. FALCONER,
House of Representatives, Washington, D. C.

DEAR SIR: At a meeting of the owners of all the lime plants located in the northwestern tier of counties of this State, which practically includes all its available limestone deposits, I was requested to take up and lay before you the conditions of this industry at the present time and to ask you to use your best endeavors to have the iniquitous tariff conditions we are now operating under adjusted on some fair and equitable basis.

The industries are owned by citizens of the State of Washington who have invested their capital and earnings, and many of them have spent the best years of their life in building up the business in the hope of securing a reasonable return on their venture, but for the last few years this has been impossible, owing to industrial conditions that have placed them at the mercy of competitors across the boundary line in British Columbia.

The lime deposits of British Columbia are located upon Vancouver Island, and have deep-water transportation not only to the principal markets of their own country but likewise to the principal markets of the States of Washington and Oregon. In addition to this, the railroads absorb their local freight charges to interior points, that puts them on an equality with our home manufactures, with the added privilege of employing Chinese labor, which averages but $1.75 per day, while the average white labor in the lime plants of this section is $2.87½ per day.

At the limekilns in British Columbia, where the product is put up in barrels, the Chinese contract the cooperage at 5 cents per barrel, while our manufacturers are compelled to pay 7 cents per barrel. The British Columbia manufacturers were given by the Government of that country large areas of timbered lands from which to draw their fuel supply for burning the lime, and their average cost of wood ranges from $1.40 to $1.65 per cord, while the manufacturers of the State of Washington are compelled to pay from

$2.50 to $3.25 per cord for the same class of wood delivered to their kilns.

These physical conditions are a very serious handicap to the lime manufacturers of this section when they have to come in competition with British Columbia manufacturers on equal terms, and much more so when our Government places a bounty in the shape of a preferential tariff in favor of these foreign manufacturers, as is the case at the present time and has been for some years last past.

The Canadian Government places a duty upon manufactured American lime and ground limestone going into Canada of 17½ cents ad valorem, which also includes the cost of the package and compels our manufacturer to invoice his shipments at his selling price to jobbers, which means that we must pay a duty, not only upon the manufacturing cost, but also upon the anticipated profits. For violation of this clause or the slightest attempt at undervaluation they invoke what is known in Canada as the dumping clause, which adds to the 17½ cents a penalty for double that amount. This places the ordinary duty of our lime entering Canada under the present prices at $1.92½ per ton.

The United States Government on the other hand allows the Canadian manufacturer of lime to ship his products into this country at a specific tariff duty of $1 per ton with package free, notwithstanding the fact that the manufacturing cost of this package equals, if it does not exceed, the cost of the lime it contains, and they are then able to sell the empty barrels at from 10 to 15 cents each in direct competition with the American cooperage factories and which gives a tariff advantage to the Canadian manufacturer in addition to all the other physical advantages of from 92 cents to $1.05 per ton, and make this country the dumping ground for the surplus product of the British Columbia lime manufacturers, which they have been quick to take advantage of, as every manufacturer knows that the cost of producing a certain article is decreased in proportion to the increased volume of the output of the plant and his ability to keep his plant running continuously.

Just as an example, and to show the actual conditions, I will quote two instances:

The Roche Harbor Lime Co.'s plant at Roche Harbor is one of the largest on the Pacific coast, operating 14 kilns with an investment of more than $1,000,000. For the past two years this plant has averaged but little more than two and one-half kilns in constant operation, and there has been times when not even a kiln was burning.

The Pacific Lime Co.'s plant of British Columbia has been during the same period running full blast and have installed additional kilns to more than double their capacity. The British Columbia markets have not been able to absorb their entire output, but with the very favorable tariff regulations they could very conveniently dump their surplus upon this market and cut the price below where it could be profitably produced by our own manufacturers.

When the schedule of tariffs for the bill now before Congress reached us we found that instead of getting relief from the condition already prevailing it is proposed to wipe out the last vestige of industrial stability for this product by reducing the already low tariff by 50 per cent. It hardly seems reasonable to any citizen of

this country that men elected to a high legislative office will deliberately plan to ruin their own citizens for the benefit of a foreigner or to carry out the theoretical idea of an economic problem. The placing of this tariff upon the statute books means nothing more or less than the formation of a trust between the United States Government and the British Columbia lime manufacturers, which will destroy the property for their own countrymen who are compelled to pay taxes from which the executioners derive a yearly revenue.

If the manufactured article in question was one in use by a class of people whose earning power was limited, or had any relation to the high cost of living or any of the various economic questions that confront us to-day, there might be some excuse for this action, but in this particular instance the contrary is true. Lime to-day is not used by the poor man. His house is plastered by a cheaper article than lime can possibly be produced, known as gypsum hard wall plaster. His chimneys, owing to the known danger of fire, are to a large extent laid up in cement mortar, and the use of lime therefor is largely restricted to brick and terra cotta construction in large and massive office buildings, factories, warehouses, and the like, and for which we, in turn, are compelled to pay the highest rate for occupancy and use. Therefore, from an economic standpoint, it has no relation whatever to the abstract question, but is purely one of business judgment.

On behalf, therefore, of the lime manufacturers of this country, and especially those of the Northwest, I have been delegated to file with our delegation a most emphatic protest against the reduction of the present tariff, and to ask instead that a reciprocal tariff be demanded between these two countries, whose boundary line is imaginary instead of physical, and to ask that you use your best effort to see that this industry and the men who have invested their entire resources and years of effort be not destroyed.

The lime manufacturers of this section are not asking for protection, but justice, a fair field, and no favors, an equality of opportunity to invade the foreign field on the same terms and conditions that they are allowed to enter here, and we submit that under the present conditions we are entitled to a specific duty of $2 per ton on manufactured lime entering this country from foreign ports.

If it is impossible to raise the tariff on this class of goods shipped from British Columbia into the United States equal to that demanded by the Canadian Government at the present time, that some provision be made whereby the President and his Cabinet would have the right, after proper investigation, where certain tariffs were working hardships against the citizens of the United States and no other redress were possible, to suspend the tariff and make it equal to that of the foreign country. This is now being done and has been for years in Canada, where the tariff law can be changed at will by the simple process of making what is known as "an order in council."

Trusting that you will give this question your prompt attention, and be able to secure some reasonable adjustment on a fair basis to the citizens of this country, I remain.

A SUPPLEMENTARY BRIEF CONCERNING LIME, FILED BY THE ROCKLAND & ROCKPORT LIME CO., OF ROCKLAND, ME., FEBRUARY, 1913.

First. The American tariff on lime is 5 cents per 100 pounds, including weight of barrel or package. (See par. 87, tariff act of 1909.)

Second. The Canadian tariff on lime is 12½ cents per 100 pounds, including weight of barrel, bag, or sack. (See Canadian customs tariff, 1907, item 290.)

Third, The American tariff is not prohibitive.

Example.—Bangor, Me., is 55 miles from Rockland, Me., the center of the lime-manufacturing industry of the North Atlantic States. Bangor, Me., is 205 miles from St. John, New Brunswick, the center of the lime-manufacturing industry on the Canadian coast.

	Cents.
Freight by rail from St. John to Bangor, 205 miles, per barrel	20
Duty, per barrel	11
Total freight and duty, St. John to Bangor	31
Freight by water, Rockland to Bangor, 60 miles, per barrel (no duty)	6
Differential in favor of Rockland	25

Notwithstanding this differential, St. John is an active competitor for and does business in Bangor, Houlton, and other parts of northern Maine. In the Bangor district over 800,000 pounds (4,000 barrels) were imported last year, besides the importations in other ports of entry in Aroostook County, viz, Fort Fairfield, Caribou, and Vanceboro. In addition to the imports in the Bangor and other districts in northern Maine, there were also imported last year through the Portland customs district over 8,000,000 pounds (40,000 barrels).

Fourth. The high rate of the Canadian tariff—12½ cents per 100 pounds as against 5 cents per 100 pounds American rate—absolutely prevents the American lime manufacturers getting trade in the maritime Provinces, and gives the St. John manufacturers a monopoly of that trade.

Fifth. With any change in duty the Canadian lime manufacturers will extend their trade zone and gain absolute control of the Atlantic coast trade, as well as the trade of the States bordering on the Canadian line, and also of some of the Middle States a long distance therefrom.

Sixth. The Canadian lime manufacturers in the maritime Provinces, being a foreign country, have serious advantage over their American competitors in the matter of freight by water. They can ship their product in foreign bottoms to all the principal consuming points on the Atlantic coast, whereas the American manufacturers must use—and rightly so—American bottoms for their coastwise trade.

Seventh. With these facts, your petitioner, the Rockland & Rockport Lime Co., of Rockland, Me., a lime manufacturing company organized in 1901 with $3,700,000 paid in, reorganized in 1911 and $300,000 more paid in, upon which no dividend has been paid since 1901—a company giving employment to over 500 people in Rockland and Rockport alone, having a pay roll in excess of $350,000 per year, distributed among a community of 12,000 people—earnestly protests against the lowering of the present duty. Should it be lowered, it will without doubt mean that this company must suspend

business, thus causing a complete loss not only to our stockholders, but also to the local community, by throwing out of work a large number of loyal workmen, who are dependent upon us for a livelihood for themselves and their families.

Eighth. We conclude the following:

(*a*) No single individual company or group of companies control the American lime trade. Lime is manufactured in all parts of the United States; the sharpest competition exists in this commodity, so much so that the lime is now sold and has been sold for a number of years at prices too low to allow a fair margin for profit, and there have been large losses to persons and companies engaged in this line of business.

(*b*) The Canadian tariff, 12½ cents per 100 pounds, is protective, and so far as the American Atlantic coast lime manufacturers are concerned, it is an absolutely prohibitive tariff.

(*c*) The American tariff of 5 cents per 100 pounds is not prohibitive. It is a tariff for revenue only, and is only 40 per cent of the Canadian tariff.

In the Wilson tariff bill of 1896, duty on lime 5 cents per 100 pounds; Dingley tariff bill, 1905, duty on lime 5 cents per 100 pounds; Payne tariff bill, 1909, duty on lime 5 cents per 100 pounds; Underwood tariff bill, 1913, duty on lime 5 per cent ad valorem.

Par. 76.—GYPSUM.

UNITED STATES GYPSUM CO., CHICAGO, ILL., BY S. L. AVERY, PRESIDENT.

The honorable Members of the Sixty-third Congress, United States Senate and House of Representatives, Washington, D. C.:

The present tariff on crude gypsum rock is 30 cents a ton and $1.75 on manufactured gypsum products. The proposed rate is 10 per cent ad valorem, which means practically no duty, while Canada maintains a prohibitive tariff of $2.50 against entry of our manufactured product. The proposed tariff will virtually give Canada the benefit of free trade. Approximately 400,000 tons is imported from Nova Scotia and New Brunswick into New York. At Caledonia and Paris, Ontario, there are three gypsum mills whose products can be turned into western New York and Pennsylvania markets immediately. This will interfere with the American mills in Oakfield, Akron, Garbutt, and Wheatland, N. Y., and Michigan mills at Grand Rapids, Grandville, and Alabaster will likewise suffer from this competition. There are two large Canadian mills at Winnipeg which have forced six manufacturers at Fort Dodge, Iowa, out of Canadian markets through the aid of the present Canadian tariff of $2.50. These Winnipeg mills now have an open field, and are assailing the trade of six American gypsum companies in Iowa, two in South Dakota, one in Montana, one in Oregon, and one in Washington. The Canadians, as you are already aware, treat their tariff in a very different fashion than is customary in the United States. They evidently set out to prohibit the use of our products, and imposed, at first, a duty of $1.50. They also have a clause which prevents dumping, and have not hesitated to send their inspectors to our offices to determine that no lower prices were being made in Canada than

our average mill price received for American markets. Finding that the $1.50 rate, just mentioned, was insufficient, they added $1 on it, and at once accomplished their purpose, which is effective at the present time, and will be doubly so when all our border markets are thrown open to their industries and we stand defenseless in the open outside their walls.

On the other hand, if it were the inclination of Canada to treat us as well as we treat her at the present, which treatment will be even more generous under the proposed tariff of 10 per cent ad valorem, the American gypsum industry would be willing to forego such tariff entirely and favor free trade if such concession were necessary to warrant and obtain reciprocity from Canada, but the improbability of Canadian reciprocity makes it imperative, in the interest of those American properties mentioned above, that the present rate or increased tariff be strictly maintained.

Par. 78.—FLUORSPAR.

MARION MINERAL CO., BY C. S. NUNN; FAIRVIEW LEAD & FLUORSPAR CO., BY J. M. BLAYNEY, JR.; ROSICLARE LEAD & FLUORSPAR MINES (NAME OF MANAGER ILLEGIBLE).

This statement is submitted on behalf of the producers of fluorspar in the States of Illinois and Kentucky who have been engaged in the mining of fluorspar for an extended period of time in these States. The main purpose of the argument is to convince the committee, if possible, first, that any change in this tariff would not reduce the cost of living; second, that while the revenue comparatively is not large the duty is a clear application of the principle of a revenue tariff; third, that any change in the tariff would destroy in this country the business of mining fluorspar, an essential ingredient in the process of making steel by the open-hearth method; fourth, that there is no real demand for such a change, since financial benefit from such a change would flow into the pockets of the foreign producer or importer.

In regard to the nature and commercial uses of fluorspar, the following quotations are taken from the bulletin of the Department of the Interior for the year 1911:

WHAT IS FLUORSPAR?

Fluorspar or fluorite, chemically calcium fluoride (CaF_2), consists of calcium and fluorine in the proportions of 51.1 to 48.9. The mineral is crystalline, only slightly harder than calcite. Fluorspar, associated with other minerals, has a broad distribution geographically and a wide range geologically. The deposits thus far exploited in the United States are, however, confined to the States of Arizona, New Mexico, Colorado, Illinois, Tennessee, and New Hampshire.

Fluorspar is a mineral of relatively low value as compared with metallic ores mined under similar conditions. Under the most favorable conditions, therefore, the margin of profit can never be expected to be large, and it requires exceptionally good management to conduct any spar-mining operations profitably unless the veins are thick and of uniformly good quality.

USES.

Fluorspar is used in the manufacture of glass and of enameled and sanitary ware, in the electrolytic refining of antimony and lead, the production of aluminum, the manufacture of hydrofluoric acid, and in the iron and steel industries,

in which it is used as a flux in blast furnaces, and in basic open-hearth steel furnaces. It is estimated that about 80 per cent of the American fluorspar output, namely, in the form of gravel spar, is consumed in the manufacture of basic open-hearth steel. The use of fluorspar is increasing in practically all of these industries. The western market for fluorspar is more limited than that of the Central and Eastern States, but it is nevertheless increasing. Recently the iron and steel works of Irondale, Wash., and in Shasta County, Cal., have been enlarged.

Supplies of spar mined in the West have heretofore not been sufficient to supply the western market for more than a few months at a time. This has been due to several conditions, the most important of which is that most of the western spar thus far produced has not been of so high a grade as that produced in the Illinois-Kentucky district. Fluospar for iron and steel making should carry at least 85 per cent calcium fluoride, and preferably it should be purer. For most other chemical uses it should contain from 95 to 98 per cent calcium fluoride.

There are two main grades of fluorspar sold on the market. The first is known as "ground" fluorspar and contains 96 per cent or more calcium fluoride. This grade is sold to be used principally in the manufacture of glass, of enameled and sanitary ware, the production of aluminum, and the manufacture of hydrofluoric acid. The second grade of fluorspar is known as "gravel" fluorspar and is sold almost entirely to the steel mills and used as a flux in the open-hearth furnaces. This grade should contain 85 per cent or more of calcium fluoride. Gravel fluorspar amounts to more than 80 per cent of the production, and the average price for domestic fluorspar of all grades in 1911 was only $7.02. It is therefore manifest that the fluorspar business can not be successful unless this grade can be marketed at a profit.

As a flux, fluorspar when applied even in small quantities to the metal charge in the furnace liquefies the charge, renders it readily fusible, and thus allows the impurities to escape. According to our information the chemists of the steel companies have never found a practical substitute for fluorspar as a flux in the process of making steel in an open-hearth furnace.

PRODUCTION.

In regard to the domestic production, its source and conditions, the Government report for the year 1911 contains a table showing the sources of fluorspar production for the years 1910 and 1911, which is as follows:

	1910	1911
	Tons.	*Tons.*
Illinois	27,302	68,817
Kentucky	17,003	12,403
Other States	5,122	5,828
Total	49,427	87,048

As shown by the foregoing table, the mines of Illinois and Kentucky produce more than 92 per cent of the fluorspar produced in this country. These mines are located in Crittenden and Livingston Counties in western Kentucky and in Hardin and Pope Counties in southern Illinois. The district is divided by the Ohio River.

MINING OF FLUORSPAR.

It is a mining industry which requires extensive and costly development and an intricate equipment of mining, crushing and sorting machinery. No industry of this class offers a more precarious or uncertain investment. The same necessity for the imposition of the duty of $3 per ton against the importations of foreign fluorspar which was established in the so-called Payne-Aldrich Tariff Act exists to-day even more emphatically than it did at that time. Encouraged by the imposition of this duty, very large capital investments have been made to develop this new mining industry, especially in the States of Illinois and Kentucky.

FOREIGN COMPETITION.

In 1905, prior to the imposition of the duty, the domestic production of fluorspar amounted to 47,170 tons. Just about this time the industry was struggling to establish itself, the imported fluorspar coming from England and Germany, in which countries it existed in large quantities, having been mined for from 100 to 200 years as the gangue or country rock in lead-mining operations in Durham and Derbyshire in England and in Saxony in Germany. Only since the adoption of the open-hearth or Bessemer steel practice has fluorspar become an important article of commerce; that is to say, during the last 15 years. This accounts for the newness of the industry. The foreign product was the waste of the lead mines, and as such was purchased by speculators for a mere trifle per ton and was shipped to this country as ballast until the passage of the Payne-Aldrich Act and so successfully competed that in 1908 the domestic production did not exceed 38,785 tons annually, a decrease of about 20,000 tons per year in three years.

STRUGGLE HOPELESS.

Meanwhile, large investments of capital had been made in the hope of so reducing the cost of production as to enable successful competition with the foreign product. These investments increased the burden on the production itself. The struggle was hopeless. Unsuccessful efforts were made by the Treasury Department to correct the classification of fluorspar, placing it in the list of manufactured or treated earths, which were subject to a duty. Had it not been for the duty of $3 per ton imposed by the present tariff law the industry in this country would have undoubtedly become extinct, and all the money invested therein would have been lost to the investors. As it is to-day, the industry can not be said to be on its feet. In the case of the Rosiclare Lead & Fluor Spar Mines, encouraged by the protection it was assumed the duty would offer to the industry, new investments have been made to the extent of about one-third of a million dollars. It has been estimated that approximately $2,000,000 of new money has been spent in the development of this industry generally since the passage of the present tariff law. This is in addition to the original cost of the property and equipment at the time the duty was imposed.

DIFFICULTIES OF THE INDUSTRY.

It will be seen and readily understood that in no other mining industry in which a bulky product such as fluorspar is mined are so many difficulties met with, and if to these conditions are added the loss of any part of the present duty of $3 per ton, it would not be possible to operate the mines except at a loss. This is due to a number of reasons, prominent among which are the following:

(*a*) The character of the deposits and the great uncertainty as to the quantity available from any mine opening. After extensive shaft development and underground work, it is very frequently found that the vein of fluorspar runs out, or, in the language of the miners, "pinches out," or narrows down to such proportions that mining the product under such conditions is economically impossible, forcing the owner or lessee to seek the mineral in some other location, or subject himself to an immense expense in following up the "pinched out" vein in an effort to find the mineral in paying quantities at some more remote point. This condition, of course, is experienced in gold and silver mining, but in these instances the value of the mineral sought offsets the cost of the extension work, a condition which does not obtain in the mining of fluorspar, a coarse material of relatively small value as compared to gold and silver. Unlike coal mining, again, it is impossible to estimate in advance what quantity of the mineral the property may contain. In the fluorspar districts of Kentucky and Illinois are numerous examples of fluorspar mines the working of which was economically impossible for the reasons stated.

(*b*) The mines are generally located remote from railway transportation facilities, necessitating all equipment being brought to the property at the highest cost of transportation and the product to be shipped at the same disadvantage. The precarious condition of the industry is so well known to the transportation companies that up to the present time none of them have been assured of a sufficient continuous supply to warrant the construction of tracks to the mines. This necessitates in the case of the Rosiclare Lead & Fluorspar Mines the operation of an expensive electric tram to the Ohio River and the use of a line of barges to transport the flourspar from Rosiclare to Shawneetown, on the north, a distance of 38 miles, or to Golconda, a distance of 12 miles, and Joppa, a distance of 50 miles, on the south, along the Ohio River. In the case of the Fairview Fluorspar & Lead Co. the mill and mines are connected with the river by a standard-gauge railroad track. Railroad cars are loaded at the mill, moved to the river, taken over a railroad cradle, and placed on railroad-track barges.

These barges and cars are transported by water 12 miles, to Golconda, Ill., where they are delivered to the Illinois Central Railroad Co. The same method is used to bring in railroad cars for loading. Since the tariff act of August 5, 1909, the railroad track has been extended to three of the four shafts. In other sections of Illinois and Kentucky the hauls are made by wagon from the mines to the nearest railway stations, at a cost varying from $1.25 to $2 per ton.

(*c*) The expense of eliminating the impurities, such as lead and zinc ore, which deposits occur in varying quantities throughout the vein, also impurities such as silica and calc-spar (calcium carbonate), is very costly and requires elaborate machinery and skilled labor.

The lead that is recovered offsets only in a small per cent the cost of its elimination. The spar must be free of these impurities before it is of any economic value. Lead entirely destroys the value of fluorspar as a flux in the manufacture of steel, and as these impurities occur in varying quantities the cost of production is never constant, but varies between wide limits.

(*d*) Fluorspar occurs in veins running almost perpendicularly, and as the mine is developed the product must be brought from the lower levels at a greatly increased cost; and here, again, the varying width of the vein—from 12 to 15 feet in thickness to nothing—and the frequent occurrence of pinches make it impossible to compute in advance the cost of production in any shaft or opening.

(*e*) Many of the veins are below the level of the Ohio River, which flows from one-fourth of a mile to three-fourths of a mile from the different shaft openings on the Rosiclare and Fairview properties. The seepage of water through the overlying strata, at the time of the flooding of the Ohio River, forces a complete suspension of operations and requires all available energy to keep the mines from flooding. This condition is of regular annual occurrence, but it frequently happens, in addition, during a wet season that the breaking through of a watercourse into the soft overlying earth formation causes the mine to become flooded to a very serious extent.

(*f*) Extensive areas of the vein lie between mud or earth walls, which, becoming saturated with water through seepage, burst through the thin vein walls, and cause what is known as "mud runs," which occur with such frequency as to constitute one of the greatest dangers in operating fluorspar mines. It has taken in many instances weeks and sometimes months to recover from a "mud run," and has entailed very heavy money loss, besides great damage to the mines and machinery.

(*g*) The precarious transportation via the Ohio River, from the loading tipple of the mines to the railway terminals at Golconda, Joppa, and Shawneetown, is due to two causes:

First. The lack of sufficient water in the river channel during the dry season in the summer months to permit the transportation of heavily laden barges over the shallow river bars between the shipping point and the railway terminal, a condition which varies in duration from a few weeks to two or more months each year. Owing to the effort of the Rosiclare mines to operate under these conditions heavy losses are sustained by the sinking of barges through fouling on the river bars.

Second. The impracticability of shipping fluorspar during the winter months of January and February, when the Ohio River is at times frozen and impassable to navigation.

(*h*) The difficulty of maintaining a sufficient number of skilled mechanics, miners, and laborers to insure the regular operation of the mines is a serious problem. In order to keep a sufficient force at the mines it is necessary to insure to the miners continuous work, regardless of the condition of the water in the mines and the interruption to transportation or the fluctuation in the supply and demand for fluorspar. This serious labor condition is due to the isolated location of many of the mines and to the fact that there is no other industry in the neighborhood other than the fluorspar

mines. In connection with the labor problem the following statement should be given full consideration: The labor used in the handling of the English fluorspar deposits, from which the foreign supply used by American consumers is derived, is of the lowest grade and is paid at a wage of from 3½ to 4 shillings per day. No skilled labor is employed in the handling of the foreign product. In the case of the domestic industry the conditions are different. The lowest scale of wages paid at the Rosiclare and Fairview mines is $1.65 per day, or twice as much as that paid to the English laborers, whereas over 50 per cent of the employees at these mines receive wages of from $2.50 to $5 per day as skilled laborers. The English spar being a waste product, is treated in no other way than by being thrown against an inclined screen with shovels, after which the separated product is shoveled on board cars and dumped into the holds of vessels to be transported to this country as ballast at the very lowest freight rate.

GOVERNMENT REPORT OF CONDITIONS.

The foregoing facts will give the committee an indication of the hazardous character of this mining and the extraordinary expenses and difficulties attendant thereon. This fact is fully recognized by the Interior Department at Washington. In the report for 1910 it is stated, as follows:

> Under the most favorable conditions, therefore, the margin of profit can never be expected to be large, and it requires exceptionally good management to conduct any spar-mining operations profitably, especially in the Western States.
>
> Conclusions: The exploration for and the development of fluorspar deposits under present conditions in the Western States can not be said to offer attractive profits. Nevertheless the market for fluorspar is growing, and where deposits are found so situated that the freight rates do not hold down the price to a profitless level and the cost of haulage does not further wipe out all chances of gain, the development of such deposits should be encouraged.
>
> The milling of fluorspar offers rather difficult problems, for, unlike most ores, the bulk of the product must be saved, and the waste which must be eliminated constitutes relatively a small percentage. In addition the separation of the lead and zinc from the fluorspar is difficult, particularly where such small percentages of the former minerals are present; yet it is essential that they be almost completely removed, since the presence of sulphide ores renders the fluorspar of little value as a flux in steel making.

EFFICIENT AND ECONOMICAL MINING METHODS.

On the other hand, the methods of mining are efficient and modern. Compared with the cost of mining other ores under somewhat similar conditions in the Western States, the cost of mining is not high. Local labor is employed entirely. The mines of the Fairview Lead & Fluorspar Co. and the Rosiclare Lead & Fluorspar Mines together employ about 500 men.

COST OF IMPORTED FLUORSPAR.

As to the sources and conditions of foreign production, imported fluorspar is of the unground-gravel grade, is sold entirely to the steel companies as a flux for open-hearth furnaces, and comes from Durham and Derby, in England, where it is found in waste dumps of abandoned lead mines. This imported fluorspar is not mined

but is screened from these old dumps, transported a short distance to the coast, transferred to steamers, and is brought to this country as ballast at a nominal freight rate. The cheap conditions of producing and transporting English fluorspar are shown by the fact that in 1910 the total fluorspar produced in England was valued at only $1.63 per ton, and in 1911 the value of this English fluorspar on our seacoast was only $2.46 per ton.

The facts are stated in the last report of the Interior Department for 1911, and are as follows:

[United States Government report.]

The production of fluorspar in England has an important bearing on the industry in the United States, for practically all the competing material is imported from that country. According to the official report of output of mines and quarries, issued by the British home office, at London, in 1910, there were 61,621 long tons produced, valued at £20,678 ($100,629), or $1.63 per ton, as compared with 42,483 tons, valued at £16,029 ($78,005), or $1.84 per ton, produced in 1909.

As is well known, a large proportion of the fluorspar produced in England is obtained by screening from waste dumps of old lead mines.

In view of the close correspondence between the estimated cost of production of spar from mine waste and the value of the output given by the British official reports, it is evident that the greater part of the fluorspar produced at present in England is obtained from mine dumps.

In regard to the competitive conditions without a tariff: Fluorspar presents, therefore, not a case of competition between American and foreign labor, but presents a case where the domestic product produced under the usual mining labor costs is compelled to compete against a similar foreign product where no labor is required at all to mine it or put it on the market and no cost incident, except mere loading and transportation. Under such circumstances it is easy to understand why the domestic product could not compete with the English product in the Pittsburgh field or east thereof. The market was in the hands of the foreign producer.

The situation was described briefly by the Department of the Interior in the report for 1911, as follows:

Before August, 1909, fluorspar was imported into the United States duty free, and the full statistics of importation were not given before that date. Large quantities of gravel spar, produced at a low cost from the tailings of lead mines and from the gobs in abandoned mines in England, have been shipped to this country as ballast at a very low freight rate. The material thus produced is high in silica, and is almost entirely consumed by open-hearth steel makers. Before 1909 spar from England competed with American fluorspar as far west as Pittsburgh and practically fixed the market price at that point.

Taking up the matter of the foreigner's profit without a tariff: The American consumers, to wit, the steel companies, did not receive the real benefit of such conditions. The English producer or importer pushed the price to a point just below a figure which could profitably be met by the domestic producer. In view of these competitive conditions, the difference in cost of production and transportation, the foreign product was sold in and east of the Pittsburgh field at an abnormal profit.

Situation of domestic producer without a tariff: Under such circumstances there was no profit in producing domestic fluorspar. The result was a complete failure to develop domestic resources. There was no increase in domestic output during the seven years prior to

1909. Domestic production amounted to only about two-fifths of domestic consumption in 1909.

The following table is taken from the report of the Department of the Interior, 1911, and shows the annual production since 1895:

	Tons.		Tons.
1895	4,000	1904	36,452
1896	6,500	1905	57,385
1897	5,062	1906	40,796
1898	7,675	1907	49,486
1899	15,900	1908	38,785
1900	18,450	1909	50,742
1901	19,586	1910	69,427
1902	48,018	1911	87,048
1903	42,523		

About 10 years ago, as the open-hearth method began to be more widely used by the steel companies in preference to the Bessemer, there arose an increased demand for fluorspar. This caused a large investment of money in developing fluorspar properties and resulted in the large increase of production in 1902, as shown by the foregoing table. This same increased domestic demand induced certain English firms, particularly Blackwell & Sons, of Liverpool, to secure control of the waste dumps of fluorspar in England and unload the product on the American market. This so depressed the domestic fluorspar industry that practically all efforts to mine it ceased in Tennessee, Colorado, and Arizona. In the Kentucky-Illinois district some of the producers had made large investments, and because of that fact continued work in a limited way in the hope of relief from some source. The effect of the importation was, however, so disastrous that many properties were entirely abandoned. According to our information, in Kentucky alone the number of mines decreased from 150 in 1906 to 4 in the summer of 1909.

As shown by the foregoing table, the domestic production from 1902 to 1908, inclusive, while slightly fluctuating, did not increase. In fact the production for 1908 was about 10,000 tons less than the production for 1902. This reveals a total failure to develop the natural resources of this country in a commodity essential to the production of steel by present accepted methods.

Taking the figures given in the report for 1911, the average price of domestic fluorspar of all grades prior to the tariff act of 1909 was as follows:

	Per ton.
1906	$5.87
1907	5.81
1908	5.82
1909	5.75

During these years the price of gravel fluorspar was less than $5 per ton at the rail shipping point.

In view of the expensive character of domestic mining, the unfavorable location of the domestic properties, and the hazards attending the business, no domestic producers ever succeeded in making any profit at such prices. The Fairview Lead & Fluorspar Co. and its predecessor, the Fairview Fluorspar Co., lost very heavily every year, and only the hope of ultimate protection through a fair tariff induced the parties interested to continue operation of the property.

The net losses of this company for the three years prior to 1910 were as follows:

1907	$22,140.79
1908	11,712.15
1909	12,283.32

Situation of domestic consumer without a tariff.—Prior to 1909 the steel mills of this country were forced to depend for an essential ingredient in the process of steel making upon an uncertain supply of foreign fluorspar. They were compelled to carry very large reserves of stocks to protect against interferences with the foreign supply or a sudden increased demand for finished steel. In 1908 the requirements of the steel mills of the United States were about 100,000 tons of fluorspar. The total domestic production of fluorspar of all grades was 38,785 tons. The domestic production of gravel fluorspar was about 30,000 tons, or less than one-third of the demand of the steel mills of this country.

Effect of present tariff on domestic production.—In the Kentucky-Illinois district some of the large operators who had made substantial investments carried the properties and continued the work in a limited way, hoping for some relief. After the passage of the tariff act of 1909 these investors, on the faith of the tariff, expended large sums in improving their properties and increasing their output. The domestic output of all grades in 1911 was 87,018 tons. No statistics for 1912 have yet been published. The domestic production for 1912 will reach 100,000 tons, but does not yet equal domestic consumption.

As stated in the department report for 1910, the price of domestic fluorspar of all grades under the influence of the tariff advanced the first year from $5.75 in 1909 to $6.20 in 1910. Gravel fluorspar during 1910 advanced perhaps 25 cents per ton. Even at this price the Fairview Fluorspar & Lead Co. lost heavily during that year; at this advance there was still no profit for domestic producers, and this company finished the year 1910 with another net loss.

In 1911 the price of domestic fluorspar made another slight advance under the influence of the tariff, and, as shown by the department reports, advanced to an average price of $7.02 per ton for fluorspar of all grades.

The average price per ton of domestic gravel spar was $6.03 in 1911 as compared with $5.43 in 1910.

As shown by the foregoing figures, it is impossible for domestic producers to make any profit unless the average price of fluorspar of all grades is approximately $7, and the average price of gravel fluorsar is approximately $6. The present duty will just about maintain these prices.

The average price of domestic fluorspar of all grades in 1912 remained practically the same as in 1911, but it is believed by the domestic producers that there is a slight profit at the present prices, although, as stated by the Department of the Interior, the profit is not "attractive." The report for 1911 summarizes the situation as follows:

Under the most favorable conditions, therefore, the margin of profit can never be expected to be large, and it requires exceptionally good management to conduct any spar-mining operations profitably, unless the veins are thick and of uniformly good quality.

The present duty will continue to stimulate and increase domestic production. The producers will attempt to increase profits slightly by larger production and a more economical distribution of costs. As the Nessemer plants are changed into open-hearth plants, and as new open-hearth plants are built, the requirements of the steel business of the country will increase, and the fluorspar production should be permitted to keep pace with the steel business.

Effect of present tariff on domestic consumer; has not increased cost of living.—The amount of fluorspar used to produce a ton of finished steel varies slightly, in accordance with the character of the scrap iron or the character of the iron ore used in the furnace. Between 800 and 1,000 pounds of gravel fluorspar are used on every heat of 55 tons. At most, therefore, the cost of fluorspar is less than 5 cents to the ton of finished steel. Under the influence of the tariff the price of gravel fluorspar to the steel companies in this country has advanced less than $1 per ton. The increase in cost of fluorspar to the ton of finished steel is approximately one-half of a cent. Fluorspar is the smallest item entering into the production of steel. An increase in its cost of one-half of a cent per ton of finished steel is insignificant and has no effect to raise the price of steel. The tariff on fluorspar has no effect on the ultimate consumer of finished steel. The steel industry as a whole are entirely satisfied with conditions under the present fluorspar tariff. With the possible exception of a few mills at or near our eastern seacoast, the steel industry of the country has no desire to have the duty removed or even reduced. The ordinary steel company prefers to pay one-half of a cent additional for the fluorspar used in producing a ton of steel, in order to be able to rely upon an increased accessible dependable production of a standard grade of fluorspar.

Competitive conditions under the present tariff.—The last available quotation of foreign fluorspar was $7.65 per long ton, f. o. b. cars Philadelphia, including duty, adding the freight rate of $1.60 per long ton, or $1.20 per short ton, the basis on which domestic spar is sold. The freight rates on gravel fluorspar from the Illinois and Kentucky districts to the Pittsburgh field are $2.30 and $2.10 per ton, respectively. Under this competition the price of domestic fluorspar in the Pittsburgh field can not exceed approximately $6 per ton at the rail shipping point. As recognized by the Department of the Interior, there is small profit to the domestic producer at this figure. The steel mills east of the Pittsburgh field can still purchase their requirements of fluorspar at lower prices than the mills to the west of that field, and the eastern field is still in the hands of the foreign producer.

Conditions under present tariff satisfactory to both domestic consumer and producer.—While the present duty does not enable the domestic producer to compete with the English product east of the Pittsburgh field, and while it holds prices in that field for gravel fluorspar to a level of about $6 per ton, still the domestic producer believes that under present conditions there is hope for a fair profit, particularly as the production is extended and developed. Development in turn will bring better transportation facilities to many of the fluorspar properties in the Kentucky and Illinois districts.

The steel companies have in turn found conditions more satisfactory for them during the past two years than ever before in the

history of the fluorspar business. Any possible exception will be confined to a few steel companies east of the Pittsburgh field, and will be due undoubtedly to the agitation of the importer. The domestic consumption by the mills east of the Pittsburgh field amounts to considerably less than 10 per cent of the total domestic consumption.

Effect of removal or reduction of present tariff.—As the complete removal of the duty would only reduce the cost of fluorspar to the steel companies about one-half of a cent per ton of finished steel, it will not reduce the price of steel to the ultimate consumer. The money invested on the faith of the tariff in the past two years to improve domestic properties and to open new properties will be entirely lost. Extension of railroad facilities now under contemplation to certain of the fluorspar properties will be abandoned. Domestic production of fluorspar will decrease at once. One of the most fundamental industries in the country, to wit, the steel business, will be left wholly dependent for an absolute essential upon an uncertain foreign supply. The Government will suffer a loss of revenue.

Revenue tariff.—Loss in revenue will benefit the foreigner alone. The loss in revenue to the Government will not result in a proportionate of the prices of fluorspar. Prices will drop to a figure just below the price at which domestic fluorspar can be profitably marketed. It will only be necessary for the importer to drop the price about $1 per ton below the present price to drive the domestic producer out of business. The conditions existing prior to 1909 will return. Two-thirds of the amount of the revenue lost to the Government will go into the pockets of the foreign producer or importer.

The effect of the reduction of duty in H. R. 3321.—In H. R. 3321 the duty on fluorspar is reduced to $1.50 from $3 per ton. This will have the effect of turning over all the market for fluorspar east of the Ohio River to the foreign producer, as it will be impossible for the home producer to compete in the Pittsburgh field and other consuming centers east of that field. As a matter of fact, the $3 duty made Pittsburgh the "fighting ground" between domestic and foreign fluorspar. The cutting of this duty in two takes this market away from the home producer and sets the industry back in Illinois and Kentucky to a point which is sure to produce disaster, as this market given over to the foreigner consumes at least 60 per cent of the home consumption.

Effect of losses by floods.—During January the entire fluorspar industry in the State of Illinois was closed down on account of the unprecedented flooding of the Ohio River, which overwhelmed the mines and completely filled them with water. In the Rosiclare mines alone it is estimated that over 60,000,000 gallons of water entered, filling the mines just as you would fill a bottle—right to the neck. As an example, this mine was pumped out, and just when the pumping work was about completed the great Dayton flood came along in March and April and again completely flooded the mines, completely destroying the vast amount of mining property, buildings, machinery, railway tracks, and transportation equipment. The monetary loss by these floods to both the Rosiclare and the Fairview companies it has not been possible to compute up to the present time. It is not unusual for the industry to suffer from a flood once a year, but com-

ing twice in the same winter and spring has dealt these mines a terrific blow. The accompanying photographs will convey in a manner the condition of the properties during the recent flood. Similar photographs were supplied the Ways and Means Committee of the House during the early part of February, when the first flood of the present year was at its height.

No spar has been mined or shipped from the mines in the Illinois fluorspar district (Rosiclare Lead & Fluorspar Co. and the Fairview Fluorspar & Lead Co.) during the year 1913, owing to these disastrous floods.

We therefore earnestly ask that the duty carried in the present law be maintained, unless it is the deliberate intention of the committee to destroy the industry, as it is impossible for the domestic mines to compete against overwhelming floods and the foreign production derived from the dumps of abandoned lead mines and brought to this country as ballast, paying the lowest possible freight rates.

The foregoing brief is herewith respectfully submitted on behalf of the fluorspar producers in the States of Illinois and Kentucky.

Par. 78.—CHINA CLAY OR KAOLIN.

C. B. LAMAR AND R. B. WILLIS, AUGUSTA, GA.

[Memorandum as to section 78 of H. R. 3321, fixing the rate on china clay or kaolin.]

Uses.—It is used in paper making, wall paper of all kinds, ornamental china, tile, etc. Principally used in the manufacture of paper.

Imports and productions.—According to the statistics furnished by the House Ways and Means Committee the domestic production in 1912 amounted to 27,400 tons, valued at $221,045. The imports amounted to 237,366 tons, of the value of $1,541,105.

Tariff rates.—Prior to the enactment of the Dingley tariff the rate on china clay or kaolin was $5 per ton. The rate now proposed in H. R. 3321 is but $1.25 per ton.

Freight rates.—Most of our mines are located at great distance from the places of utilization, and clays can be shipped from Cornwall to Chicago via Philadelphia or Boston for about the same rate we are forced to pay from the mines in Georgia, South Carolina, or Florida to Chicago.

Argument.—We do not ask of the Democratic Party any legislation in violation of its platform. We do not ask for protection. But we submit that under existing law we have just commenced to develop this industry in America. Domestic production has materially reduced the price of the imported article. Reduce the tariff rate, drive the local industry out of existence, and the people will once more be at the mercy of the English clay producers, who, without any competition, can easily fix the price. Presuming they do not, it is certain that the consumer will never benefit by any reduction in price, but that it will merely result in increased profits to the few paper manufacturers and clay importers who purchase this clay.

A competitive tariff.—It is said that this bill seeks to levy competitive tariff. As the imports are almost ten times the local pro-

duction, there can be no doubt that the existing tariff rate is a competitive rate.

Loss in revenue.—It is also the intention of the framers of the bill to frame a bill for revenue only. The revenue from kaolin or china clay under existing rate amounted in 1912 to $593,415. The House committee estimates that under the rate proposed in H. R. 3321 the revenue would not exceed $375,000, a loss to the Government of more than $200,000.

Not a necessity.—We recognize that in levying a tariff for revenue only it is the desire to levy a duty only upon those articles which are not regarded as necessities, and we agree that necessities should not be taxed. But a glance at the purpose for which kaolin is used will convince you that it can not be called a necessity.

Loss to home industry.—We therefore submit that kaolin is properly a dutiable article. Notwithstanding disadvantages we are developing a legitimate industry. The Democratic platform assured us that no legitimate industry would be destroyed. Relying upon existing law, we have invested our money. We ask that we be not made to lose our money, and the Government be made to lose $200,000 in revenue, simply to give a monopoly to English clays.

GURNEY CLAY CO., FRANKLIN, N. C.

FRANKLIN, N. C., *April 22, 1913.*

Hon. F. M. SIMMONS,
Washington, D. C.

DEAR SIR: In case the present import duty on china clays is reduced as is proposed, and the proposed reduction of $1.25 per ton is not absorbed by the foreign miner and the steamship lines, so that the price we at present receive by the manufacturer is that much less, every miner of North Carolina china clay will have to go out of business, for there is not one of them that can sell his product for that much less and remain in business, nor is it at all likely that what the manufacturer would thereby save would be of any benefit to the user of manufactured ware, for the amount the manufacturer would thereby save would be so small that it would hardly be considered by him in his estimate of the costs of the manufactured product.

We trust that you will use your best effort, even at this late hour, for the retention of the present duty on china clays.

Par. 78.—ASPHALT.

WILLIAM F. MOORE, INDIANAPOLIS, IND.

REASONS WHY THE TARIFF ON ASPHALT SHOULD BE REMOVED.

1. Because the present duties of $3 per ton on refined asphalt and $1.50 per ton on crude are a heavy tax on good roads and streets.

It is a settled fact that some form of bituminous binder is necessary to hold roads together. With asphalt on the free list, the materials best adapted for this purpose could be used at decreased expense.

Good pavements and roads are costly enough without the addition of a tariff tax.

2. Because the existing tariff tax, amounting to hundreds of thousands of dollars yearly, would be saved by the communities now paying it in the form of increased costs and put into much-needed additional construction.

That imported asphalts would be reduced in price if the tariff were removed is certain, since these products are now much higher in price, owing to greater cost of production, than asphalt made from oils, and it would be to the advantage of the importers to reduce their prices by at least the amount of the tariff tax.

3. Because the present duty on asphalt was imposed and is retained at the sole request and for the sole benefit of far-western producers of so-called oil asphalt, which is a by-product from heavy petroleums.

No lake or natural asphalt is found in the United States, so that no duties are necessary to protect this product or the labor engaged in its production. No industry or product, such as California oil, so located that it must pay heavy freight rates to a part of the market should ask Congress to maintain a tax on the whole country in order to overcome the disadvantages of the product's location.

4. Because in the face of an increase in the asphalt imports from 115,000 tons in 1906 to 168,000 tons in 1911 the production of California oil asphalt in the same period increased 77,000 tons.

This proves that the California industry can prosper in spite of the increasing use of imported asphalt. All that the Dingley duties have done is to make the imported product cost more and probably enable the California producers to charge more than they would for oil asphalt had no duties been imposed.

5. Because, free from duty, imported asphalt could be supplied in refined form by direct shipment to all eastern and southern cities.

This would save heavy rail freight charges from refineries located at northern seaboard points. New Orleans, Mobile, and cities similarly situated should be able to buy asphalt as cheaply as New York can buy it.

6. Because the increasing use of heavy oils for road treatment, for fuel, and other purposes is resulting in constant advances in the price of these materials.

This movement will be retarded if imported asphalt, whether crude or refined, is placed on the free list along with products like the Mexican oils, which are admitted free under the tariff act of 1909.

Par. 79.—MICA.

STORRS MICA CO., OWEGO, N. Y., BY CHARLES P. STORRS, SECRETARY.

May 1, 1913.

The Committee on Finance, United States Senate,
Washington, D. C.

Dear Sirs: We are manufacturers asking for a reduction of present duties. We respectively protest against the proposed rate of 30 per cent ad valorem, because same effects a marked increase in duty on

all the raw mica used in the manufacture of lamp chimneys and on a large proportion of that used in stoves. The duty on all uncut mica valued over 50 cents per pound is largely increased by the 30 per cent ad valorem rate, as compared with the present rate of 5 cents per pound and 20 per cent ad valorem.

Our raw material is valued at from 90 cents to $2.55 per pound c. i. f. New York.

Value per pound.	Present duty per pound.	Duty per pound at 30 per cent ad valorem.	Per cent increase.
$0.90	$0.23	$0.27	17.4
2.55	.56	.765	36.4

Mica chimneys and canopies for gas lights are used by an extensive class of consumers of moderate means. Mica in stoves is used by a still larger number, including almost every farmer.

We therefore strongly urge that the duty on mica valued above 50 cents per pound be fixed at an equivalent of not more than 20 per cent ad valorem.

Withdrawing all previous requests, we respectfully urge your committee to consider the following suggestion for this paragraph, as we believe that same will effect a reduction of the rate that will be more equitable than the proposed 30 per cent and will be less disturbing to the mica business in general.

The writer's testimony before the Ways and Means Committee is found on pages 547–554, tariff hearings.

Suggestions for paragraph on mica, Schedule B, paragraph 79, submitted May 1, 1913.

79. Mica, unmanufactured, valued not above 15 cents per pound, 5 cents per pound; valued above 15 cents per pound and not above 75 cents per pound, 30 per cent ad valorem; valued above 75 cents per pound, 20 per cent ad valorem; cut mica, mica splittings, built-up mica, and all manufactures of mica, or of which mica is the component material of chief value, 30 per cent ad valorem; ground mica, 15 per cent ad valorem.

ASHEVILLE MICA CO. AND TAR HEEL MICA CO.

May 1, 1913.

The Finance Committee, United States Senate,
Washington, D. C.

Gentlemen: We are miners and dealers in mica in North Carolina.

India and North Carolina produce the bulk of the mica of the world.

Labor in India is paid about 15 cents a day and in North Carolina about $1.25.

Importations of mica for 1912 were 1,454,000 pounds, valued at $535,000. The production of United States in 1911 (1912 figures not available) was 1,887,000 pounds, valued at $310,000, of which the North Carolina production was valued at about $280,000.

The present tariff has merely allowed the domestic miner to stay on a competitive basis with the world, but 30 per cent ad valorem removes the help of the tariff on 75 per cent of his production, and

thus will allow the Indian, with his low-price labor, to take the market.

In weight the production is greatest in the smaller, less valuable sizes. Seventy-five per cent of the production by 90 per cent of the miners in North Carolina is the small low-priced sheets. The proposed 30 per cent ad valorem appears to reduce the duty by about 15 per cent, whereas, in effect, because of the actual production of the mines, it is 60 per cent reduction on the bulk of the mica produced, about the same as at present on a portion of the production, and is a raise in duty on the higher-priced sheets that may be produced.

For the foregoing reasons we advise and request the following be submitted for what is proposed in the Underwood bill:

79. Mica, unmanufactured, valued not above 15 cents per pound, 5 cents per pound; valued above 15 cents per pound and not above 75 cents per pound, 30 per cent ad valorem; valued above 75 cents per pound, 20 per cent ad valorem; cut mica, mica splittings, built-up mica, and all manufactures of mica, or of which mica is the component material of chief value, 30 per cent ad valorem; ground mica, 15 per cent ad valorem.

This will effect about the same average reduction from the present law as the 30 per cent ad valorem proposed and will—what is even more important—distribute the reduction more equitably and therefore with less disturbance to existing business conditions throughout the industry.

WATSON BROS., 170 PURCHASE STREET, BOSTON, MASS.

April 29, 1913.

The Finance Committee, United States Senate,
Washington, D. C.

Dear Sirs: As one of the principal importers of mica in this country we wish to place ourselves on record as being in favor of the proposed ad valorem rate of duty on mica, as it completely eliminates the cause of many differences of opinion as to the proper classification of this material existing under the present form of both specific and ad valorem rates. While the proposed rate of 30 per cent is, in our opinion, rather excessive, still we would much prefer to have even this prevail alone and trust no consideration will be given to again complicate matters by adding a specific rate.

CHICAGO MICA CO., VALPARAISO, IND.; THE MACALLEN CO., BOSTON, MASS.; MICA INSULATOR CO., SCHENECTADY, N. Y.

May 6, 1913.

The Finance Committee, United States Senate,
Washington, D. C.

Dear Sirs: We are manufacturers of mica-insulating materials, and necessarily use imported mica, on account of the special characteristics of the various kinds. These characteristics are essential for certain uses in the electrical, lamp-chimney, and other trades, and especially for insulation of electrical machines, which furnish the

largest field for the use of mica. For insulation in commutators of motors and dynamos it is necessary to use the phlogopite or amber mica of Canada, or the India Muscovite mica, on account of their being softer than the American mica, and, therefore, wearing down uniformly with alternate layers of copper.

The larger proportion of the mica consumed by the electrical industry is used in making built-up or reconstructed mica in the form of plates, boards, rings, segments, and special forms. This is an insulating material of vital importance to the industry, made of films molded together with an adhesive material into various forms. The greater softness, superior cleavage, and elasticity of the Canadian amber and the India mica make it requisite to use these grades to supply a product of the necessary quality.

In making mica lamp chimneys it is necessary to import the clear India mica, as no other mica can be obtained that possesses all the three requisite qualities, as follows: Absolute clearness, perfect cleavage, and pliability such that it can be rolled into cylindrical form without cracking.

The mica mined in the United States has its own field, chiefly for use in stoves, washers for spark plugs, etc.

Mica of commerce is of two kinds—Muscovite, also called white mica, the bulk of which is produced in India and the United States; and phlogopite, also called amber mica, which is only produced in Canada and one or two other foreign countries. It is not found in the United States, and its use is of absolute necessity to the electrical industry for the reasons set forth above.

["Import," data from Department of Commerce and Labor. Imports of material in the United States, Table No. 3, 1913. "Production of mica," data from report of Department of Interior, 1912.]

	Pounds.
Imports of Muscovite mica, 1912	759,648
Domestic production for 1911 (1912 figures not available)	1,887,201
Imports of phlogopite mica, 1912	724,849

It will be observed that the domestic production was nearly two and one-half times the importation of Muscovite, with which in some cases the domestic mica competes. It would therefore appear that it could hardly be claimed in justice that the present tariff placed the domestic miners on a competitive basis.

Fully 75 per cent of the production by 90 per cent of the miners in North Carolina is the low-priced sheet, which sells at the mine mouth from 3½ to 10 cents a pound. The present duty of 20 per cent and 5 cents is, therefore, equal to an ad valorem of from 70 to 140 per cent, which effectually removes from competition any imported Muscovite mica of these grades. In other words, the miners have been selling this small mica at prices that are lower in the main than the specific rates mentioned in the present law.

It is estimated that not more than 350 or 400 people are employed in mining American mica, and that well over 5,000 are employed in working up mica into manufactured products in the United States.

We understand that there is an effort being made on the part of certain American miners to have paragraph 81 amended to read as follows:

Mica, unmanufactured, valued not above 15 cents per pound, 5 cents per pound; valued above 15 cents per pound and not above 75 cents per pound, 30 per cent ad valorem; valued above 75 cents per pound, 20 per cent ad valorem; cut mica, mica

splittings, built-up mica, and all manufactures of mica, or of which mica is the component material of chief value. 30 per cent ad valorem; ground mica, 15 per cent ad valorem.

We strongly protest against this wording as being complicated and confusing and tending to hamper the administrative features of the bill.

We recognize that under existing conditions the proposed duty will work certain hardships on ourselves and others engaged in the mica business, but the interests in the business are so varied that it would be difficult to arrange a tariff that would be entirely satisfactory to all concerned, and we believe that the proposed paragraph 81 offers as few objections as any paragraph that could be proposed.

The rates proposed in H. R. 10 give to the American manufacturer of mica products much less protection than in the existing law, but the wording of paragraph 81 in H. R. 10 we believe to be entirely satisfactory for administrative purposes, and we further believe that under this wording there will be no likelihood of the American manufacturer being penalized by throwing his raw material into some higher class, thereby compelling, through ambiguous phraseology, the classification of his raw mica incorrectly and increasing his duty on raw material to such an extent that he would be unable to compete with foreign manufacturers. We therefore respectfully withdraw all previous requests and urge that your committee adopt the wording and rates of this paragraph as set forth in H. R. 10, viz:

81. Mica and manufactures of mica, or of which mica is the component material of chief value, 30 per cent ad valorem; ground mica, 15 per cent ad valorem.

Pars. 80–83.—POTTERY.

GUERNSEY EARTHENWARE CO., CAMBRIDGE, OHIO, BY C. L. CASEY, PRESIDENT.

April 22, 1913.

Senator F. M. Simmons,
Washington, D. C.

My Dear Senator: We are very uneasy as earthenware manufacturers on account of the extreme cut in the Underwood bill from 60 to 40 per cent. It is a question in the writer's mind if we can compete with the foreign labor. There is not any reason why we should make a strong argument along these lines, but we simply ask you to refer to the Treasury Department showing the statement of our earnings for the year 1912. You will readily learn from this statement, with the reduction on the tariff, that if the Guernsey Earthenware Co. pays the same wages, and has the same other expenses to maintain during the Underwood bill as we now have, that our factory will be run at a loss of thousands of dollars.

This is simply a business proposition. We have not anything to say as to what we are paying in wages, or what it is costing us to produce our wares, or what we are getting for our wares at a selling price, but it is up to the Finance Committee to investigate these figures and learn just what we can do as manufacturers in meeting foreign labor and foreign manufacturers. It is simply out of the question for us

to do these things under the Underwood bill without cutting our labor to meet foreign production and foreign labor.

We don't like to do these things, but if it is necessary, in order to run our factory, we will have to do them. If you want any general information we will be only too glad to give you same regarding our manufacture, but you can very easily figure from our Treasury report just what we are doing and what we can stand in the way of a cut on the earthenware schedules.

If you were to give us a duty protection of 45 to 50 per cent under the Underwood bill, it would place us in a much fairer position to do business, and at that duty it is a question in the writer's mind whether we could break even or not with the present wage scale.

We sincerely trust that you will consider these questions fairly and give the American manufacturer an opportunity to at least have an even break with foreign labor and foreign capital. Don't handicap us in our efforts.

If there is any further information that you would like to have, we will be very glad to go into detail on this question and give you absolute facts.

WILLIAM S. PITCAIRN AND OTHERS.

MAY 21, 1913.

The FINANCE COMMITTEE, UNITED STATES SENATE,
Washington, D. C.

GENTLEMEN: The big outcry and protest made by the domestic potters against the proposed slight reduction in the tariff on their products, made by their paid agitators, backed up by delegations of workmen crying ruin, etc., is simply astounding to people in the trade who are conversant with the true situation. We will endeavor, as briefly as possible, to show you something of the real facts and prove that their fears, if they be genuine, are groundless, and the workmen especially have nothing to fear for the following reasons:

IMPORTED EARTHENWARE COMES FROM ENGLAND.

England only produces earthenware that need concern the potters of this country. England is our largest customer. England buys vastly more goods from us than she sells to us. Almost everything we export to England goes in free of duty, unhampered by rules and regulations to harass the buyers and sellers.

This being so, it would seem as though a little reciprocity and consideration for England's general relations with us should induce Congress to place a reasonable tariff on such products as would not interfere with the development of our own industries and give the American farmers, mechanics, and people of limited means an opportunity to have a little good English earthenware without being taxed to death for it.

Apart from all other considerations, the geographical protection the American potters would always enjoy is in itself a big item of protection. The domestic potters know this very well, but make light of it in tariff arguments, but the facts remain that inland

freights in England are high, ocean freights have practically trebled the past few years, consul fees, shipping charges, customhouse entries are all items that add to the cost.

Furthermore, costs of production in England have advanced greatly of late, especially during the past year, due primarily or largely to the heavy advance in the cost of getting out the coal and advance in practically every kind of material that they use. These facts are indisputable.

Furthermore, there is no likelihood at all of prices going back to the old figures. On the contrary, everything indicates still further advances. We would call your particular attention to the fact that whenever costs of production advance in England prices of pottery are always instantly advanced, and the duty must be paid on those advances every time. The domestic potters have themselves admitted before the Ways and Means Committee in the past that the well-known values of English pottery made undervaluation practically an impossibility.

The following will give you an idea of these increases in prices of English pottery. The classes enumerated cover the great bulk of the importations:

English prices.

	Former prices.	Present prices.	Percentage of increase.
	Per cent.	*Per cent.*	*Per cent.*
Plain prints, best grades	45,5,and 5	35,5,and 5	18
Prints, gilt edges	35,5,and 5	22½,5,and 5	19
Decals, gilt handles and edges	27½,5,and 5	17½,5,and 5	13½
Cheap printed dinner ware	52½,5,and 5	45,5,and 5	15½
Cheap printed short lines	60,5,and 5	45,5,and 5	37½

Throughout the whole list, including china, the increases are in proportion.

We would impress upon you one indisputable fact, viz, that even before the heavy increase in prices of English pottery the importations of same have been dropping off tremendously, as follows:

From high-water mark in 1895, when 121,000 crates were imported, to last year, when the importations were about 33,000 crates.

Now, that the above-mentioned heavy increases in prices have gone into effect, unless considerable relief is had through a reduction in the duty, importations are bound to fall off still more rapidly and dwindle in a short time to almost nothing and the American consumers be deprived of the privilege of securing good, sound English pottery at a reasonable price, and we believe they will resent it.

The above table mentions only decorated goods. Decals or transfers are the goods that are largely produced in this country. We make the assertion here that vast quantities of these goods are made in this country and sold to merchants, especially the scheme trade, 5 and 10 cent syndicates, at prices from 30 to 40 per cent less than similar goods can be imported for under the present tariff. This statement can not be successfully disputed. We can prove it, and, being able to do so, it shows conclusively how groundless the fears and how senseless the talk that the slight lowering of duty from 60

to 40 per cent will upset the manufacturers and cause them to reduce wages, etc.

We make the statement here that on the class of goods that are produced in this market and the only kind they are capable of producing, if the duty on decorated dinner ware was put down to 10 per cent English pottery could not be imported to undersell them.

We make the assertion here, and can prove it, that if any pottery fails to make money now or under the proposed new tariff it can only be from two causes—inefficiency, coupled with cutthroat competition among the domestic potters themselves, the latter being the principal cause of their troubles.

We will now say a few words on the subject of white ware, white granite, the most staple line produced in both countries and the one used by the masses. We will show you as follows what it costs to import a crate which usually contains 100 dozen plates, 7 inch, flat, the most staple item of the most staple grade of pottery used:

	s. d.	£. s. d.
100 dozen plates, 7-inch, flat, at 3s. 6d		17 10 0
55 per cent		9 12 6
		7 17 6
5 per cent		.7 10
		7 9 8
5 per cent		7 6
		7 2 2
Crate	18 6	
5 per cent	11	
	17 7	
5 per cent	10	
		16 9
		7 18 11
Inland freight	6 10	
Shippers' charges	9	
Consul fees	8	
		8 3
		8 7 2
£8, 7s. 2d, at $4.90		$40.95
£7, 18s. 11d., duty equals $39, at 55 per cent		21.45
£8, 7s. 2d., insurance equals $46, at 15 cents per $100		.08
Customhouse charges		.25
Ocean freight		3.00
Total cost landed		[1] 65.73

Or, with duty at 35 per cent as proposed, the duty on this crate will be $13.65, and the cost of goods landed $57.93, or $3.31 per pound sterling.

These costs are bona fide and no one can land the goods any cheaper. We will now show you what we are told and believe the leading American factories sell the same quantity of goods for to the larger trade in this country, one crate to contain 100 dozen 7-inch plates:

[1] Or $3.76 pound sterling.

List, $1.30 per dozen	$130.00
Discount, 66⅔ per cent	86.66
	43.34
1 per cent	.43
	42.91
Crate	2.00
Total	44.91

This illustration of one crate of plates 7 inches is not any trick assortment and is not exceptional. The same difference exists throughout the list and shows conditions of to-day on both sides.

You will see by the above comparison how much cheaper the American potter can and does sell a given quantity of goods than the same can be imported for, and to the imported cost must be added the expense of doing business here, which is a big protection in itself to the domestic potters.

WHAT FIGURING IN PERCENTAGE MEANS.

A domestic potter in making his arguments, especially through his paid emissaries, generally figures in percentages. The prime cost of producing a plate is the making price, i. e., the price paid to the man who makes the plate. Roughly speaking, we will say that the price paid the maker of a 7-inch plate in England is 3 cents per dozen; the price paid the domestic potter may be, say, 5 cents per dozen, a difference of 2 cents per dozen, which works out a big percentage; but let us see what it amounts to.

On 100 dozen plates it comes to $2 difference in the making price; whereas, at the present rate of duty on this same quantity of goods, we have to pay $21.45 in duty, or more than 10 times in duty the difference in the actual making price on 7-inch plates and under the proposed rate of 35 per cent we would still have to pay in duty the sum of $13.65, which is nearly 7 times as much duty to be paid as the difference in the making price of the plates.

Now, we will admit freely that the amount actually paid the workman for making the plates don't cover all the cost of making same, but it is the important part of the cost. Such items as dipping, oven placing, drawing the kilns, and warehouse work are all items to be considered as affecting the cost of production on both sides, but they are all combined small matters as compared with the amount of duty on the goods, especially when you consider that the clay and all materials that enter into the body of the ware cost to-day almost as much in England as they do in this country; and on top of this, coal, which is next to labor the most important item of cost in making pottery, actually costs a great deal more to-day in England than it does in this country, as we will show later on.

No doubt some materials cost a little less in England than here, but the difference in the method of handling materials is a big factor in the cost of same, for in this country the potters get their materials in large carloads, brought right into their yards, with, in most cases, no cartage or hauling charges and comparatively little labor, whereas in England materials are brought from a distance by canal at a very heavy freight rate and in many cases are carted long distances up

steep hills in small loads, which adds very much to the cost and which item would not be shown in a comparison between the actual prices paid.

PRICES OF COAL.

We have it on good authority that the present price of English coal is $3.60 per ton; English slack, $2.60 per ton. We are told that the price of American coal to-day is $1.70 per ton; American slack, $1.30 per ton; and we wish again to emphasize the fact that coal is, next to labor, the leading factor in the cost of production of pottery, and the difference in the cost of coal alone is in itself large protection.

Another serious item of cost on imported pottery is distribution of same.

Most English earthenware is repacked, which entails expensive labor, breakage, rent, insurance, to which add traveling expenses, etc. All of this adds still more to the natural protection the domestic potters are bound to enjoy in any event.

Items showing why and how domestic pottery can be and is sold so much cheaper than English pottery and always will be at any duty that is likely to be assessed.

For instance, nearly all decorated goods are gilded, most decorations nowadays have a big lot of gold on them, the value of gold being a big part of the cost of the finished article.

Gold costs the same here as it does in Europe. We are sure it's substantially the same. When gold is put on earthenware in England we have to pay the high duty on the value of the gold as well as on the labor of putting the gold on.

The same thing applies to chromo lithographs or decals. This represents the bulk of the decorated pottery produced in this country. The potters import, we believe, most of the lithograph sheets. The duty on the sheets themselves is nominal or moderate, whereas when the same sheets are used for decorated English earthenware we have to pay the high duty on the value of the sheets and also on the cost of putting same on the ware, as well as on the manufacturer's profit, the same as is the case with gold.

All of this constitutes a very heavy tax at the proposed rate of duty and explains why the domestic potters can and do undersell English earthenware to such an extent that they are fast driving it out of the market. The records of importation will prove this without any further argument on our part.

ANOTHER SERIOUS ITEM.

English earthenware is imported in crates. Crates are a covering necessary to transport the ware.

On account of lumber being higher in England, crates cost more in England than they do in this country. When once used they are substantially worthless. For some mysterious reason, years ago a duty was assessed on crates. We have been paying more duty on crates than it costs the domestic potters for their crates, the packing of same and the straw used. This is disguised protection.

It goes beyond the realm of protection, in fact, it's a joker put into the situation years ago by a lot of adroit manipulators as additional disguised protection, and is on a par with the unsportsmanlike prac-

tice of taking a dead mouse from a blind kitten, the kitten in this case being the American public and consumers.

There is no necessity, rhyme, or reason for this iniquitous, unnecessary tax. If the American public realized what it means they would rise up shouting the battle cry of freedom, with a lot said in same about duty on crates. We had hoped that the present Congress would relieve us and the consumer of this iniquitous burden, and we still ask, in the name of the American consumers, that this unclean, unnecessary burden be wiped out.

EFFICIENCY VERSUS INEFFICIENCY.

We read in the papers that it is the intention of the present leaders in Congress and the President to restore competition, that the American people as a whole must not pay tribute to special privileges, special interests, or inefficiency, the ideas as expressed being that if any factories or interests were inefficient in their methods and required undue protection thereby, that same be withheld in future.

Theoretically it sounds good, and there is no doubt that the principles as expressed are laudable, and if same were applied to the earthenware schedule the duty would necessarily have to be about 10 per cent on white ware, 20 per cent duty on decorated goods, with no duty on the crates, for actually there is hardly any commodity that we know of that has been so much overprotected as the domestic pottery, and the fact that the relief proposed is so slight shows that good lungs and a lot of adroit manipulators can impress Congress to the detriment of consumers and the thousands of merchants throughout the country who make their livelihood in whole or in part from the sale of imported pottery.

Potteries and potters in this country are like factories everywhere. Some are efficient, some are medium, and some are thoroughly and hopelessly inefficient. All seem to be joining in the cry for more duty, the inefficient because they need it badly. There are potteries in this country that could not make money if the duty was 1,000 per cent. The efficient potter wants the duty based upon the needs of the inefficient potter, for reasons that will be apparent to anybody.

BUILDING NEW POTTERIES.

We would ask why it is that if the potters were all going to be ruined by a reduction in the duty, how comes it that several immense potteries were projected at a time when they must have known the duty was going to be reduced, and the manufacturers that are building the new potteries and also acquiring interests in other potteries are in the front ranks of those crying for more and more protection, and those big potters are the factors for keeping down profits in the trade generally for purposes of their own, and the lack of profits among the potters is not due to English earthenware, nor could this possibly be the case.

We wish to emphasize this statement to the utmost of our ability. The conditions that cause a lack of profits among them have been due to inefficiency, in some cases poor equipment, in many cases poor business methods, in all cases price cutting and general demoralization, due to overbuilding of potteries.

These facts are often admitted privately by the domestic potters' salesmen, but of course they don't talk that way when they appear before Congress with their pleas for more pap. Instead they talk in percentages and send delegations of their workmen.

POTTERIES AS ADJUNCTS OF LAND SCHEMES.

During recent years, especially of late, some potteries have acquired large tracts of land in outlying places and put up a large pottery on said property and deliberately started in to build up a town around it, selling the lots off at a large profit; in fact, in one or more glaring instances the profit from the pottery itself has been secondary; the big money came from selling building lots.

Every effort is put forth to sell large quantities of pottery, often at outrageous prices, to attract labor and thereby create a big demand for the building lots. This has resulted in general demoralization to the domestic potters' interests, and we emphatically tell your committee that the troubles of the domestic potters come from such schemes and schemers and not from English competition on earthenware; and yet those same people are in the front rank shouting for more protection.

It is supposed by many that in the long run, by demoralizing the business, some of these people will acquire at cheap prices the other factories and ultimately, when they have foreign competition wiped out, they will be in position to compel the American public to use only their products, regardless of the quality or the price they demand for it. We are quite sure that many of the smaller potteries realize the above conditions perfectly.

MISBRANDING GOODS.

Of late years a very reprehensible practice has sprung up among a number of domestic potteries of misbranding their goods. These factories make earthenware only—in a number of cases they make a very ordinary brand of earthenware—and yet they have the effrontery to stamp or brand their goods as china.

It is done to deceive the public. It is a clear case of false pretense and we believe is contrary to law, as it is contrary to all ethics.

On this subject will advise you that a protest is now being prepared by importers, wholesalers, and merchants, addressed to the Hon. William C. Redfield, Secretary of Commerce, asking him to look into this matter and if the same is illegal, as we believe it is, that he take steps to put a stop to such practices. We would mention incidentally that those misbranding their goods as mentioned above are among those most insistent for more protection.

DOMESTIC POTTERS GENERALLY COPY FOREIGN SHADES AND DESIGNS.

There is almost no artistic development among the domestic potters, very little originality, nearly all dependent on foreign factories and foreign artists for designs, shapes, styles, etc., simply appropriating same as they arrive here each season, thus saving all the immense cost of foreign factories in maintaining a staff of artists, modelers,

etc. For verification of all this we refer you to the United States Potters' Annual Report for 1911, page 27.

In conclusion, we protest to your committee that the proposed rates on earthenware of 35 and 40 per cent are entirely too high and out of all proportion to the proposed tariff on other commodities. The rate we propose to the Ways and Means Committee of 30 per cent would be amply protective, or if healthy, stimulating competition is desired, same would require a duty of 10 per cent on white earthenware, 20 per cent on decorated earthenware, with the iniquitous duty on packages abolished entirely. This would be for the benefit of the people of the whole country.

PITKIN & BROOKS, 8-18 EAST LAKE STREET, CHICAGO, ILL., BY E. H. PITKIN, PRESIDENT.

CHICAGO, *May 29, 1913.*

Hon. FURNIFOLD M. SIMMONS,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

SIR: I understand through reports in the public press that a delegation of American potters have recently appeared before the Finance Committee of the Senate, urging the retention of the rates in the Payne tariff bill. As a member of the tariff committee of the National Credit Bureau, composed of the largest wholesale dealers in crockery, glass, and china in the United States, I desire to present, very concisely, our side of the question.

First. The sale of foreign earthenware, mostly made in England, has declined from 100,000 crates imported in 1892 to 35,000 crates imported in 1912, and from about $15,000,000 in 1892 to $2,000,000 in 1912. These figures refer to earthenware, table, and toliet ware only; common yellow and brown ware, kitchen utensils, salt-glazed stoneware, etc., of which the domestic manufacturers produced about $14,000,000 in 1912, the importations were only $150,000, showing that they have secured our entire market on this class of goods, so that out of a total production of $29,000,000, comprising all classes of earthenware, only $2,000,000 dutiable value were imported.

Second. It is a well-known fact that staple American ware is freely sold to all purchasers at prices ranging from 30 to 33⅓ per cent below the similar imported article, and if the duty be reduced to 35 and 40 per cent, the domestic selling prices would still be 18 to 28 per cent below the cost of foreign merchandise, duty paid.

Third. The duty on outside packages on our line of goods is an onerous tax, and constitutes a very heavy burden on all the cheaper grades of earthenware. Wood in all foreign countries is very expensive, and the tax on the outside packages adds very considerably to the duty assessed upon merchandise, especially on bulky and cheap goods, of which most of the importations consist. In my judgment, outside packages should be free of duty.

Fourth. In the face of an apparently sure revision of the tariff downward, domestic potters are to-day building enormous new plants, and the concerns whose business is conducted on modern up-to-date methods are so full of orders that they can not ship with any degree

of promptness. Our own orders, with one of the best factories, are to-day 90 days behind, and we know that this condition is general.

Permit me to call your attention to my testimony before the Ways and Means Committee on January 9, 1913, published in Tariff Schedules No. 4, hearings before the Committee on Ways and Means on Schedule B, earths, earthenware, and glassware, in which I show that an ordinary white cup and saucer, such as is used by the masses, costs me, landed in my store in Chicago, 50.4 cents a dozen, whereas a similar cup and saucer of English earthenware costs 76 cents, and the proportion is just the same on staple articles, such as plates, platters, vegetable dishes, etc.

American potters appear not to be willing to meet a reasonable foreign competition, but desire a tariff so high that foreign earthenware can not be imported.

Under the Wilson bill of 1892, or 1893, the rates on earthenware were the same, or about the same, as proposed in the present tariff.

The American potters, under these circumstances, did not close their factories, but actually made progress, and there is no doubt in my mind but what they will continue to hold the bulk of the business under the proposed rates of the present tariff bill.

These rates are not drastic, a reduction of from 55 to 35, and 60 to 40 per cent may sound large, but, as a a matter of fact, will amount to a reduction of only about 12½ per cent in the laid-down cost of foreign goods.

Unless this reduction is made, the Government, in a short time, will receive no revenue whatever from importations of earthenware, as there will be none imported.

Is it fair to the merchants of the country, who have a legitimate capital invested and who employ thousands of people in the conduct of their business, to deprive them of the opportunity to conduct a business, which is, in many cases, over 50 years old?

Why should not the merchants of the country have some consideration as well as the manufacturers?

You will, of course, understand that I have referred above only to earthenware as distinguished from china.

As the bill passed the House, the rates on china were reduced from 60 to 55 per cent on decorated and from 55 to 50 per cent on white. China is not made in the United States, the nearest thing to it being a heavy, vitrified earthenware, or "hotel china," so called.

H. R. WYLLIE CHINA CO., HUNTINGTON, W. VA., BY H. R. WYLLIE.

HUNTINGTON, W. VA., *May 28, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, Washington, D. C.

DEAR SIR: Per suggestion of Hon. William E. Chilton, I set forth as follows the injustice that is about to be inflicted on the pottery business of this country:

The bill as passed by the House reduces tariff from 60 per cent on decorated and 55 per cent on plain white to 40 per cent and 35 per cent, respectively. This cut is very radical, and our industry

would not be able to stand it without a very deep cut in wages—possibly 20 per cent. Labor enters into pottery to the extent of 65 per cent of the cost of production. This does not include the labor cost of mining clay and transporting it, which would really be an addition.

We pay in wages on an average of 125 per cent more than is paid in Germany and England, and about 500 per cent more than is paid in Japan. Reduction in tariff will simply mean that we would have to reduce wages, which would make the situation very difficult.

The industry is comparatively young in this country and needs all the protection it can get, and the old rates, under the Payne bill, are not higher than they should be, as the American potters have not been making any money. This can be proved by examination of their books, as conditions have not been satisfactory.

One of the worst things in the past that the industry has had to contend with is gross undervaluation when assessing the duties. The industry has not had the protection that the duties would indicate on this account.

The foregoing are absolute facts, and figures for same can be verified from the books of the various potteries. During last year the average profits of 22 factories scattered over the United States was less than 6 per cent.

President Wilson has ordered an investigation of our industry as to profits, wages paid, and cost of production, and if the report from the experts is made in time for your consideration, you will see very clearly the position of the industry and wherein it is entitled to full measure of protection.

Would respectfully request that you endeavor to have the rates restored to 60 per cent on decorated and 55 per cent on white earthenware.

The protection afforded under tariff named practically all goes to our workmen in wages.

DOBBS & WEY CO. (INC.), 57 NORTH PRYOR STREET, ATLANTA, GA., BY H. B. WEY, PRESIDENT AND TREASURER.

ATLANTA, GA., *June 2, 1913.*

Hon. HOKE SMITH,
United States Senate, Washington, D. C.

DEAR SIR: We learn, through reports in the public press and otherwise, that delegations of American potters from East Liverpool and Trenton have appeared before the Finance Committee in the Senate urging an advance in the duties on earthenware to the old Payne rates of 55 and 60 per cent.

We can not help but feel that the industry in this country does not require such a heavy rate of duty. As it is, staple American earthenware is sold at a price considerably less than the cost of the imported English ware of similar character.

We are wholesale as well as retail dealers in both classes of goods and speak from experience. A fair reduction of the old Payne rates of 55 and 60 per cent, in our judgment, would still leave the American potter in position to conduct his business profitably.

We feel it is an undue burden, furthermore, to assess the duty on outside packages, such as crates, casks, etc., in which foreign earthenware is packed for transportation to this country. We pay the English manufacturer in American money approximately $4 for each crockery crate. The present rate of duty on decorated earthenware of 60 per cent compels us to pay $2.40 on the original cost of the crate, making this dead expense on us of $6.40 per package. As the crate is of no value after it has served its purpose of carrying the goods to this market, we can only add the cost of the crate to the value of the contents, thereby increasing the cost of the goods.

As evidence that the American manufacturers of earthenware are now controlling to a large extent the domestic market we call attention to the fact that the importations of English earthenware have decreased from approximately 125,000 to about 35,000 crates per annum.

We understand that the imports for the year 1912 of the products of English potteries are estimated to be about $2,000,000 against domestic production, estimated at something like $30,000,000.

We believe that the Payne rates of 55 and 60 per cent are excessive and not necessary for the domestic manufacturers. As it is, these rates are practically prohibitive and not calculated to stimulate competition.

We respectfully request you to investigate the matter referred to above, and if you feel justified in so doing use your influence to prevent a return of the high rates of duty now asked for by the American potters.

FISHER, BRUCE & CO., 221 MARKET STREET AND 210 CHURCH STREET, PHILADELPHIA, PA.

PHILADELPHIA, *May 29, 1913.*

Hon. F. M. SIMMONS,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

DEAR SIR: We understand efforts are being made in the interests of some of the American manufacturers of earthenware to have the rates of duty in the Underwood bill increased.

We handle largely both American and foreign earthenware and are interested only in having a duty on these goods which shall be fair and equitable to the American manufacturers, importers, retailers, and consumers, and in our opinion the rates fixed in the Underwood bill are high enough. We call your attention to the following facts:

First. It is a well-known fact that staple American earthenware is sold to all purchasers at prices ranging from 30 to 40 per cent below similar imported articles, and if the duty be reduced to 35 and 40 per cent the domestic selling prices would still be 18 to 25 per cent below the cost of foreign goods.

Second. Owing to the large difference in cost between foreign and American earthenware the importations of these goods have decreased during the past 10 years from 125,000 to 35,000 crates per annum. The importation of earthenware during the year 1912

amounted to about $2,000,000, whereas the domestic production amounted to about $30,000,000.

Third. We wish to enter our protest against the continuance of the duty on outside packages, which is a most unjustifiable and onerous tax and constitutes a very heavy burden on all the cheaper grade of earthenware. Outside packages should be free of duty.

We hope that the rates of duty on earthenware as contained in the Underwood bill will meet with your support.

UNITED STATES POTTERS' ASSOCIATION, BY H. T. WINTRINGER, PRESIDENT, ET AL.

POTTERY AND THE TARIFF.

I. COMPETITIVE FIGURES.

Is pottery on a competitive basis?

The total consumption (wholesale value) of china and earthenware, such as is made in Trenton and East Liverpool, is about $37,000,000, of which about $15,000,000 is made in the United States.

The Government figures for 1911 show in round figures $16,500,000 of home production and $10,500,000 of importations. These figures are taken from the United States Geological Survey. The former include many goods of a special character, made of pottery ware, but not used by or sold to the crockery trade, and should not be included in the comparison. The import figures are the values of the foreign product in the foreign country and we know are to a considerable extent undervalued. The former are overestimated by fully $4,000,000, and the imported goods when they enter the commerce of our country, expenses for importing and marketing, duties and large profits they make, brings the real competing value to at least $22,000,000. All of these goods are directly or indirectly competitive with the American product.

The committee, however, claim that $8,000,000 of the above $10,500,000 (foreign value) were imports of china and but $2,500,000 were earthenware. The Government does not separate these kinds of goods in the records, and no one knows just what proportion of each is imported; but granting these proportions to be correct, the earthenware, when entering the commerce of this country, is worth double the foreign value, or $5,000,000, and the china still greater relative value, as larger profits are made, making its value to be about $17,000,000.

The actual condition then is, after deducting the special goods from the American figures and the value of the china produced, that the American wholesale dealer last year paid $11,000,000 for American earthenware, against $5,000,000 for imported earthenware, and $2,000,000 for American china, against $17,000,000 imported china.

Or if you want to go to the extreme but unreasonable point of comparing American goods at American prices with foreign goods at foreign prices, you have $2,500,000 imported earthenware to $11,000,000 American earthenware, or over 20 per cent competition on that basis, and $8,000,000 imported china to $2,000,000 American china, or 400 per cent more of imported goods.

The President and the Ways and Means Committee have often said that all that was desired was a fair amount of competition and intimated that 10 per cent was a fair competition. They also gave assurance that no legitimate business was to suffer through excessive reductions. The bill reduces, with competition as above, china, white and decorated, from 55 and 60 per cent, respectively, to 50 and 55 per cent, and earthenware from 55 and 60 per cent to 35 and 40 per cent, respectively.

II. PERCENTAGE OF LABOR COST.

The percentage of labor cost is unusually large in the manufacture of pottery wares and differs according to the kind of ware made and whether decorated or not. Figures from several groups of factories show the elements of cost as follows:

(1) White ware only:

	Per cent.
Actual wages (pay roll)	55
Materials, coal, etc	24
Overhead expenses, taxes, etc	14
Salaries, selling expenses, etc	7
Total	100

(2) White ware and small amount of decorated ware:

	Per cent.
Actual wages (pay roll)	58
Material, coal, etc	29
Overhead expenses, etc	5
Salaries, selling expenses, etc	8
Total	100

(3) Largest factory in this country, large percentage of decorated ware paid last year:

	Amount.	Per cent.
Actual wages (pay roll)	$1,120,630.85	62.04
Material	464,456.75	25.72
Fuel, heat, light	137,602.43	7.62
Expenses, taxes, salaries, selling expenses, etc	77,107.63	4.27
Repairs	6,294.25	.35
Total	1,806,021.91	100.00

4. The national census reports do not segregate the various kinds of pottery products, but group pottery, terra cotta, and fire-clay products together. This grouping reduces the percentage of labor cost in the total figures because of the fact that terra cotta and other fire-clay products employ a cheaper class of labor and use much more machinery. The returns are, however, as follows:

Volume 9, census reports on industries, for New Jersey (p. 776), gives:

Pottery, terra cotta, and fire-clay products (88 firms):

Products, total value		$13,130,000
Wages	$5,661,153	
Clerks	407,616	
		6,068,769
Officers		627,917

Out of the above 88 firms less than one-half the number are makers of white and decorated earthenware and china.

West Virginia reports, under same grouping, returns from 16 firms, about one-quarter making white and decorated earthenware and china:

Total products, total value		$2,678,673
Total wages	$1,255,844	
Total, clerks	67,429	
		1,363,273
Total, officials		92,585

In round figures 60 per cent of the cost of the American product, as shown in Nos. 1, 2, and 3, is paid out in wages. On the other hand, the English labor cost is from 40 to 45 per cent of the finished value, according to the kind of ware made.

III. DOMESTIC AND FOREIGN WAGES AND CONDITIONS COMPARED.

The wages of the pottery operatives in all countries are based on piecework prices.

The American piecework price averages 110 per cent higher than the English. The American wages earned are on an average over 126 per cent higher than in England. England is the highest wage country next to the United States.

The average earnings per hour for all classes of labor in the potteries of the several countries are as follows:

America	$0.2483	France	$0.0825
England	.11	Belgium	.0693
Germany	.0913	Holland	.065
Austria	.086	Japan	.025

New Jersey reports for 1912 give the following figures:

Number of firms	52
Number of wage earners	6,077
Average annual earnings	$721.90
Average weekly earnings, per capita	$13.88

The English Government trade report gives the pottery statistics for the week ending January 25, 1913, covering the product of earthenware and china as follows:

Number of wage earners	15,274
Gross amount earned for the week	$72,311.48
Average earnings for the week, per capita	$4.73

These figures in each case embrace all kinds of labor—men, women, boys, and girls—and showed the average New Jersey weekly earnings to be $13.88, as compared with the English weekly earnings of $4.73.

The ratio of males to females employed in New Jersey is 100 males to 20 females; England is 100 males to 80 females; Germany is 100 males to 300 females.

In the United States a woman doing the same class of work as the man receives the same rate of pay. In England and other European countries she receives approximately one-half the rate of pay. Much of the work done by men in the United States is done exclusively, or almost so, by women in Europe.

Average weekly earnings.—The following table gives the average net weekly earnings of the operatives in the several branches:

	England.	America.		England.	America.
Plate makers	$6.90	$27.30	Pressers	$5.94	$18.59
Jiggermen	8.42	29.01	Dippers	9.96	30.22
Dish makers	7.22	24.60	Sagger makers	7.70	26.00
Cup makers:			Mold makers	9.12	28.01
Men	7.48	26.00	Throwers	6.68	30.00
Women	4.94	None.	Turners	6.44	27.23
Saucer makers:			Kiln men	7.20	23.89
Men	8.10	27.00	Transfer girls	2.60	10.72
Women	4.06	None.			
Handlers:					
Men	6.76	29.41			
Women	3.50	None.			

The American figures were taken from the average of 30 potteries in the United States working fairly full time.

The English figures are taken from the report made by the president of the English Pottery Manufacturers' Association, at the time of a labor dispute, his purpose being to show that the potters were earning good wages, and fully up to other lines of industry. He stated that "short time was being worked by most of the operatives." Under these conditions it might be fair to add to the English figures 10 per cent, which would be full allowance.

Another English manufacturer stated that the average of all his working people was an amount equal to $4.88 per head per week.

IV. FRIENDLY RELATIONS.

Questions of wages, etc., are settled by a joint arbitration committee every 2 years. No strikes in 20 years.

V. THE TARIFF AND THE WORKMEN.

Does the tariff really benefit the working potter?

While the average piecework price is 110 per cent higher in the United States than in England, the total cost of the finished article is approximately 75 per cent higher.

A given assortment of English earthenware, costing at the English factory $100, costs the American manufacturer $175 to produce.

Forty-five per cent, or $45 of the English $100 cost goes to labor.

Sixty per cent, or $105 of the American $175 cost goes to labor.

The above $100 worth of English goods on entering the United States pays a duty of 55 per cent, or $55.

Now, add to the English labor cost of $45 the duty collected by our Government of $55, you have a total of $100.

The above figures, however, show that the labor cost in the American production is 60 per cent of $175, or $105. This clearly shows that labor gets all, and more than the entire duty assessed under the present law.

VI. PROFITS.

The average profits of 22 factories scattered over the United States was less than 6 per cent, and the average of 22 factories, all located in the West, was a little over 6 per cent.

VII. TRUSTS.

No combinations or trusts of any kind in restraint of trade exist within the industry.

VIII. THE QUESTION OF THE CONSUMER.

Does the consumer pay the tax? Has the cost of pottery been increased to the consumer on account of any tariff duty?

In answer to these pertinent questions, we give you an illustration, taking a given assortment of white earthen tableware. In 1852, with a duty of 24 per cent, and no domestic competition, this assortment sold for $95.30.

	Duty.	Selling price.		Duty.	Selling price.
	Per cent.			*Per cent.*	
1864	40	$210.75	1896	30	$44.00
1872	40	143.08	1900	55	41.67
1875	40	129.61	1908	55	37.59
1882	40	57.89	1913	55	35.72
1890	55	46.30			

The high values from 1864 to 1875 were due to the high gold premium, which enabled the American manufacturer to get a foothold, and has been the direct means of reducing the value of the imported articles.

IX. EFFECT OF THE WILSON TARIFF LAW.

The Wilson tariff-law rate on earthenware and china was 30 per cent on undecorated and 35 per cent on decorated ware. The proposed law makes the china rate 50 and 55 per cent, respectively, and the earthenware rate 35 and 40 per cent, respectively.

The effect of the Wilson bill was disastrous to the pottery industry, precipitating a strike which lasted seven months, closing a number of factories, which were never able to reopen. It resulted in a reduction of 12½ per cent in the rate of wages to the operatives and an actual reduction of over 60 per cent in the earnings of the operative on account of not having sufficient orders to keep the workmen employed.

The following is a comparative table of domestic production and imports covering the years from 1890 to 1899. The figures in italic are those covered by the operation of the Wilson law:

Year.	Domestic product.	Imports.	Year.	Domestic product.	Imports.
1890	$8,479,519	$7,000,955	1895	*$4,000,000*	*$8,956,105*
1891	8,000,000	8,381,358	1896	*4,311,551*	*10,025,861*
1892	8,800,000	8,708,558	1897	6,725,733	9,967,297
1893	*3,500,000*	*9,500,431*	1898	8,001,388	6,087,658
1894	*4,200,000*	*6,879,437*	1899	9,431,109	7,603,959

X. DISPLACEMENT OF ENGLISH IMPORTS BY THOSE OF GERMANY AND JAPAN.

English earthenware has been displaced largely by the great increase in the importations of cheap German and Japanese china. These goods are used for the same purpose and take the place of earthenware.

Imports.

Year.	England.	Germany.	Japan.
1885	$3,048,101	$808,327	$75,902
1895	4,651,227	1,901,263	195,931
1905	2,804,211	4,770,443	957,020
1908	3,147,310	5,287,267	1,452,156

Our extreme need for protection against this china competition is of the greatest importance. The cheap grades of these wares now undersell the cheapest of our American earthenware.

XI. FREIGHT RATES.

The railroads owned by the German Government give special rates on goods for export, in some cases being about half the rate covering the same distance for home consumption.

Ocean rates are low compared with our inland rates. A crate of plates from Liverpool, England, to Baltimore would pay a freight rate of about 20 cents per 100 pounds; from Trenton, N. J., to Baltimore 18 cents per 100 pounds.

Our inland freights discriminate in favor of the imported goods. For example, the freight rate on imported goods from Baltimore to St. Louis is 33 cents per 100 pounds; Trenton to St. Louis, 47 cents; Baltimore to Kansas City, 65 cents; Trenton to Kansas City, 79 cents; Baltimore to Chicago, 28 cents; Trenton to Chicago, 40 cents.

XII. THE TARIFF HANDBOOK ESTIMATES.

The Tariff Handbook estimates an increase of importation of over $1,600,000 foreign value. This means a displacement of at least $3,200,000 of the American product. Such a displacement means a reduction of American output and necessarily a curtailment of operation, which increases the relative cost of overhead charges and fixed expenses, making the finished product more expensive. A factory working full time is working to the best advantage; working slack time is always working to great disadvantage and at increased cost.

We earnestly ask your careful consideration of the above facts.

Respectfully,

H. T. WINTRINGER, *President.*
WM. BURGESS, *First Vice President.*
F. A. SEBRING, *Second Vice President.*
W. S. GEORGE, *Third Vice President.*
J. T. CARTWRIGHT, *Secretary-Treasurer.*

(The foregoing bore the names of the following officers of the United States Potters' Association and members of its executive com-

mittee: H. T. Wintringer, president; William Burgess, first vice president; F. A. Sebring, second vice president; W. S. George, third vice president, and J. G. Cartwright, secretary-treasurer. Executive committee: John N. Taylor, East Liverpool, Ohio; W. L. Smith, East Liverpool, Ohio; Charles Howell Cook, Trenton, N. J.; W. E. Wells, Newell, W. Va.; George C. Thompson, East Liverpool, Ohio; E. M. Knowles, East Liverpool, Ohio; A. G. Dale, Trenton, N. J.; C. C. Ashbaugh, East Liverpool, Ohio; H. N. Harker, East Liverpool, Ohio; Charles F. Gosser, Coshocton, Ohio; H. A. McNicol, East Liverpool, Ohio.)

United States Potters' Association.—The Edwin Bennett Pottery Co., Baltimore, Md.; the Canonsburg Pottery Co., Canonsburg, Pa.; the Carrollton Pottery Co., Carrollton, Ohio; the Cartwright Bros. Co., East Liverpool, Ohio; the Colonial Co., East Liverpool, Ohio; the Cook Pottery Co., Trenton, N. J.; the Crooksville China Co., Crooksville, Ohio; the Crown Pottery Co., Evansville, Ind.; the East Liverpool Potteries Co., East Liverpool, Ohio; French China Co., Sebring, Ohio; the W. S. George Pottery Co., East Palestine, Ohio; the Globe Pottery Co., East Liverpool, Ohio; Guernsey Earthenware Co., Cambridge, Ohio; the Hall China Co., East Liverpool, Ohio; the Harker Pottery Co., East Liverpool, Ohio; the International Pottery Co., Trenton, N. J.; the Edwin M. Knowles China Co., East Liverpool, Ohio; the Knowles, Taylor & Knowles Co., East Liverpool, Ohio; the Homer Laughlin China Co., East Liverpool, Ohio, and Newell, W. Va.; the Limoges China Co., Sebring, Ohio; the Maddock Pottery Co., Trenton, N. J.; the Thomas Maddock & Sons Co., Trenton, N. J.; the Mayer Pottery Co., Beaver Falls, Pa.; the D. E. McNicol Pottery Co., East Liverpool, Ohio; McNicol & Corns Co., Wellsville, Ohio; the Mercer Pottery Co., Trenton, N. J.; the National China Co., Salineville, Ohio; the Onondago Pottery Co., Syracuse, N. Y.; the Pennsylvania China Co., Ford City, Pa.; the Pope-Gosser China Co., Coshocton, Ohio; the Potters Co-Operative Co., East Liverpool, Ohio; Saxon China Co., Sebring, Ohio; the Salem China Co., Salem, Ohio; the Sebring Pottery Co., Sebring, Ohio; E. H. Sebring China Co., Sebring, Ohio; the Smith-Phillips China Co., East Liverpool, Ohio; the Standard Pottery Co., East Liverpool, Ohio; the Steubenville Pottery Co., Steubenville, Ohio; the Taylor, Smith & Taylor Co., East Liverpool, Ohio; the Trenle China Co., East Liverpool, Ohio; the Trenton Potteries Co., Trenton, N. J.; the C. C. Thompson Pottery Co., East Liverpool, Ohio; the Vodrey Pottery Co., East Liverpool, Ohio; the Warwick China Co., Wheeling, W. Va.; the West End Pottery Co., East Liverpool, Ohio; the H. R. Wylie China Co., Huntington, W. Va.; the Great Western Pottery Co., Kokomo, Ind., and Tiffin, Ohio; the Homewood Pottery Co., Mannington, W. Va.; the John Maddock & Sons Co., Trenton, N. J.; the Thomas Maddock & Sons Co., Trenton, N. J.; Sanitary Earthenware Specialty Co., Trenton, N. J.; Sanitary Earthenware Co., Columbus, Ohio; the Trenton Potteries Co., Trenton, N. J.

BURBANK, DOUGLASS & CO., 242 MIDDLE STREET, PORTLAND, ME., BY FANNING J. BURBANK, TREASURER.

PORTLAND, ME., *March 22, 1913.*

Hon. CHAS. F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SIR: We are inclosing herewith for your careful consideration a copy of the brief [1] which was presented to the Ways and Means Committee by the New York importers of English earthenware in support of their request for a reduction in earthenware on Schedule B.

The wholesalers of earthenware and china in New England are in favor of a reduction in duty on earthenware and china. Practically

[1] Brief mentioned may be found at pp. 586, 587, vol. 1, hearings before Committee on Ways and Means, House of Representatives.

all of these wholesalers sell both imported and domestic earthenware and are consequently vitally interested in the welfare of the foreign manufacturer, the domestic manufacturer, and the consumer.

A careful perusal of the inclosed brief and also pamphlet, giving some figures and illustrations regarding Schedule B, will, we feel sure, give you a concise and accurate account of the conditions as they truly exist.

As wholesalers of imported earthenware and china, which we import direct ourselves, and as wholesalers of American earthenware, we strongly recommend a duty of 25 per cent on earthenware and 35 per cent on china, which, in our judgment, is both fair and equitable to both the manufacturer and the consumer.

In closing we would ask you to give this matter your careful consideration, and if you feel this to be a just request and a benefit to your constituents and the consumers of this merchandise in this country, we would request that you give this matter your active support. If there are any figures or facts you may wish to obtain regarding this Schedule B, we will gladly furnish you with all of the information we have at hand.

We neglected to speak of the unfair and unjust present charge on packages containing earthenware. At the present rate we pay a duty of 60 per cent on packages which contain decorated earthenware and a duty of 55 per cent on the same size and cost package which contains white earthenware. The same package costs more in England than in the United States, and we feel that any duty on packages is unfair and unjust.

WILLIAM BURGESS, FIRST VICE PRESIDENT UNITED STATES POTTERS ASSOCIATION.

The CHAIRMAN AND GENTLEMEN OF FINANCE COMMITTEE,
Washington, D. C.:

I notice that another misleading statement has been made to you by the pottery importers, relative to the duties derived from the pottery schedule exceeding the total amount of wages paid in this country. The statements made are based on absolutely false figures.

In the first place, they have figured duty on the entire importations at 60 per cent, being the rate of duty upon decorated china and earthenware, whereas in each year over $1,000,000 worth of the importations were white goods, paying a duty of 55 per cent. If there had been any desire for accuracy on the part of the importers, the exact proportions of decorated and undecorated wares could be easily ascertained from the Government statistics. To correct these errors, I give the following exact figures:

	Imports.	Importers' statement of duties.	Actual duties paid.
1909	$10,006,954	$6,058,172	$6,005,384
1910	11,183,974	6,710,384	6,650,547
1911	11,431,652	6,858,991	6,801,468

As to the total amount of American production and the percentage of labor cost therein, they have used figures of a grossly misleading character, which they claim "to have reason to believe is correct," showing the labor cost in the pottery product to be 39 per cent, which they state covers "all grades of pottery ware," and then assume that the tableware, which is the highest grade of all the pottery ware, has a lower percentage of labor cost, because of a higher selling value.

The facts are that the Government statistics include under this general classification "pottery, terra cotta, and fire-clay products," giving figures in 1909 from 822 establishments, producing $76,119,000 worth of goods, at a labor cost of $29,753,000. These figures show approximately a 39 per cent labor cost.

Out of the 822 establishments, the pottery-tableware manufacturers number about 66. Out of the total production of $76,119,000, the tableware production was approximately $15,500,000, and out of the $29,753,000 in wages, the tableware manufacturers paid approximately $9,200,000, or very nearly 60 per cent of the value of their product.

The Government statistical figures are an impossible basis for obtaining accurate results, both in relation to imports and domestic production. The import figures are exact, so far as the invoice value of decorated and undecorated ware is concerned, but they do not segregate earthenware from china. The relative difference in labor costs in these two commodities differs greatly. As to the domestic product, they group together the finest and coarsest of clay products, from the sewer pipe and draintile to the finest chinawares. The great bulk of wares included in this total production of $76,119,000 includes draintile, sewer pipe, architectural terra cotta, fireproofing, stove lining flower pots, tiles, and every conceivable thing made of clay, with the exception of bricks. All of these commodities are made largely by machinery, by unskilled labor, and the percentage of labor cost is extremely small, compared with that of the product known as china and earthen ware.

Again, the figures given by the different departments of the Government differ greatly from each other. The figures given by the Geological Survey differ from those given by the Census Department, and are grouped in different ways, so that the figures can not be accurately compared. Therefore, the figures referred to as given by Mr. Middleton in Mineral Resources of the United States are only approximate, and from our knowledge of the potteries' product are somewhat larger than the actual production, but for the want of exact figures we will take those quoted by the importers' committee. This committee makes the following table:

	Amount of sales.	Amount of wages paid, at 30 per cent of total.
1909	$15,495,082	$6,043,081
1910	16,743,106	6,529,811
1911	16,424,236	6,405,452

(I presume the 30 per cent is a typographical error, as the figures indicate about 39 per cent of the total sales.)

The actual wages paid were:

1909	$8,987,148
1910	9,711,001
1911	9,526,057

The comparative table of duties paid and wages paid in the United States, as given by the importers, namely:

	Duties paid.	Wages paid in United States.
1909	$6,058,172	$6,043,081
1910	6,710,381	6,529,811
1911	6,858,991	6,405,452

Should be:

	Duties paid.	Wages paid in United States.
1909	$6,005,381	$8,987,148
1910	6,650,547	9,711,001
1911	6,801,468	9,526,056

The overvaluation of duties paid and the approximately 50 per cent undervaluation of the wages paid are in keeping with the methods of this committee in their representations to Congress.

Another misleading misstatement, based on two separate statements made by me, need only to be pointed out to show their unfairness. They quote me saying that "50,000 persons are directly dependent upon this industry," and again quote my figures taken from the New Jersey statistics that "the average wages paid in the pottery industry are $13.88 per week."

I did not state, nor can any fair-minded person interpret my remarks to mean, that there were 50,000 persons drawing wages from the American potteries. They have, however, put this interpretation upon my statement and multiplied it by $13.88 per week, or $721.76 per year, showing an aggregate pay roll of more than twice the entire pottery production. The facts are that there are approximately 13,000 actual wage earners employed in the industry, on whom the balance of the 50,000 are directly dependent, as I stated.

The other and most preposterous statement made by them is their quotation of my figures of the cost of the output of a white-ware factory amounting to $115,263.28 and then arbitrarily "if the usual amount of profit and overhead expense of 50 per cent is added to the cost to making selling price it would make a total of $172,894.92, against which he states there was paid a total in wages to produce these goods, $58,912.28, which shows the wage to be 35 per cent of the selling price of the goods." My only reply to this is that this committee have now mixed up the domestic pottery industry with the importers and jobbers of this country. They are quoting in one case domestic manufacturers' figures, which include all overhead charges and expenses, and, on the other hand, the usual overhead charges, expenses, and profits of the importer and jobber. The state-

ment is absolutely absurd and grossly misleading, and there is not one particle of ground for making such a bald statement.

This committee may juggle and distort the figures as much as they want, and yet all honest figures, grouped in any way that they may be grouped fairly, will prove the statement that we have repeatedly made, that the wages of the American pottery workmen are on an average of over 100 per cent above the wages paid on the average in England, and that the entire duty and more goes into the wage earner's envelope. The American manufacturer does not and never has received one particle of profit from the tariff duty.

The principal thorn in the flesh of the importer seems to be that very thing which ought to be of the greatest interest to the dealer and which was embodied in an answer made by Mr. Pitkin, of Pitkin & Brooks, Chicago, at the hearing before the Ways and Means Committee, when asked in relation to the American manufacturers taking advantage of the tariff. He said:

> No; I think it is because they do not take advantage of the tariffs that they had, and they were foolish enough to sell it too cheap.

Par. 84.—ELECTRIC-LIGHTING CARBONS.

NATIONAL CARBON CO., CLEVELAND, OHIO, BY J. S. CRIDER, GENERAL MANAGER.

CLEVELAND, OHIO, *May 7, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: In our briefs filed with the Committee on Ways and Means January 6 and 9, 1913, we requested that the specific rate of 35 cents per 100 feet on petroleum coke, or common-grade carbons, and 65 cents per 100 feet on lampblack, or high-grade carbons, be continued, or in the event a reduction was decided upon, that it be not more than 5 cents per 100 feet, in view of the fact that our profit on high-grade carbons averaged only 5.97 per cent per annum for the past three years, as shown by sworn statement submitted with our brief. We also petitioned for a new classification to cover carbons for flaming arc lamps, and asked that these be placed on an ad valorem basis on account of the wide range in size, grades, and values, and that the rate be 45 per cent.

Paragraph 84, H. R. 3321, provides for a specific rate of 15 cents per 100 feet on common-grade carbons and 40 cents per 100 feet on high-grade carbons, a reduction of 57 and 38 per cent, respectively; and no special provision was made for carbons for flaming arc lamps.

As near as we are able to estimate, the total annual consumption of high-grade carbons is 40,000,000 pieces and domestic manufacturers supply about one-half that number, the balance being imported from Germany and France. The price on regular high-grade carbons has been reduced from an average of $23 per 1,000 in 1909 to $18.25, and the reduction in duty on the carbons from 65 to 40 cents per 100 feet, amounting to $2.50 per 1,000 carbons, is considerably more than our

profit on that grade. The manufacture of high-grade carbons in this country has reduced the price over 33 per cent in the last 12 years, and in order that some chance may remain for domestic manufacturers to make a small profit and safeguard the consumer, we respectfully urge that the duty on these carbons be fixed at not less than 50 cents per 100 feet.

Flaming carbons have been used in this country in a limited way for the past four or five years, but about 12 months ago an impetus was given to this branch of the lighting industry, when the new long-burning type of flaming arc lamp was put on the market. The older types of flaming lamps burned from 10 to 17 hours, using many different sizes of carbons. The newer type burns from 100 to 125 hours and is regarded by electrical experts as the most efficient form of artificial lighting yet devised. The carbons for the later type of lamps are much larger and more expensive, due to the various chemicals introduced into them to produce a great volume of light. It is estimated that the later type of flaming lamp shows a candlepower four or five times greater than that of the ordinary arc lamp, and that the efficiency is at least two and one-half times greater than any other form of lighting.

The earlier type of flaming arc lamp uses carbons which cost about 50 per cent more than regular high-grade carbons, but the latest type of flaming arc lamp requires carbons which cost about seven times as much, the foreign prices for flaming arc carbons ranging from $1.25 to $7.50 per 100 feet, as compared with regular high-grade carbons at 75 cents to $1 per 100 feet.

It is universally conceded by those engaged in the electric lighting industry that the newer type of flaming lamp will displace the earlier types, and unless special provision is made for flaming arc carbons, the rate named in the pending bill on high-grade carbons will apply, which would be equivalent to only 5¼ per cent ad valorem. In addition to this, petroleum coke is also used in their manufacture and if assessed on this basis the ad valorem equivalent would be only 2 per cent.

The regular high-grade carbons are standardized and packed in cases of 1,000 each. The price is well established and confined to a very narrow range. To facilitate administration a specific basis is continued on these high-grade carbons, as it has been for many years, which is satisfactory to importers as well as domestic manufacturers, as is evidenced by their briefs.

But on account of the wide range in size, grade, and value of flaming arc carbons, and because a standard has not been reached, we believe the only equitable way to cover these carbons is by an ad valorem rate, and we therefore ask that in paragraph 84, following the words "per 100 feet" and immediately preceding the words "filter tubes" there be inserted the following clause: "carbons for flaming arc lamps, 35 per cent ad valorem."

The changes we have suggested would make that portion of paragraph 84 relating to electric light carbons read as follows:

Carbons for electric lighting, wholly or partly finished, made entirely from petroleum coke, 15 cents per 100 feet; if composed chiefly of lampblack or retort carbon, 50 cents per 100 feet; carbons for flaming arc lamps, 35 per cent ad valorem.

HUGO REISINGER, 11 BROADWAY, NEW YORK, N. Y.

NEW YORK, *April 14, 1913.*

Hon. CHARLES F. JOHNSON,
Committee on Finance, Washington, D. C.

DEAR SIR: I have the honor to inclose for your information copy of a supplemental brief on "electric-light carbons," recently filed with the Committee on Ways and Means.

As you are no doubt aware, carbons for electric lighting are a very important article of public consumption and their tariff classification was a subject of extended congressional debate four years ago.

I of course know that your committee is being deluged with suggestions of all kinds just now, but my excuse for troubling you at this time finds its justification in the extensive consumption of carbon products.

Paragraph 86 of H. R. 10 provides a duty of 40 cents per 100 feet upon "carbon for electric lighting composed chiefly of lampblack or retort carbon."

What I desire to emphasize is that this proposed rate is really higher than that carried by the Payne bill as it passed the House in 1909.

The rate finally adopted by the Senate of 65 cents per 100 feet, which is the existing law, is equivalent in ad valorem terms to a duty of 70 per cent. Upon this basis of comparison the rate in the new House bill means an equivalent ad valorem duty of about 42 per cent, which is higher, as I say, than the House Payne bill, and very much higher than the rates which were upheld under the Dingley and Wilson laws.

I assume, of course, that your committee is anxious to restore competitive conditions, and I can not urge upon you too strongly the fact that the rate proposed in the House bill will, if it passes, be utterly inadequate to accomplish that result.

My suggestion before the Ways and Means Committee was a rate of 20 cents per 100 feet, which is the specific equivalent of the rate held by the courts to be the proper one under the last Democratic tariff measure, the act of 1894, under which competitive conditions actually existed.

The importance of maintaining a specific rate, originally suggested by the Carbon Trust itself, is fully emphasized in my supplemental brief here referred to, and will, I trust, have your careful consideration.

The National Carbon Co. is in fact a monopoly, and has at all times since its organization in 1897 been a trust, as is fully proved in my supplemental brief. Indeed, all this was conceded by a high officer of the company itself at the tariff hearings four years ago.

Under the paragraph now proposed, the Carbon Trust would, in my judgment, continue to enjoy their present undoubted monopoly.

I bespeak your kind cooperation in securing an amendment providing a duty of 20 cents per 100 feet.

I hope to give myself the pleasure of calling upon you personally within the next few days.

For further details, I beg to refer you to the following: The hearing before the Committee on Ways and Means, November 23, 1908; Senate discussion, Congressional Record, May 21, 1909 (pp. 2335-

2350); the hearing before the Committee on Ways and Means, January 8, 1913.

(The supplemental and reply brief on electric-light carbons, mentioned by Mr. Reisinger, is as follows:)

Before the tariff bill is finally reported out of committee, I beg the privilege of replying, as briefly as is consistent with intelligent analysis, to some of the statements and misstatements of the National Carbon Co. with respect to the carbon paragraph appearing in No. 4 of the committee hearings of January 9 last.

In his letter of that date, General Manager J. S. Crider asserts, first of all, that the National Carbon Co. is not a trust and that it has not a monopoly of the business in this country. Of course, if this be true there has been a complete revolution in the carbon business since 1909, because, as I pointed out in my testimony on January 8, Mr. Crider found no difficulty in conceding frankly at the tariff hearings four years ago that his company had "practically" a monopoly of the American market.

But is this trust disclaimer true? Nay, is it even plausible? In support of it Mr. Crider enumerates a somewhat imposing and seemingly convincing list of companies manufacturing, as he says, "carbon products in the United States." But how many of these companies are engaged in manufacturing electric-light carbons, which are the real concern of the National Carbon Co., and which now, as during other periods of tariff revision, have been the storm center of the carbon controversy? Four years ago, in response to a question by Chairman Underwood, Mr. Crider said that he did not know of any other manufacturer of high-grade arc-lighting carbons in the United States except his own company. Does he know of any other now? If so, he fails to disclose it in the list which he submits to this committee. He omits to mention that the companies on this list confine themselves to the manufacture of various carbon products, such as brushes and dry batteries, but do not make electric-light carbons. In the same way only three of the importers whom he mentions import electric-light carbons. But here again Mr. Crider is careful to refer to them as "importers of carbon products"—misleading phrase, in view of the real issue.

As further convincing proof that the National Carbon Co. is not a trust or monopoly, the assertion is made that it has less than 50 per cent of the total business. This sweeping assertion is apparently intended to cover not only carbon products as a whole, but electric-light carbons as well, for I find this assertion in the letter of January 6 (hearings, p. 727): "As near as we are able to estimate, the total annual consumption of high-grade carbons is 40,000,000 pieces, and we supply about one-half of that number, the balance being imported from Germany and France." I take this estimate of annual domestic consumption as approximately correct. The company says that their net sales from January 1, 1910, to October 31, 1912, amounted to $1,551,931.55, and that their average price is $18.25 per thousand. Divide the total amount of sales by the average price and the sales for the period given are actually 85,000,000 carbons, or 31,000,000 per annum. These figures, supplied by the company itself, contradict flatly the testimony that its sales amount only to 20,000,000 carbons, or 50 per cent of the annual consumption.

As to low-grade carbons, upon which the present tariff levies a duty of 35 cents per 100 feet, none are imported and nobody pretends that they can be imported. Even if they were on the free list this would still remain true. They are made entirely from petroleum coke, and, on account of the raw material, they can be manufactured much lower in this country than abroad. It will scarcely be denied that the National Carbon Co. has this field "practically" all to itself.

Mr. Crider figures out a net profit of 5.97 per cent, which would seem to be modest enough. Some idea, however, of the real prosperity of his company can be gathered from the dividend end of it. From Mr. Crider's own testimony given four years ago, we know that the capital stock of the National Carbon Co., as incorporated in 1899, was $10,000,000, of which $4,500,000 is preferred and $5,500,000 common. It has been repeatedly charged that the common stock represents "water." This has been denied, but the fact remains that Senator Burton, of Cleveland, Ohio, the trust headquarters, maintained in the Senate debate four years ago that the cost of equipment for making electric-light carbons was about $20,000. The total number of plants composing the trust, at the time Senator Burton spoke, was 11. This leaves an ample margin in the preferred stock issue for the cost of other equipment. In November, 1910,

a melon was cut in the form of a cash dividend of 15 per cent on this common stock or "water," amounting to $825,000. The preferred stock has for many years paid a dividend of 7 per cent. In a statement published at the time of the melon distribution, the assertion was made that the company did not begin paying dividends on the common stock until after the surplus had reached $300,000. The first distribution of three-fourths of 1 cent was made October 15, 1904. Since then the rate has been: 3 per cent until October 15, 1905; 4 per cent to July 15, 1909; October 15, 1909, 1¼ per cent quarterly dividend; January 15, 1910, 1½ per cent quarterly dividend, which put the stock on a 6 per cent basis, where it has been ever since. This same published statement gave a surplus at that time of $925,327, which was, of course, materially reduced by the above-mentioned cash dividend of $825,000. Nothwithstanding this heavy surplus impairment and the uninterrupted flow of 6 per cent dividends on watered stock since January, 1910, the balance sheet for 1912 shows a surplus of $834,320. The time is evidently rapidly approaching when another "melon" can be safely cut.

At the time the National Carbon Co. was a self-confessed monopoly it was paying a dividend of 7 per cent on the preferred stock and 4 per cent on the common stock. It had, according to Mr. Crider's then somewhat hazy recollection, a surplus of about $400,000. Does Mr. Crider really expect anybody to believe now that his company is no longer a trust and that it no longer enjoys a monopoly of the American business? Will he undertake to explain to your committee what unfavorable conditions have developed during the lifetime of the Payne tariff law to reverse the admittedly highly favored situation of four years ago?

Four years ago, it must be remembered, the National Carbon Co. came to Congress with the plea that an unfavorable court decision had so interpreted the Dingley law as to affect its business disastrously. Senator Burton cited figures to show that since this court decision in 1903, the domestic production had "gradually gone down." (Cong. Rec., vol. 44, p. 2259.) Nevertheless, under the rate established by this same court decision, the company began the policy of paying constantly increasing dividends on its common stock and it had a self-confessed monopoly of the American business.

The history of how the present rates came to be adopted, and the pretense and sham employed to justify them, are all laid bare in the Senate debate of May, 1909. They are accessible to your honorable committee and I will not enlarge upon them, except to say that it is not true that carbons longer than 1 foot in length did not commercially exist at the time the Dingley law was passed. Such a statement has been repeatedly made, though at all times it has been a matter of record in court proceedings that the legal proof showed that prior to 1897 commercial carbons existed and were imported, varying from 4½ to 14 inches in length and occasionally as long as 16 and 20 inches.

The equivalent ad valorem rate established under the court decision was estimated by the Bureau of Statistics to be 47 per cent. The Payne bill as it passed the House carried a duty of 35 per cent ad valorem. In the Senate the now existing rate of 65 cents per 100 feet was first proposed as a committee amendment, upon the pretext, which the debate unmasked, that it was a substantial reduction and, expressed in ad valorem equivalents, varied little, if any, from the House bill. The real fact was, as I then had the honor to point out, that this specific rate amounted to about 70 per cent ad valorem. I further predicted at that time that the adoption of this rate upon high-grade carbons would virtually destroy such competition as then existed. Events have verified that prediction. My own business in electric-light carbons has shrunk about 50 per cent, as I stated to your committee. But this is not because other importers have increased their sales, as Mr. Crider so resourcefully suggests. The cause may be directly traced to the existing law, which enables the National Carbon Co. to monopolize the American market on these high-grade carbons as never before in the history of the industry. I am fairly conversant with the volume of business done by my importing competitors, as they are no doubt informed about my own operations, and, in the light of this information, I am convinced that the quantity of imported carbons for inclosed arc lamps manufactured from lampblack sold per annum in this market does not exceed 5,000,000, leaving for the National Carbon Co.—on the basis of an annual consumption of 40,000,000—35,000,000 per annum, or 87½ per cent. The grades I chiefly import under existing conditions are such as can not be successfully made here and for which some of the trade are willing to pay a premium.

I notice that the National Carbon Co. is willing to perpetuate the existing specific rate on this particular variety of high-grade carbons, which are chiefly made of lampblack, and, indeed, in a spirit of concession, it is even willing to go so far as to submit to a reduction of 5 cents per 100 feet in order that existing prohibitive conditions may continue to prevail. For these particular carbons a specific rate of duty seems to be proper.

But there is another and newer type of carbons of still higher grade, known as the long-burning flaming arc-lamp carbon. It is also made principally of lampblack, with a percentage of chemicals and mineral salts, which gives the carbon, when burning, a yellow or brilliant white light. It will not be lost upon this committee that the National Carbon Co. urges upon this grade of carbons an ad valorem duty of 45 per cent—10 per cent higher than the Payne House committee, devoted to the protective principle, saw fit to recommend four years ago.

These flaming arc carbons are composed of the same basic material—lampblack—and differ from other lampblack electric-light carbons only in that they contain a small proportion of chemicals or salts. Ultimately both varieties are to be used in an arc lamp and produce electric light. Why should there be any discrimination as to the kind of duty to be imposed? The trade is now adjusted to a specific duty per 100 feet, and I would respectfully suggest that the same method of imposing duty be continued in the new tariff act, and that it be extended to all grades of electric-light carbons, without distinction. The tactics of invoking a high specific duty when the cost is relatively low and of asking for a high ad valorem duty when the cost is relatively high are, I believe, altogether too transparent to deceive this committee.

Finally, the claim that since the National Carbon Co. started to manufacture the cost of high-grade inclosed arc carbons, the kind chiefly used for street lighting, is less than 75 cents per lamp per year is misleading. I can prove from my books that before the Dingley-law tariff went into effect, when I imported these carbons under the Wilson Act and when the cost of manufacture was higher than now, I was selling these carbons at, say, for the ½ by 12 inch solid, from $19 to $22 per 1,000, equivalent to the present selling prices of the trust. It was solely because of the great increase in the rate that I was compelled to charge more upon this now vital article of consumption. The argument based on the difference in the cost of production I noticed sufficiently when I had the honor to appear before your committee on January 8. I respectfully submit the specific-rate recommendation I then made be embodied in the new bill—"carbons for electric lighting, wholly or partly finished, 20 cents per 100 feet."

The amendment suggested by me to your committee on January 8, to wit, "dynamo, generator, motor, contact, and similar brushes, 20 per cent ad valorem," was intended to reach the entire class of brushes composed of carbon and other ingredients but of which carbon is the essential component, loosely embraced within the term "carbon brushes." Perhaps the language above suggested, with an addition so as to read "dynamo, generator, motor, contact, and similar brushes, composed wholly or in part of carbon, 20 per cent ad valorem," would accomplish the result desired more exactly and at the same time limit the scope of the provision so as to prevent any abuse of it.

Respectfully submitted.

HUGO REISINGER,
11 Broadway, New York City.

Par. 87.—WINDOW GLASS.

JOHNSTON GLASS CO., HARTFORD CITY, IND., BY J. R. JOHNSTON, PRESIDENT.

HARTFORD CITY, IND., *June 2, 1913.*

When the writer was in Washington last week with the intention of appearing before the subcommittee, this conference was abandoned for the reason that there were many manufacturers waiting for hearings who had not been heard by either the general or the subcommittee, and, with other manufacturers, the writer surrendered the time that would have been allowed.

A continued study of the proposed tariff schedule on window glass convinces us that the Underwood rates are too low. The greatest injury occurs on sizes 10 by 15, 16 by 24, and 24 by 30. These sizes should have an increase over the rates proposed. If the makers of the tariff bill can be shown that the cut is too severe, we think they should favor a schedule that would cover the real needs of the industry; and, while the manufacturers expressed a willingness to accept the Underwood rates with certain readjustments, they only did so because they were afraid to urge advances, and after spending much time with Congressmen were given to understand that it was useless to contend for anything else. If we are going to be given rates that we consider necessary, we would suggest the following schedule:

		Cents.
10 by 15	per pound	1¼
16 by 24	do	1⅜
24 by 30	do	1½
30 by 40	do	1⅝
40 by 60	do	1⅞
Above 40 by 60	do	2

We don't believe the business can adjust itself to lower rates, and the attempt would mean serious losses to labor and manufacturers. Chairman Underwood of the Ways and Means Committtee recently made the statement that if any injury was done to any industry, steps would be taken promptly to remedy the damage. While this to some extent is reassuring, we prefer to arrive at the proper basis in the beginning. Several misunderstandings have arisen concerning the value of our product, and some of the Senators may have been misled by Government reports giving the value of our product as $38,000,000 annually. Other glass products must have been included in this calculation, as the present production is about 7,000,000 boxes annually, and the present value about $15,000,000. According to Government figures, in 1909 there were produced in the United States 6,921,611 50-foot boxes, valued at $11,742,959.

When manufacturers interested in this schedule appeared before the Ways and Means Committee, January 8 and 9, 1913, it was asked if labor received any benefit from the tariff. This question may not have been understood, as the oral answers were not direct and specific, but briefs filed by Messrs. Hilton and Neenan answer the question in the affirmative. Mr. Hilton, chairman of the manufacturers' tariff committee, showed in his table that for every $30 paid out to skilled glassworkers in Belgium, the American window-glass workers received $80.08. Common labor showed the same relative difference. Mr. Neenan also presented figures showing that 29.8 cents per 50-foot box was paid in Belgium to skilled trades, while American manufacturers paid 75.6 cents for the same work. It is the manufacturers contention that practically all the tariff protection goes to labor, skilled and unskilled. Our wage scales provide that when selling prices advance the wages of the skilled glassworkers be increased, and this practice has been in effect for several years.

Some of the gentlemen who have most to do with this bill continually offer arguments that our plants are not modern; that our methods are ancient and our general manner of conducting business inefficient. We deny this absolutely and advance the argument that our plants are the most modern in the world, for the reason that

practically all of them are of recent construction; and, considering the number of hours and number of men employed, no country by similar methods produces more or better glass than ours. The factories are roomy and sanitary, well ventilated, and convenient, while many of the plants abroad have been built for more than a century, and, as far as architecture is concerned, they are out of date, and even in the countries where they are located they are curiosities. Many of them are unsanitary and inconvenient, also poorly ventilated, and workmen are huddled together, bringing about conditions that would not be tolerated in the United States. This argument does not apply to all foreign plants, but it does apply to a large number, and, on a strict comparison, our factories are superior to those abroad. Following the accusations of inefficiency, we sometimes have been told that one American workman would do the work of two or three foreign workmen. This would be a direct contradiction of the charge that our men and methods are inefficient. We will not attempt to reconcile the two statements.

We only have two ways of lowering our selling prices, if we are required to do this to compete with Belgium; the first is to surrender our profits, which are nominal, and the second by reducing wages. This talk of reducing wages is in no sense a threat. It is merely a practical discussion of what we are likely to be confronted with. The advantages in Belgium are in labor, the conditions surrounding the operating of their factories, ability to obtain cheaper materials, and a more favorable transportation charge. The production in Belgium is about 10,000,000 boxes, and 97 per cent must be marketed in other countries than their own. Practically all other countries have a tariff against Belgian glass. Other foreign countries are increasing their production, which will affect sales by Belgian manufacturers and will increase their activity in seeking markets for their tremendous output; and it is our belief that they are going to push sales in our market with more vigor than ever before. With more favorable freight rates to New York, New Orleans, and the Pacific coast from Antwerp than the American manufacturers have from points of production to these markets, we are at a tremendous disadvantage. The Pacific coast business alone takes one-tenth of our output, and we are likely to lose that completely.

Since preparing this communication we have learned that 29 interrogatories have been prepared by the Senate committee, and the writer has asked for a set of these questions, and when received will attempt to answer them promptly.

NATIONAL ASSOCIATION OF WINDOW GLASS MANUFACTURERS, PITTSBURGH, PA., BY H. R. HILTON, CHAIRMAN, AND OTHERS.

TARIFF MEMORANDA.

PITTSBURGH, PA., *April 14, 1913.*

Attached are figures that will interest and surprise you.

Comparing the proposed new tariff rates with the Payne-Aldrich schedule of 1909 the reduction in percentage is shown, also in cents per box of 50 square feet.

The present foreign discounts are high. They have been purposely advanced by the foreign syndicate to influence the framing of our schedule and these discounts are being used as a basis for comparison with American selling prices. A fair way to offer a comparison is to take the average selling price of foreign glass for several years. You will find a statement showing foreign glass figured at 6-74-3 per cent single, 6-76-3 per cent double, which is a fair average for past three years. Sales were made latter part of 1910 at 6-79-3 per cent single and 6-80-3 per cent double.

Bear in mind that the Belgian manufacturers have lower freight per hundredweight from Antwerp to Atlantic and Pacific coast points than we have. Pacific coast rates are 48½ cents per box of single strength, weighing 70 pounds, lower than our transportation charges. Some of the rates are shown on the sheet inclosed.

When the Panama Canal is completed the Pacific coast situation will be even less favorable than at present, as the time will be shortened and the freight rates reduced.

English manufacturers have announced that they will commence the erection of window-glass plants in Canada at an early date. Just what effect such factories will have on our market we will not attempt to predict at this time.

Do you think it possible to operate your factories if the present tariff bill passes? We do not believe you can, even if wages are cut in half and all idea of profit abandoned.

Why should your Congressmen and Senators support such a measure? Why should any of our representatives favor a measure that will ruin an industry and reduce the wages of 15,000 men? We believe many glass workers will be without employment, and many valuable plants will be idle and will never become again active should this proposed scale become operative. We don't believe any Congressman or Senator can find facts to warrant his voting for this schedule. It matters not whether window glass is produced in his State, as all sections will feel the depressing effects of closing our shops entirely or the trying to operate for an uncertain period under what we consider impossible conditions.

We believe these figures are accurate and we believe in every bulletin we have submitted. If we have given plain facts we can well ask Congress to stand by its preelection promises that no legitimate industry would be harmed.

(Signed by H. R. Hilton, chairman; J. S. Walker, secretary tariff committee; O. C. Teague, president; J. H. Brewster, vice president; and J. R. Johnston, secretary-treasurer.)

[Inclosure.]

APRIL 15, 1913.

COMPARISON OF PRESENT AMERICAN COSTS LAID DOWN AT NEW YORK, NEW ORLEANS, AND SAN FRANCISCO, ON A PITTSBURGH RATE OF FREIGHT, WITH THE SELLING PRICES OF FRENCH GLASS PREVAILING A YEAR AGO, LAID DOWN AT THE SAME POINTS.

BASIS.

Discounts (French discounts prevailing January, 1912):
Single strength—
Not exceeding 384 square inches........................ 74 and 6
Above 384 square inches........................ 76 and 6
Double strength—
Not exceeding 384 square inches........................ 76 and 6
Above 384 square inches........................ 79 and 6

(The Belgian syndicate has advanced the prices of French glass since January, 1912, 27.6 per cent.)

Weights:

Average weight per 50-foot box, French single strength; unpacked, 52 pounds; packed, 70 pounds.

Average weight per 50-foot box, American single strength; unpacked, 59 pounds; packed, 70 pounds.

Average weight per 50-foot box, French double strength; unpacked, 80 pounds; packed, 100 pounds.

Average weight per 50-foot box, American double strength; unpacked, 81 pounds; packed, 100 pounds.

Freight rates (per cwt.): Cents.
Antwerp to New York........................ 19.3
Pittsburgh to New York........................ 18
Antwerp to New Orleans........................ 14
Pittsburgh to New Orleans........................ 43
Antwerp to San Francisco........................ 35
Points east of Mississippi River to San Francisco........................ 90

Size, single.	Payne-Aldrich schedule (per pound).	New rates (per pound).	Decrease.	Decrease (cents per 50-foot box).	
				Single.	Double.
	Cents.	Cents.	Per cent.	Cents.	Cents.
10 by 15	1⅜	⅞	36.3	26	40
16 by 24	1⅞	1	47	43½	70
24 by 30	2¾	1¼	54.2	65	100
24 by 36	2¾	1½	45.4	58½	90
30 by 40	3¼	1⅞	42.3	71½	110
40 by 60	3¾	2	4[illegible]	91	140
Above	4½	2	5[illegible]	130	200

The schedule is crudely revised, bringing the most serious cuts into the first three brackets. A very much better distribution can be arranged that will produce a reduction and still leave the brackets that most require protection better taken care of. Eighty per cent of our single is produced in above first three brackets and single strength sales averages only 16 by 24.

The following is the present average cost of producing a 50-foot box of single-strength window glass in the United States at a factory operating during the year, exclusive of Sundays and holidays and time lost for repairs, 248 days, producing a total of 148,800 boxes, as single strength, equal to an average of 100 50-foot boxes per blower per week of actual working:

	Cost per box.	
Materials:		
Sand, $2.25 per ton	$0.0153	
Salt cake, $12 per ton	.0023	
Limestone, $2.15 per ton	.0177	
Carbon, $4.40 per ton	.0020	
Cullet, $8.40 per ton	.0229	
Natural gas (1,830 cubic feet per box), $0.12 per M	.2196	
Hay, $9 per ton	.0071	
Boxes (labor and materials), $21 per M	.1775	
Sundry supplies	.0173	
		$0.6017
General expense:		
Tank and oven repairs	.0436	
Interest and discount	.0085	
General expense	.0142	
Insurance	.0032	
Officers' salaries and expenses (president, secretary, treasurer, manager, and traveling expenses in selling glass)	.0533	
General repairs	.0050	
Taxes	.0011	
		.1289
All other costs except labor		.7306
Common labor:		
Tank labor	$0.0469	
Mixing labor	.0086	
Flattening house labor	.0569	
Warehouse labor	.0128	
Packing	.0189	
Yard labor	.0312	
		$0.1753
Skilled labor (average wages per 50-foot box, single strength, as follows):		
Blower	.2800	
Gatherer	.2240	
Snapper	.1200	
Flattener	.0750	
Cutter	.1030	
		.8020
Total average cost per 50-foot box, single strength		1.7079
Average cost common labor per 50-foot box, double strength		.28
Average cost skilled labor per 50-foot box, double strength		1.235
Average all other costs per 50-foot box, double strength		1.169
Total average cost per 50-foot box, double strength		2.684

PITTSBURGH, PA., *April 16, 1913.*

STATEMENT—*Comparative laid-down cost of French and American common window glass, single strength, in 50-foot boxes at New York, New Orleans, La., and San Francisco, Cal.*

Bkts.	Sgl. Fch. 3d, 50-ft. bxs., f. o. b. N. Y. C. Mch., 1912, prices under proposed duty, glass, frt., and boxing included.	Sgl. Am. 3d, 50-ft. bxs., f. o. b. N. Y. C. at present prices, glass, frt., and boxing included.	Sgl. Fch. 3d, 50-ft. bxs., f. o. b. N. O., La. Mch., 1912, prices under proposed duty, glass, frt., and boxing included.	Sgl. Am. 3d, 50-ft. bxs., f. o. b. N. O., La., at present prices, glass, frt., and boxing included.	Sgl. Fch. 3d, 50-ft. bxs., f. o. b. San Fran. Mch., 1912, prices under proposed duty, glass, frt., and boxing included.	Sgl. Am. 3d., 50-ft. bxs., f. o. b. San Fran. at present prices, glass, frt., an boxing included.
10 x 15	Glass, 76-6 % dis. $0.719 Duty, ⅞c .455 Frt. .135 1.309	Glass $1.52 Frt. .117 Bxg. .15 1.787	Glass, 76-6 $0.719 Duty .455 Frt. .098 1.272	Glass $1.52 Frt. .28 Bxg. .15 1.95	Glass, 76-6 $0.719 Duty .455 Frt. .245 1.419	Glass $1.52 Frt. .585 Bxg. .15 2.255
11 x 20	Glass, 76-6 .784 Duty, 1c .53 Frt. .135 1.439	Glass 1.6 Frt. .117 Bxg. .15 1.867	Glass .784 Duty .52 Frt. .098 1.402	Glass 1.60 Frt. .28 Bxg. .15 2.03	Glass .784 Duty .52 Frt. .245 1.549	Glass 1.60 Frt. .585 Bxg. .15 2.335
16 x 24	Glass, 76-6 .784 Duty, 1c .52 Frt. .135 1.439	Glass 1.68 Frt. .117 Bxg. .15 1.947	Glass .784 Duty .52 Frt. .098 1.402	Glass 1.68 Frt. .28 Bxg. .15 2.11	Glass .784 Duty .52 Frt. .245 1.549	Glass 1.68 Frt. .585 Bxg. .15 2.415
20 x 30	Glass 78-6 .798 Duty 1½c .585 Frt. .135 Bxg. .193 1.711	Glass 1.815 Frt. .117 Bxg. .25 2.182	Glass .798 Duty .585 Frt. .098 Bxg. .193 1.674	Glass 1.815 Frt. .28 Bxg. .25 2.345	Glass .798 Duty .585 Frt. .245 Bxg. .193 1.821	Glass 1.815 Frt. .585 Bxg. .25 2.650
24 x 30	Glass 78-6 .878 Duty 1½c .585 Frt. .135 Bxg. .193 1.791	Glass 1.856 Frt. .117 Bxg. .25 2.223	Glass .878 Duty .585 Frt. .098 Bxg. .193 1.754	Glass 1.856 Frt. .28 Bxg. .25 2.386	Glass .878 Duty .585 Frt. .245 Bxg. .193 1.901	Glass 1.856 Frt. .585 Bxg. .25 2.691

24 x 36	Glass 78 6 .878 Duty 1½c .780 Frt .135 Bxg .193 1.986	Glass 1.914 Frt .117 Bxg .25 2.281	Glass .878 Duty .78 Frt .098 Bxg .193 1.949	Glass 1.914 Frt .28 Bxg .25 2.444	Glass .878 Duty .78 Frt .245 Bxg .193 2.096	Glass 1.914 Frt .585 Bxg .25 2.749
30 x 40	Glass 78 6 .957 Duty 1½c .78 Frt .135 Bxg .193 2.065	Glass 2.083 Frt .117 Bxg .25 2.450	Glass .957 Duty .78 Frt .098 Bxg .193 2.028	Glass 2.083 Frt .28 Bxg .25 2.613	Glass .957 Duty .78 Frt .245 Bxg .193 2.175	Glass 2.083 Frt .585 Bxg .25 2.918
30 x 50	Glass 78 6 1.077 Duty 1½c .975 Frt .135 Bxg .193 2.380	Glass 2.37 Frt .117 Bxg .25 2.737	Glass 1.077 Duty .975 Frt .098 Bxg .193 2.343	Glass 2.37 Frt .28 Bxg .25 2.90	Glass 1.077 Duty .975 Frt .245 Bxg .193 2.490	Glass 2.37 Frt .585 Bxg .25 3.205

Statement.—*Comparative laid-down cost of French and American common window glass, double strength, in 50-foot boxes, at New York, New Orleans, La., and San Francisco, Cal*—Continued.

Bkts.	Dbl. Fch. 3d. 50-ft. bxs. f. o. b. N. Y. C. Mch. 1912 prices under proposed duty, glass, frt. and boxing included.	Dbl. Am. 3d. 50-ft. bxs. f. o. b. N. Y. C. at present prices, glass, frt. and boxing included.	Dbl. Fch. 3d. 50-ft. bxs. f.o.b. N.O., La. Mch. 1912 prices under proposed duty, glass, frt. and boxing included.	Dbl. Am. 3d. 50-ft. bxs. f.o.b. N.O., La. at present prices, glass, frt. and boxing included.	Dbl. Fch. 3d. 50-ft. bxs. f. o. b. San Fran. Mch. 1912 prices under proposed duty, glass, frt. and boxing included.	Dbl. Am. 3d. 50-ft. bxs. f. o. b. San Fran. at present prices, glass, frt. and boxing included.
10 x 15	Glass 76-6% dis $1.081 Duty ⅞c .70 Frt .193 1.974	Glass $2.053 Frt .18 Bxg .15 2.383	Glass $1.081 Duty .70 Frt .14 1.921	Glass $2.053 Frt .43 Bxg .15 2.633	Glass $1.081 Duty .70 Frt .35 2.131	Glass $2.053 Frt .90 Bxg .15 3.103
14 x 20	Glass 76-6 1.175 Duty 1c .80 Frt .193 2.168	Glass 2.247 Frt .18 Bxg .15 2.577	Glass 1.175 Duty .80 Frt .14 2.115	Glass 2.247 Frt .43 Bxg .15 2.827	Glass 1.175 Duty .80 Frt .35 2.325	Glass 2.247 Frt .90 Bxg .15 3.297
16 x 24	Glass 76-6 1.175 Duty 1c .80 Frt .193 2.168	Glass 2.4025 Frt .18 Bxg .15 2.7325	Glass 1.175 Duty .80 Frt .14 2.115	Glass 2.4025 Frt .43 Bxg .15 2.9825	Glass 1.175 Duty .80 Frt .35 2.325	Glass 2.4025 Frt .90 Bxg .15 3.4525
20 x 30	Glass 79-6 1.15 Duty 1⅛c .90 Frt .193 Bxg .193 2.436	Glass 2.673 Frt .18 Bxg .25 3.103	Glass 1.15 Duty .90 Frt .14 Bxg .193 2.383	Glass 2.673 Frt .43 Bxg .25 3.353	Glass 1.15 Duty .90 Frt .35 Bxg .193 2.593	Gless 2.673 Frt .90 Bxg .25 3.823
24 x 30	Glass 79-6 1.258 Duty 1⅛c .90 Frt .193 Bxg .193 2.544	Glass 2.7125 Frt .18 Bxg .25 3.1425	Glass 1.258 Duty .90 Frt .14 Bxg .193 2.491	Glass 2.7125 Frt .43 Bxg .25 3.3925	Glass 1.258 Duty .90 Frt .35 Bxg .193 2.701	Glass 2.7125 Frt .90 Bxg .25 3.8625

Size												
24 x 36	Glass, 70-6	1.258	Glass	2.731	Glass	1.258	Glass	2.731	Glass	1.258	Glass	2.731
	Duty, 1½c	1.20	Frt	.18	Duty	1.20	Frt	.43	Duty	1.20	Frt	.90
	Frt	.193	Bxg	.25	Frt	.14	Bxg	.25	Frt	.35	Bxg	.25
	Bxg	.193			Bxg	.193			Bxg	.193		
		2.844		3.181		2.791		3.431		3.001		3.901
30 x 40	Glass, 70-6	1.371	Glass	2.945	Glass	1.371	Glass	2.945	Glass	1.371	Glass	2.945
	Duty, 1½c	1.20	Frt	.18	Duty	1.20	Frt	.43	Duty	1.20	Frt	.90
	Frt	.193	Bxg	.25	Frt	.14	Bxg	.25	Frt	.35	Bxg	.25
	Bxg	.193			Bxg	.193			Bxg	.193		
		2.957		3.375		2.904		3.625		3.114		4.095
30 x 50	Glass, 70-6	1.548	Glass	3.216	Glass	1.548	Glass	3.216	Glass	1.548	Glass	3.216
	Duty, 1⅞c	1.50	Frt	.18	Duty	1.50	Frt	.43	Duty	1.50	Frt	.90
	Frt	.193	Bxg	.25	Frt	.14	Bxg	.25	Frt	.35	Bxg	.25
	Bxg	.193			Bxg	.193			Bxg	1.93		
		3.437		3.646		3.381		3.896		3.591		4.366
30 x 54	Glass, 70-6	1.715	Glass	3.293	Glass	1.715	Glass	3.293	Glass	1.715	Glass	3.293
	Duty, 1⅞c	1.50	Frt	.18	Duty	1.50	Frt	.43	Duty	1.50	Frt	.90
	Frt	.193	Bxg	.25	Frt	.14	Bxg	.25	Frt	.35	Bxg	.25
	Bxg	.193			Bxg	.193			Bxg	.193		
		3.601		3.723		3.548		3.973		3.758		4.443
34 x 56	Glass, 70-6	2.142	Glass	3.565	Glass	2.142	Glass	3.565	Glass	2.142	Glass	3.565
	Duty, 1⅞c	1.50	Frt	.18	Duty	1.50	Frt	.43	Duty	1.50	Frt	.90
	Frt	.193	Bxg	.25	Frt	.14	Bxg	.25	Frt	.35	Bxg	.25
	Bxg	.193			Bxg	.193			Bxg	.193		
		4.028		3.995		3.975		4.245		4.185		4.715

American glass at present cost and French glass at selling price prevailing a year ago.

SINGLE STRENGTH.

50-foot box (third quality).	F. o. b. factory (American cost).	F. o. b. New York.		F. o. b. New Orleans.		F. o. b. San Francisco.	
		American (Pittsburgh freight).	French (Antwerp freight).	American (Pittsburgh freight).	French (Antwerp freight).	American (freight east of the Mississippi River).	French (Antwerp freight).
Not exceeding 150 square inches.	$1.50	$1.716	$1.563	$1.890	$1.526	$2.22	$1.673
Above 150 square inches and not exceeding 384 square inches	1.50	1.716	1.891	1.890	1.857	2.22	2.004
Above 384 square inches and not exceeding 720 square inches	1.686	1.812	2.368	1.987	2.328	2.316	2.478
Above 720 square inches and not exceeding 864 square inches	1.686	1.812	2.715	1.987	2.678	2.316	2.825
Above 864 square inches and not exceeding 1,200 square inches	1.78	1.906	3.063	1.084	3.026	2.41	3.173
Above 1,200 square inches and not exceeding 2,400 square inches	1.78	1.906	4.675	2.084	4.638	2.41	4.783

DOUBLE STRENGTH.

50-foot box (third quality).	F. o. b. factory (American cost).	F. o. b. New York, American (Pittsburgh freight).	F. o. b. New York, French (Antwerp freight).	F. o. b. New Orleans, American (Pittsburgh freight).	F. o. b. New Orleans, French (Antwerp freight).	F. o. b. San Francisco, American (freight east of the Mississippi River).	F. o. b. San Francisco, French (Antwerp freight).
Not exceeding 150 square inches.	$2.310	$2.496	$2.272	$2.746	$2.219	$3.216	$2.429
Above 150 square inches and not exceeding 384 square inches	2.310	2.496	2.770	2.746	2.717	3.216	2.927
Above 384 square inches and not exceeding 720 square inches	2.581	2.761	3.329	3.011	3.276	3.481	3.496
Above 720 square inches and not exceeding 864 square inches	2.581	2.761	3.844	3.011	3.791	3.481	4.001
Above 864 square inches and not exceeding 1,200 square inches	2.655	2.845	4.357	3.085	4.294	3.555	4.512
Above 1,200 square inches and not exceeding 2,400 square inches	2.751	2.931	6.550	3.181	6.477	3.651	6.687
Above 2,400 square inches	3.758	3.948	7.506	4.188	7.453	4.658	7.663

Comparative statement between Payne-Aldrich tariff and proposed Underwood tariff on common window glass, 50-foot boxes.

PITTSBURGH, PA., *April 16, 1913.*

SINGLE STRENGTH.

	Present rate (Payne-Aldrich), per pound.	Proposed rate (Underwood), per pound.	Present duty per 50-foot box (Payne-Aldrich).	Proposed duty per 50-foot box (Underwood).	Reduction per 50-foot box (Underwood).	Reduction (Underwood).
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Per cent.*
Not over 150 square inches, in value not over 1¼ cents per pound	1¼	⅞	.65	.455	.195	30
Over 1¼ cents per pound	1⅜	⅞	.715	.455	.26	36
Above 150 square inches and not exceeding 384 square inches, value not over 1¾ cents per pound	1¾	1	.91	.52	.39	43
Over 1¾ cents per pound	1⅞	1	.975	.52	.455	47
Above 384 square inches and not exceeding 720 square inches, value not over 2¼ cents per pound	2¼	1⅛	1.17	.585	.585	50
Over 2¼ cents per pound	2⅜	1⅛	1.235	.585	.65	53
Above 720 square inches and not exceeding 864 square inches	2¾	1½	1.43	.78	.65	45
Above 864 square inches and not exceeding 1,200 square inches	3¼	1½	1.69	.78	.91	54
Above 1,200 square inches and not exceeding 2,400 square inches	3¾	1⅞	1.95	.975	.975	50
Above 2,400 square inches	4¼	2	2.21	1.04	1.17	53

DOUBLE STRENGTH.

	Present rate (Payne-Aldrich), per pound.	Proposed rate (Underwood), per pound.	Present duty per 50-foot box (Payne-Aldrich).	Proposed duty per 50-foot box (Underwood).	Reduction per 50-foot box (Underwood).	Reduction (Underwood).
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Per cent.*
Not over 150 square inches; value not over 1¼ cents per pound	1¼	⅞	1.00	0.70	0.30	30
Over 1¼ cents per pound	1⅜	⅞	1.10	.70	.40	36
Above 150 square inches and not exceeding 384 square inches; value not over 1¾ cents per pound	1¾	1	1.40	.80	.60	43
Over 1¾ cents per pound	1⅞	1	1.50	.80	.70	47
Above 384 square inches and not exceeding 720 square inches, value not over 2¼ cents per pound	2¼	1⅛	1.80	.90	.90	50
Over 2¼ cents per pound	2⅜	1⅛	1.90	.90	1.00	53
Above 720 square inches and not exceeding 864 square inches	2¾	1½	2.20	1.20	1.00	45
Above 864 square inches and not exceeding 1,200 square inches	3¼	1½	2.60	1.20	1.40	54
Above 1,200 square inches and not exceeding 2,400 square inches	3¾	1⅞	3.00	1.50	1.50	50
Above 2,400 square inches	4¼	2	3.40	1.60	1.80	53

WASHINGTON, *D. C., April 28, 1913.*

Proposed schedule offered by National Association of Window Glass Manufacturers.

Size.	Underwood bill (per pound).	Manufacturers' suggestion (per pound).	Increase.	Decrease.
	Cents.	*Cents.*	*Per cent.*	*Per cent.*
10 by 15	7/8	1 1/8	1/4	....
16 by 24	1	1 1/4	1/4	....
24 by 30	1 1/8	1 1/4	1/8	....
30 by 40	[illegible]	[illegible]	....	[illegible]
40 by 60	[illegible]	[illegible]	....	[illegible]
Above	2	[illegible]	....	[illegible]

This readjustment shows decrease of one-eighth cent average.

The National Association of Window Glass Manufacturers, in regular quarterly session assembled in Washington, D. C., April 28 and 29, 1913, hereby protest against the rates proposed in the Underwood bill on window glass, paragraph No. 87. The association has furnished details of its objections to the present bill, setting forth the harm that would befall the industry in case of the adoption of the present rates proposed, and earnestly request that you favor the substitution of the above schedule, which we have carefully figured as the very lowest rates that could possibly be considered. This revised schedule reduces the average duty per bracket to the same average as provided by the Underwood bill, the change being in redistributing rates on some of the sizes where the greatest harm has been done to our business, the larger sizes being slightly lowered and the smaller sizes a trifle advanced.

We sincerely trust that you will give this petition full consideration and will use every effort to have our figures substituted.

This is the unanimous action of our members, who represent about 70 plants in the United States. Statements have been made by members of the Ways and Means Committee, including a speech by Chairman Underwood, that the new bill provides for a reduction of 35 per cent, while in fact the reduction now proposed is more than 45 per cent.

We, in conclusion, call your attention to the great activity of a firm of New York importers, which has put in the entire time since January, 1913, attacking window-glass manufacturers and their methods. These people have kept representatives in Washington continuously, and have a man here to-day. They have printed and distributed large quantities of expensive booklets and other expensive literature.

The motive of firms whose interests are almost entirely in behalf of Belgian manufacturers should not deceive you, and certainly should not overweigh the statements presented by the window-glass industry of the United States.

Statements and reports pertaining to our business which you have obtained from other sources have been slow in reaching us, and many have only come to us recently, which has caused us embarrassment and forced us to work at a disadvantage, and we feel that all information furnished by us has been unsought, and our data up to this time have been gratuitously supplied. We have felt that on a matter of such vital importance to such a great industry the facts to be supplied by our members should be sought and duly considered.

(Submitted by O. C. Teague, president; J. H. Brewster, vice president; J. R. Johnston, secretary-treasurer; H. R. Hilton, chairman; and J. S. Walker, secretary tariff committee.)

Par. 97.—WINDOW GLASS.

NATIONAL ASSOCIATION OF WINDOW-GLASS MANUFACTURERS, 1607-1612 MACHESNEY BUILDING, PITTSBURGH, PA.

APRIL 26, 1913.

Hon. F. M. SIMMONS,
Senate Office Building, Washington, D. C.

DEAR SIR: In behalf of the Johnston Glass Co., I wrote you recently on tariff question. Since doing this I have learned that some of the Senators are under the impression that enormous profits have been realized by window-glass manufacturers during recent years and that the business was on an artificial basis.

Nothing could be further from the facts. During the past year manufacturers have made a nominal profit, but out of the past seven years they have only had profits about two years. The industry is overburdened with financial wrecks, and if you cared to have an analysis of the factories for the past 10 or 15 years we could show you where failures had been more numerous in this business than in any other industry. A little more than half of the glass in this country is made by hand, while the remainder is made by machinery. The exploitation of these machines is a great financial risk, and many concerns have lost all of their investment without getting results. It may be admitted that one or two concerns can make glass cheaper by their machines than we can by hand, but that is one of the benefits of progress, and we have no wish to ruin our own business merely because a competitor can perhaps make a little more profit than we can.

We don't think that it is the intention of our Representatives to positively ruin the window-glass business; but to be on the safe side we thought there could be some changes made in the present schedule that would leave the reduction about the same and would be less harmful to us. We doubt if any more poverty-stricken set of business men have submitted an appeal to their Representatives than the interests we represent, and if our statements are ignored it will not only be harmful to the industry but very unfair to the conscientious Representatives who have made an earnest effort to set forth the facts.

Pars. 89-92.—PLATE GLASS.

ALLEGHENY PLATE GLASS CO., GLASSMERE, PA., AND OTHERS.

APRIL 16, 1913.

To the honorable Members of the Committee on Finance,
United States Senate:

The 12 manufacturers of plate glass in this country, although in keen competition with one another, unite in presenting this brief in spport of their firm belief that plate glass is entitled to the rates of duty prescribed by the law now in effect, and do earnestly protest against the rates proposed in House of Representatives bill No. 10 as being extremely unjust and menacing the industry and its employees.

The evidence submitted to the Ways and Means Committee of the House of Representatives substantiates—

1. The American factories are as efficient as those of Belgium, our keenest competitor, and are economically operated.

2. It costs more than twice as much to build a factory here as a similar one abroad.

3. Labor is better trained and more skillful in Europe, and yet we pay an average of $2.30 per day per man against 65 cents in Belgium.

4. Raw materials cost more in this country than abroad.

5. The American manufacturers are in keen competition with each other and with the foreigners in the United States market. The Americans export practically nothing.

6. The European manufacturers are combined in one trust, which regulates production, fixes selling prices for all markets of the world, and actually sells through one selling agency, thus doing away entirely with competition among the factories comprising the foreign trust. Prices for shipment to the United States market are lower, and have been at times very much lower, than for European consumption (see attached tables of prices now in use).

7. All sizes of plate glass cost the same per square foot to manufacture. They all go through the same process.

8. The American cost, with factories operating at full capacity, is about 28½ cents per square foot. (Report of Audit Co. of New York filed with Ways and Means Committee.)

9. The Belgian cost, which is the lowest, with production curtailed to a point where it can be increased 46 per cent, is about 11 cents per square foot, and would be lower if factories operated full.

10. The difference in cost is 17½ cents per square foot. (Germany has a flat tariff equivalent to 12.42 cents per square foot, which is largely in excess of the difference in cost of manufacture in Germany and its next-door neighbor, Belgium.)

11. The Payne-Aldrich tariff of 10 cents per square foot on sizes up to 384 square inches is 7½ cents short of covering the difference in cost of manufacture in this country and Belgium. The 12½-cent rate on sizes exceeding 384 square inches, but not exceeding 720 square inches, is 5 cents short of the difference. The rate of 22½ cents on sizes exceeding 720 square inches is but 5 cents in excess of the difference.

12. The American manufacturers average a loss on their total sales of glass in the first two tariff brackets, although much of this glass is sold in direct competition with the foreigner, and at prices using the tariff protection. Sales in the third tariff bracket, largely because of domestic competition as well as some from abroad, have not brought sufficient return to make the business remunerative. Few American factories have earned any money during recent years, while foreign factories, because of trust agreements, have made very large profits.

13. The rates of 6, 8, and 12 cents proposed in H. R. 10 in place of 10, 12½, and 22½ cents, respectively, now in effect, will only force additional burdens on the American manufacturers and place the foreign trust in position to dominate the American market.

14. Although the country's consumption of glass in the first two tariff brackets approximates 50 per cent of the total, not more than

15 per cent of these sizes are made during the process of manufacture. The balance must be cut down from large sizes, that would sell at a profit, into these unprofitable sizes. The reductions proposed would make conditions worse. The public is not entitled to buy an article below cost of manufacture, and there is no valid reason why the manufacturers should assume further losses; yet the market demand for sizes as required must be supplied.

15. The competition that exists from abroad and among the domestic manufacturers is such that the public is paying but one-third or one-fourth what it did 35 years ago for plate glass.

The Handbook (basis for H. R. 10) recently issued by the Ways and Means Committee estimates the proposed reductions in duty will increase the importations of plate glass for a period of 12 months 890,000 square feet over 1912, and bring to the Government an increased revenue of $11,222 per year. Abnormal conditions made the year 1912 an unfair basis, as importations are usually at least three times as large, and will again increase under the present law. In fact, January and February, 1913, show an increase of 60,503 square feet, or 42 per cent, over the same months in 1912, and brought the Government an increased revenue of $10,881—almost as much as the proposed rates are expected to do in one year. If the importations for the balance of the year 1913 continue at the same rate of increase, the duties for the year will exceed 1912 by $74,229, or $63,007 more than is contemplated by the adoption of the proposed rates. It is reasonable to suppose that the importations will far exceed this rate of increase, because January and February are the dullest months, and importations during the later months are always heavier.

The changes proposed in the rates of duty (without any reduction in prices by the foreign trust) will reduce the present total sale price of American-made plate glass an amount vastly greater than any profit the industry has ever been able to earn. Every possible retrenchment will have to be practiced, and it will be necessary to lower wages in an effort to keep the factories operating. It is unfair that this industry should be thus jeopardized.

The proposed rates, if made effective, will absolutely take away from the American manufacturer his entire Pacific coast and Rocky Mountain market amounting to about 8 per cent of the total business of the country, because the foreigner has an advantage over the American manufacturer of 5 to 5½ cents per square foot in freight, which the American manufacturer could not afford to equalize. We contend we should be permitted to compete in our own home market, and that the foreign obnoxious trust should not be given a monopoly of it.

To place in effect the proposed rates would be to favor the foreign workman at the expense of the American, to place in the hands of a foreign trust, that would be in absolute violation of our law, the entire American market. An American industry would be made to suffer—a thing the dominant party's platform and the President promised would not happen under Democratic revision of the tariff.

The facts all prove the need of the rates on plate glass now in effect, and we implore you to reenact them unchanged.

(Submitted by the Allegheny Plate Glass Co., Glassmere, Pa.; American Plate Glass Co., Kane, Pa.; Columbia Plate Glass Co., Blairsville, Pa.; Edward Ford Plate Glass Co., Rossford, Ohio;

Federal Plate Glass Co., Ottawa, Ill.; Heidenkamp Mirror Co., Springdale, Pa.; Kittanning Plate Glass Co., Kittanning, Pa.; Penn American Plate Glass Co., Alexandria, Ind.; Pittsburgh Plate Glass Co., Pittsburgh, Pa.; Saginaw Plate Glass Co., Saginaw, Mich.; St. Louis Plate Glass Co., Valley Park, Mo.; and the Standard Plate Glass Co., Butler, Pa.)

[Inclosure.]

Foreign trust prices in Belgium, France, Germany, and England, also prices for shipment to United States, for polished plate glass, one-fourth inch ordinary glazing and one-fourth inch glazing selected for silvering.

[Equivalent in United States currency.]

Bracket.	Belgium.		France.		Germany.		England.		United States.	
	Ordinary glazing.	Silvering.	Ordinary glazing.	Silvering.	Ordinary glazing.	Silvering.	Ordinary glazing.	Silvering.	Ordinary glazing.	Silvering.
Feet.										
1	18.7	22.1	25.8	28.8	......	......	20.7	21.3	15.6	19.5
2	21.1	25.0	26.2	29.3	......	......	22.1	25.9	16.7	21.2
3	22.3	26.3	27.6	30.8	27	29	23.5	27.5	17.7	22.5
4	23.5	27.8	28.2	31.5	......	......	24.8	29.1	18.7	23.9
5	24.8	29.3	29.7	33.2	30	33	26.3	30.8	19.8	25.2
6	25.1	29.7	31.2	34.9	......	......	27.6	32.4	20.9	26.5
7	25.8	30.5	32.0	35.8	......	......	29.0	34.0	21.9	27.8
8	27.6	32.6	34.5	38.6	......	......	29.0	34.0	21.9	27.8
9	28.6	34.8	35.5	39.6	......	......	30.1	35.6	22.9	29.2
10	29.4	34.7	35.5	40.8	36	42	31.8	37.6	22.9	29.2
15	30.5	36.0	37.8	42.3	......	......	33.5	40.5	23.7	33.2
20	30.9	39.3	38.4	42.9	......	......	37.3	44.8	24.6	35.8
25	31.4	39.3	38.8	44.3	......	......	38.7	45.4	25.2	37.2
30	31.8	48.8	39.4	44.0	......	......	40.1	47.0	26.1	38.5
35	32.1	49.3	39.8	44.5	......	......	40.1	47.0	26.1	38.5
40	32.0	49.1	40.5	45.3	......	......	40.1	47.0	26.1	38.5
45	32.7	50.1	40.5	45.3	......	......	40.1	47.0	26.1	38.5
50	32.9	50.5	40.7	45.5	40	47	40.1	47.0	26.1	38.5
60	33.8	51.9	41.9	46.9	......	......	41.5	48.6	27.0	39.8
70	34.6	53.1	42.9	48.0	......	......	41.5	48.6	27.0	39.8
80	35.4	54.4	43.9	49.1	......	......	42.9	50.2	27.9	41.2
90	36.5	56.1	45.3	50.6	......	......	42.9	50.2	27.9	41.2
100	37.1	57.0	46.5	51.4	......	......	44.2	51.8	28.8	42.5

15038.70

All per square foot.

Par. 92.—SILVERED GLASS.

UNITED MIRROR MANUFACTURERS, BY JOHN J. KINSELLA, CHAIRMAN OF TARIFF COMMITTEE.

WASHINGTON, *May 12, 1913.*

To the Members of the Senate Committee on Finance:

SIRS: As representing the united mirror manufacturers of the United States I appeal to you to review paragraph 88 of H. R. 3321, in order that the rates on silvered glass, fixed in the four brackets of that paragraph may be raised 1 cent per square foot, making it read 2 cents, as a compensatory duty no more than fair to be given to manufacturers required to employ labor enough in the advancement of this product from the so-called unsilvered stage to the silvered stage, to make these advances necessary if they are to pay the present rates of wages, which they so much desire to do.

American mirror manufacturers recommending these very marked decreases from the compensatory rates in the corresponding paragraph of the present law also recommend the increase of rates over

those in H. R. 3321 only because such action is essential to enable them to maintain the American standard of living among their employees. They desire nothing but such compensating advantage in the way of duties as would be involved in maintaining American wages under a tariff system intended to treat all manufacturers equitably whose finished products in some cases are only the raw materials of other manufacturers. This cost of labor required to advance the raw material of the mirror manufacturer to the finished stage being for the single process of silvering is easy to calculate, and the suggested rates are fully known to be required if the principle of adequate compensatory duties is to be adhered to.

We append a table which gives the percentage of increases involved in advancing the raw material of our business to the finished stage under the present law, under the Underwood bill, and in accordance with the suggestions for the change in rates in the different brackets which we would respectfully and earnestly offer herewith.

Cylinders and crown glass.

Brackets.	Payne.			Underwood.			Suggested.		
	Unsilvered (par. 100).	Silvered (par. 103).	Per cent.	Unsilvered (par. 88).	Silvered (par. 91).	Per cent.	Unsilvered (par. 88).	Silvered (par. 91).	Per cent.
16 by 24 inches	4	11	175	3	4	33	3	5	66⅔
24 by 30 inches	6	13	116⅔	4	5	25	4	6	50
24 by 60 inches	12	25	108⅓	7	8	14⅔	7	9	28½
All above	15	25	66⅔	10	11	10	10	12	20

Present and proposed rate on cylinder and crown glass.

	Polished, unsilvered.		Polished and silvered.	
	Present.	Proposed.	Present.	Proposed.
	Per sq. ft.	*Per sq. ft.*	*Per sq. ft.*	*Per sq. ft.*
384 square inches	$0.04	$0.03	$0.11	$0.04
720 square inches	.06	.04	.13	.05
1,440 square inches	.12	.07	.25	.08
Do	.15	.10	.25	.11

Comparative cost of mirror plates under proposed rates of cylinder and plate glass.

	Cylinder-glass mirrors (24 by 30 inches).		Plate-glass mirrors (24 by 30 inches).	
	Unit price.	Total.	Unit price.	Total.
	Per sq. ft.	*Per sq. ft.*	*Per sq. ft.*	*Per sq. ft.*
5 square feet	$0.22	$1.10	$0.24	$1.20
Freight	.01	.05	.02	.10
Silvering	.04	.20	.05	.25
Duty	.05	.25	.08	.40
Distributing, freight			.01	.05
Total		1.60		2.00

No profit or overhead expenses included.

First bracket.

	Cylinder-glass mirror (12 by 18 inches).		Plate-glass mirror (12 by 18 inches).	
	Unit price.	Total.	Unit price.	Total.
	Per sq. ft.	*Per sq. ft.*	*Per sq. ft.*	*Per sq. ft.*
1½ square feet	$0.14	$0.21	$0.16	$0.24
Freight	.01	.01½	.02	.03
Silvering	.04	.06	.05	.07½
Duty	.04	.06	.07	.10½
Distributing, freight	....	....	.01	.01½
	....	.34½	....	.46½

No profit or overhead expenses included.
Paragraphs affected, 90-92 and 93.
Paragraph 93, page 24, line 1, should read, "subject to a duty of 4 cents per square foot in addition to the."

WESTERN MIRROR PLATE CO., 824-826 WADE STREET, CINCINNATI, OHIO, BY E. F. STEINMAN.

CINCINNATI, *May 19, 1913.*

Hon. Senator SIMMONS,
Chairman Finance Committee, Washington, D. C.

DEAR SIR: We beg to call your attention to paragraph 93 of the proposed tariff act, which if enacted into law will seriously cripple the entire mirror manufacturing industry in this country. This industry is confined almost entirely to small manufacturers locating throughout the country, each employing from 25 to 100 mechanics, and is dependent upon a reasonable amount of tariff protection upon silvered and beveled glass.

All previous tariff acts have classified cylinder and crown glass, silvered, same as cast polished plate glass, silvered, which is perfectly proper and correct, as this cylinder and crown glass when silvered is always in direct competition with American plate glass, silvered, but by paragraph 93 of this proposed act the conditions are radically changed, as it only provides for a differential of 1 cent per square foot between cylinder and crown glass, silvered, while heretofore the differential has always been from 7 to 13 cents per square foot.

It is evident that the Ways and Means Committee in formulating this article and in so changing the entire phraseology of this paragraph has made an unintentional error, and never intended to so discriminate against this particular industry, as the proposed rates on cylinder and crown glass, silvered, are entirely out of proportion with all other reductions in the relative paragraphs of the glass schedule.

To correct this unjust error, we respectfully petition your committee to so amend this paragraph by inserting a rate of not less than 4 cents instead of 1 cent per square foot on silvered glass in addition to rates otherwise chargeable.

Par. 97.—STAINED GLASS.

MONTAGUE CASTLE-LONDON CO., 247-249 WEST THIRTY-SIXTH STREET, NEW YORK, N. Y.

NEW YORK, *May 5, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, Washington, D. C.

HONORABLE SIR: We have appealed to the Ways and Means Committee in vain regarding placing stained glass on the free list. Our only hope now lies with you, the Finance Committee. You will note that there is a duty of 30 per cent on stained glass, but it is completely annulled by the clause under free-list entries.

The stained-glass business throughout the United States is conducted by craftsmen who are actual workers in glass. It is not a factory product, but requires artistic skill which can only be had by paying high for it. Then compare the cost of such skilled labor with that paid in Europe. We pay figure painters a minimum of $30 against their $10, coupled with the existing prejudice in favor of the foreign product, irrespective of merit.

If this bill goes through as at present written it will force all artists now building memorial windows out of their craft into other artistic lines where European competition is at a minimum.

Speaking from the standpoint of craftsmen, workers themselves in glass, we are willing to make our affidavit under oath that our craft does not net us 10 per cent on the business we do, and the salaries of the undersigned members of this company are less than $2,500 a year. What is the remuneration of those less skillful? If it is impossible to make hardly more than a living with a duty of 45 per cent, it would be suicidal to continue practicing our craft with the slum gates of Europe dumped in on us.

Please note that we are not making a factory product. Everything entering into the making of a stained-glass window requires the highest skill as a craftsman. We therefore beg of you a hearing to prove the above statements with our books, which we freely offer for inspection.

LOCKE DECORATIVE CO., BROOKLYN, N. Y.

BROOKLYN, N. Y., *April 15, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, Senate, Washington, D. C.

Section 99, Underwood bill, places 30 per cent duty stained glass; section 659 places stained glass on free list because nearly all windows are gifts; stained glass is distinctly a luxury.

HARRY KNOX SMITH & CO., 1947 BROADWAY, NEAR SIXTY-FIFTH STREET, NEW YORK, N. Y.

NEW YORK CITY, *April 19, 1913.*

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

HONORABLE SIR: I respectfully ask you to look into the proposed change on tariff of stained and painted glass and pictorial paintings

on glass. If the proposed reductions go through as they are now, it is going to kill this industry in America.

I will endeavor to call your attention to the artistic side of our work. The country has developed many good artists in stained and painted glass in the past 20 years, and these men have set a standard which will encourage the younger men to better efforts and they will achieve greater things in the future, all providing that they get tariff protection and encouragement.

Art in any line is essential to a country's growth and we in America are greatly in need of keeping alive the new movement which has started throughout the land for better art. Encouragement from any source to the artist is rare and without encouragement there is very little to work for, as the payment for the artist is never very great.

Stained and painted glass is sold to the rich man and it is a rich man's pleasure to be able to buy our work. Why should he not pay a fair price for it?

A great lot of the stained and painted glass coming over from Europe is purely mechanical and the designs are very similar; in many cases the designs are duplicates. What we want is original work and not copies; the American artist in our line is endeavoring to do original work. But if he is going to have to pay three times the wage paid in Europe for the building of windows (average wage in Europe, 12½ cents per hour, as against 36 cents in America), he surely needs protection for his product.

Our mechanics need this larger wage to live, owing to the higher cost of living, with which you are so well acquainted. I ask you for the good of the art and the workingman's comfort to do what you can to keep the tariff as it has been, namely, 45 per cent on stained and painted glass, and pictorial paintings on glass.

MILWAUKEE MIRROR AND ART GLASS WORKS, 203-207 BROADWAY, MILWAUKEE, WIS.

MILWAUKEE, *April 17, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: Pardon us for addressing you on a subject of great vital importance to us and others, who consider themselves greatly hurt and embarrassed by certain proposed tariff legislation now under consideration by our National Congress.

While we energetically protest against the reduction of the general duty from 45 to 30 per cent on stained and painted glass windows, we especially call your attention to what appears to us as gross injustice in section 659, page 132 of House bill now before Congress. If this should ultimately become a law, its construction, if applied to the phraseology of the bill, may work disaster to our industry in such a way as to exterminate the business of 80 per cent of those engaged in it.

There are about 150 firms in this country, employing about 2,000 skilled artisans and workmen, who by force of circumstances are paid three times the salary paid in European countries. There are no millionaires among these employers; they form no trust or combina-

tions. They are but common people from the everyday walk of life, who even under present prevailing duties have barely been able to eke out a meager existence, and a reduction of the duties on the proposed lines would, without any doubt, transfer at least 80 per cent of their business to their European competitor, thus completely annihilating a deserving industry.

Section 659 referred to would allow free importation of stained and painted windows if used for colleges, churches, religious societies, and others, which is the bulk of our business. Why should this be the case? Generally speaking, these windows are mostly donated and paid for by well-to-do people, who can well afford the luxury. We are not objectors to any law tending to reduce the high cost of living, but believe that a reduction of duties on stained and painted glass windows will never be a factor toward producing that result.

If the law is passed in its present form, our artists, who rank among the highly educated classes, and most of whom came from abroad during the past 20 years, would simply have to emigrate back to their former homes to assist in the competition of the foreigners against our infant industry, while our other experienced shopmen and mechanics would have to seek employment in other branches.

We believe this question has not received fair consideration by the Committee on Ways and Means, who formulated the new law, inasmuch as representatives of our craft were not given a chance to be heard. All we ask is fair play and we earnestly hope that you will lend your good offices toward attaining that end.

NATIONAL ORNAMENTAL GLASS ASSOCIATION.

MAY 10, 1913.

To the Members of the Senate Committee on Finance:

As representatives of the National Ornamental Glass Manufacturers' Association we have the honor to petition you that paragraph 658 of H. R. 3321 may have your approval, as follows:

In the second line of the paragraph omit the words "including pictorial paintings on glass."

In the sixth line of the paragraph change the word "including" to "except" or "excepting."

We ask for these changes partly in the interest of good customs administration and partly in simple justice to an American industry, which, though comprising less than 500 comparatively small enterprises, has sought during its whole existence to pay good wages to workmen of more than ordinary talent and to distribute its product advantageously to American institutions which so properly desire to encourage the development of American art.

The effect of the proposed reduction of duty from 45 per cent ad valorem on "stained and painted glass windows," as in the present law (par. 109), to 30 per cent ad valorem, as in paragraph 97 of H. R. 3321, will be seriously to embarrass the production of many members of our industry, who, however, are sure that every dictate of public spirit requires them to continue producing, no matter what the difficulties. But when it is proposed to put nearly 80 per cent of the production on the free list, the effect will be to make it nearly im-

possible to keep on doing business at all under the present scale of wages, which they, and all of us, distinctly desire to maintain.

We are positive that to impose this hardship would be furthest from the desire of your honorable committee and that it was not the intention of the Committee on Ways and Means or of the House of Representatives: for it is quite evident that when the Committee on Ways and Means changed the word "except" to "including," so that art glass for church purposes was removed from the dutiable list, its members were under the erroneous impression that that part of the production was comparatively small. On the contrary, it amounts to fully three-fourths of the total business, and is essential to the continuance of the American industry. Moreover, we have suffered from a second mistaken impression, on which, possibly, the action of the Ways and Means Committee and the House was based, namely, that our labor cost is only a matter of 30 per cent, when in reality it is 65 per cent. Finally, two of our chief materials, lead and antique glass, are dutiable in H. R. 3321, the former at 25 per cent. the latter at 30 per cent, whereas the manufactured article is proposed to be admitted duty free.

Our books are open at any time for the most searching examination by any authorized representative of the committee, a statement which we make without reservation.

HIRES TURNER GLASS CO., PHILADELPHIA, PA.

PHILADELPHIA, *April 23, 1913.*

Senator SIMMONS,

United States Senate, Washington, D. C.

DEAR SIR: Our attention has just been called to paragraph 93, page 23, of the Underwood tariff bill, which relates to the duty on mirrors. Heretofore the duty on the German mirrors one-eighth inch thick has been the same as on plate-glass mirrors one-fourth inch thick, but paragraph 93 makes the duty less on the cylinder and crown-glass polished mirrors (German mirrors) than on the cast polished plate-glass mirrors. As the thin mirrors can be substituted for the thick mirrors in a large percentage of the furniture used, the new rates would be the means of putting the American mirror manufacturer at great embarrassment by depriving him entirely of that portion of his trade. This has probably been an oversight, and we suggest that paragraph 93 be made to read so that the duty on all thicknesses of mirrors, including "cast polished plate glass silvered" and "cylinder and crown glass silvered," be 1 cent per square foot in addition to the rates designated in paragraph 92.

We are inclosing comparative rates (see rates attached to brief of United Mirror Manufacturers, which are identical), and can hardly believe that it was the intention to reduce rates, for instance, from 11 to 4 cents and from 13 to 5 cents per square foot, as shown in the comparative rates, as this is considerably more than the proportionate reduction made in the rates on the glass itself. Comparative figures are inclosed herewith, and it is to be noted that no profit or overhead expenses are included in the cost of manufacturing plate-glass mirrors here. If these were added the comparison would be all the more disastrous to the American manufacturer of plate-glass mirrors.

ROSSBACH ART GLASS CO., 101-111 WEST BROAD STREET, COLUMBUS, OHIO.

COLUMBUS, OHIO, *May 3, 1913.*

Hon. F. M. SIMMONS,
Washington, D. C.

DEAR SIR: I am writing to you in regard to the new tariff bill as contained in paragraph 99, page 25, of the Underwood bill. If the said bill becomes a law, it will practically eliminate any American stained art glass firm from being able to compete with any European firm in this country.

It does not take very much of a mathematician to figure out the reason why when one-half of the cost of our windows is pure labor, and if this labor is two or three times as much as in Europe on an average, and in some instances four or five times as much, then the protecton of 30 per cent duty does not begin to equalize the difference.

As a matter of fact, the former duty of 60 per cent did not equalize the difference when this was was cut down to 45 per cent and we could only get an occasional order where the clergy was not in direct touch with the European prices, and the only reason most of the firms kept in business was their hope that the incoming administration would adjust the tariff on a scientific basis, in which case we felt sure that we would get better protection, but instead of that we are promised a still further reduction, which, of course, will knock the props out of any business that has done any high-grade European glass work.

Furthermore, we must pay the duty on the glass that we must import for this class of work, and as we need twice as much raw material out of which to cut we are practically paying 90 per cent on the raw material.

There are many other advantages that the European manufacturer has, as his rent and all other general expenses are just about one-half of what everything costs in this country.

Compare the cost of our labor in this country with that of Europe, which is as follows: Cutters and glazers getting 17 cents per hour in Berlin; 11 and 13 cents in Munich; 8½ cents per hour in Innsbruch, as against 45 and 50 cents in New York. Painters receive from $10 to $15 in Berlin and Munich, compared to $25 to $35 in this country, and other labor proportion, with these brief facts.

I feel you would not knowingly allow an infant industry of our country to be deliberately destroyed by foreigners, but this will be the case if the Underwood bill, referring to stained glass and painted windows is passed by the two Houses, as it reads now. (See p. 136, paragraph 659, where the article is admitted free of duty, if brought in as a gift to a church, etc.) This is a little "joker," as nearly every window imported is a gift by some devout member of the church. Page 136, paragraph 659, originally read "except stained glass." and was cleverly changed to read "including."

Therefore, we would kindly ask you to investigate this matter, feeling confident if you do that the present duty as it stands is hardly sufficient to give us the necessary protection that our business requires.

AMALGAMATED GLASSWORKERS' INTERNATIONAL ASSOCIATION OF AMERICA, BY DAVID RING, GENERAL PRESIDENT, AND ALBERT J. SCOTT. GENERAL SECRETARY.

NEW YORK, *April 19, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

SIR: Having understood that Schedule B (earths, earthenware, and glassware) of the proposed Underwood tariff bill (H. R. 10) is to be taken up for consideration by your committee in the next few days, we desire, by authority and command of the above-named organization, to respectfully submit the following brief for your earnest consideration, and we would greatly appreciate it if it were possible to be accorded a few moments that we might go over the most important points with your committee on the subject matter contained in said brief.

First, we call your attention to the sentence [" including pictorial paintings on glass,"] in paragraph 659, page 132, of the free list of said bill, and respectfully ask that the five words quoted and marked in brackets be eliminated on account of the ambiguous and uncertain interpretation they are susceptible to so far as they are made applicable to the importation of stained or painted window glass or stained or painted glass windows and the workmen of this industry we represent in this matter. The retention of said clause has and without the slightest doubt will continue to cause the collector and other officers of the customs as well as our industry very serious trouble, expense, and annoyance, as will be shown by the following facts herewith submitted.

(See report of United States General Board of Appraisers, New York, March 6, 1911. Also, circular letter of James B. Reynolds, Acting Secretary of the Treasury, under date of January 15, 1908. Also, decision rendered by Mr. Justice Brown in the Supreme Court of the United States, October term, 1892, which is herewith attached.)

For the information of your honorable committee will state that there is not $500 in actual valuation of "pictorial paintings on glass" imported into the United States in any year.

We further earnestly petition your honorable committee, in the name of the workingmen who follow this industry as means of livelihood and those dependent upon them, that the word "including" in said section 659, referred to above, be stricken out and the word "except" be replaced, as in the present or Payne-Aldrich Tariff Act. In other words, we ask your committee to take stained or painted window glass or stained or painted glass windows out of the free list, for the very honest and indisputable reason that section 99 does not give any protection whatsoever to the workingmen pursuing this industry in this country, as there are not, nor will there be, any stained or painted glass windows imported that are not imported expressly for presentation to religious societies or institutions, hence by every power and action nullifies the intent and purpose of section 99, therefore we earnestly ask to have the duty of 45 per cent ad valorem maintained as in the present tariff law, instead of reducing the duty to 30 per cent ad valorem, as proposed in section 99.

It is incongruous to believe that after the above facts have been brought to your attention and made clear that you will do other than recognize the justice of our demands, and we most emphatically insist on the retention of at least the present duty, as herein set forth. Otherwise, it would be a case of wiping out the stained-glass industry in the United States, so to speak, to the exclusive benefit of the few European firms established here, such as Meyer & Zettler, of Munich, the Tyrolese Art Glass Co., Tyrol, Austria, and perhaps one or two firms in France, whose agencies or offices here are maintained at small expense, and who scour this country from coast to coast securing orders for stained-glass windows at a price so low that competition by the American stained-glass firms is out of the question, except in spasmodic cases of a clergyman who is endowed with the spirit and enthusiasm of American citizenship and appreciates the work of the American stained-glass maker and is willing to pay a price that will enable the American workmen to secure a living wage and thereby bring up their families and educate them in a proper and respectful manner—a fact, regrettable to say, lost sight of by many clergymen of this country when appealed to by our workingmen when about to place their orders for stained-glass windows for their churches.

We are submitting extract[1] from a brief presented to the Ways and Means Committee (Payne-Aldrich bill of Nov. 23, 1908) which gives a list of over 100 churches for which the orders for stained-glass windows went to European firms, and since that time we find these firms are more aggressive and persistent than formerly, and are therefore securing a greater percentage of orders for stained-glass windows than heretofore. In stating this some idea may be had by your committee of the loss of employment to the workingmen in this industry here, who can consider themselves very fortunate if they are able to secure work three-quarters of the year, and there are many who do not average over six months' employment through the year, while the European workingmen are practically able to secure steady employment.

We give herewith the average wage paid the European and American workmen for comparison: European, $7.24 per week of 58 hours, or 12$\frac{3}{8}$ cents per hour; American, $18 per week of 50 hours, or 36 cents per hour.

It is well to remember, in giving these figures of averages of the American workmen, that in a number of cities the minimum wage is not less than $20 per week, some men receiving as high as $28 and $30 per week. The same condition applies to the working time, which is 48 hours per week in various cities, both in the East and in the West.

It may be well to call your committee's attention to the fact that the painted and stained glass window has entered into the tariff propositions of the different Congresses for years past, and been the source of litigation before the United States Supreme Court, the result of which was an attempt on the part of the foreign manufacturers to take advantage of the ambiguous phraseology of the several clauses in the tariff laws (and which we are pleased to remind

[1] Not printed.

your honorable committee was decided in our favor, and which is referred to hereinbefore in the decision of Mr. Justice Brown), and has also been the source of much trouble and litigation with the collector and other officers of the customs in various ports of entry. It is none other than this same stained-glass window proposition referred to in Schedule B, section 99 and section 659, of the proposed Underwood bill now being considered by your committee.

We respectfully call your committee's attention to the following facts: That the painted and stained glass window is not the handicraft of any one person or individual, as is supposed by some. Many different persons work upon the same, one making the drawing, another the patterns, another selecting and cutting the glass, another glazing or putting the work together, by means of lead and soldering the same, while one man may paint the head only and another the hands and feet, and still another paint the drapery. The canopy and base of the window will be painted by another individual, while the ornamental parts and the stencil work are done by still other individuals; therefore it is that we say stained or painted glass windows may be sold at a price that might be considered high and that they are a luxury. Nevertheless, they are mechanically decorative productions and recognized strictly so commercially, and do not rank as works of art, which fact has been determined by the decision of Mr. Justice Brown in the Supreme Court of the United States (report of which is hereinabove referred to).

Notwithstanding Mr. Lane's statements before the Ways and Means Committee and the arguments offered by him for a 25 per cent duty, the industry has been struggling for years, which fact is manifestly evident by the large number of men unemployed, as they are unable to secure anything like steady work.

In conclusion, we trust we make clear that stained-glass windows can not possibly be considered as one of the necessaries of life in which the working people or poor classes are made to suffer by a question of "import" duty. On the contrary, they are and can not be otherwise regarded than as a luxury, and those purchasing them abroad can well afford to pay the present duty (45 per cent ad valorem), which we ask to be maintained; otherwise, you open the floodgates, not alone to the better class of work but to the lower and cheaper grade, which means the very plainest work will come to our shores duty free, and we ask you what will become of our workmen then? We ask what are they to do? And, because of what we have hereinbefore stated, we earnestly petition that you strike out the words "including pictorial paintings on glass" on page 132, lines 8 and 9, strike out the word "including" and replace with the word "except," is in the present law. Also strike out the "30 per cent ad valorem" on page 25, lines 13 and 14, and substitute "45 per cent ad valorem," which is the present rate.

The above was signed by David Ring, representing Amalgamated Glass Workers' International Association of America, and Walter West, representing Local 36, Decorative Glass Workers' Association of New York and vicinity, affiliated with the Amalgamated Glass Workers' International Association of America.

[Inclosures.]

BOARD OF UNITED STATES GENERAL APPRAISERS, NEW YORK, MARCH 6, 1911.

In the matter of protest 320973-19691, etc., of F. B. Vandegrift & Co. against the assessment of duty by the collector of customs at the port of New York.

BEFORE: BOARD NO. 1.

SHARRETTS, *General Appraiser:* These protests are lodged against the assessment of duty at 45 per cent ad valorem, under paragraph 112 of the tariff act of 1897, on certain stained or painted glass windows, which the importers claim to be paintings on glass, and as such entitled to free entry under paragraphs 649, 701, 702, and 703 of said act.

The evidence shows that the merchandise is the production of an artist. It is needless to discuss any of the paragraphs named in the protests other than 703; and our first inquiry must be directed to the application of the decision of the United States Supreme Court in United States *v.* Perry (146 U. S., 71) to the case at bar. The Perry case originated under the act of 1890 and related to precisely the same class of merchandise as that now before this board.

Paragraph 703 of the tariff act of 1897 is an exact reproduction of paragraph 757 of the act of 1890. Paragraph 112 of the act of 1897 provides for "Stained or painted glass windows or parts thereof," while the provision of paragraph 122 of the act of 1890 is for "all stained or painted window glass and stained or painted glass windows." We can not escape the conclusion that paragraph 112, act of 1897, is no less specific in its application to the merchandise now under consideration than was the corresponding paragraph in the act of 1890 to similar articles passed upon by the Supreme Court in Perry's case, supra, wherein the court said (opinion by Mr. Justice Brown), in part:

"* * * In the meantime, however, the manufacture of stained glass began to be a recognized industry in this country. Strong protests were sent to Congress against these rulings of the department, and demands were made for the imposition of a duty upon stained glass windows as such, to save the nascent industry from being crushed out by foreign competition. Accordingly, in the act of October 1, 1890, we find a notable change in phraseology and the introduction of a new classification. By paragraph 122 a duty of 45 per cent is imposed upon 'all stained or painted window glass and stained or painted glass windows * * *,' while by paragraph 465, 'paintings, in oil or water colors,' are subject to a duty of only 15 per cent. The former exemption of 'paintings, drawings, and etchings specially imported' for religious institutions is continued in paragraph 667, while in paragraph 757 a similar exemption is extended to 'works of art, the production of American artists residing temporarily abroad, or other works of art, including pictorial paintings on glass, imported expressly for * * * any incorporated religious society, * * * except stained or painted window glass or stained or painted glass windows.'"

The decision of the court in that case having been adverse to the importers' contention, we do not deem any further discussion necessary. The protests are overruled, the collector's decision in each case being affirmed.

THAD. S. SHARRETTS,
CHAS. P. MCCLELLAND,
R. H. CHAMBERLAIN,
Board of United States General Appraisers.

Importer, F. B. Vandegrift & Co.

Protest.	Entry No. and year.	C/L.	Sets inclosures.
329073-19691	83876-08	Nov. 5, 1908	1
329074-21091	85366	.....do.......	1
345141-26412	111495	Dec. 4, 1908	1
345142-27183	101513	.....do.......	1
349290-30490	149128	Jan. 4, 1909	1
352263-43056	175354	Feb. 24, 1909	1
357414-46075	203587	Mar. 31, 1909	1
357415-46076	191955	.....do.......	1
357416-47791	202487	.....do.......	1
257417-47818	201063	.....do.......	1
362237-576	227184	Apr. 29, 1909	1
363755-44962	190547	May 10, 1909	1
363756-45048	190254	.....do.......	1
365544-9320	2889-09	May 19, 1909	1
370354-10251	282401-08	June 22, 1909	1
373423-15225	35611-09	July 15, 1909	1
373424-12740	23061	.....do.......	1

TREASURY DEPARTMENT, *January 15, 1908.*

SIR: Referring to the question of free entry of pictorial paintings on glass imported for presentation to incorporated religious societies, colleges, and other public institutions under paragraph 703 of the tariff act, I have to advise you that the following-described articles should not be passed free of duty under said paragraph 703:

1. Painted or stained glass windows imported in fragments.
2. Paintings on glass intended to be used as windows or conforming in shape or size to the windows of the church for which they are imported.
3. Paintings commercially known and bought and sold as painted or stained glass windows, or window glass, whether to be placed inside an outer protecting glass or not. However, pictorial paintings on glass not of the character above described may be passed free of duty under said paragraph. Evidence should be required of the importer that the same are not commercially known as painted or stained glass windows or window glass, and that they are not intended for use as windows and are not suitable for use in a church for which they are imported, and, in case of doubt, the entry should be liquidated and subject to a duty, leaving the importer to his remedy by protest under section 14 of the customs administrative act of June 10, 1890.

Respectfully,

JAS. B. REYNOLDS, *Acting Secretary.*

The COLLECTOR OF CUSTOMS, *Philadelphia, Pa.*

Par. 97.—INCANDESCENT LAMPS.

LACO-PHILIPS CO., 131 HUDSON STREET, NEW YORK CITY.

The General Electric Co. controls 97 per cent of the manufacture and sale of all incandescent lamps in the United States.

In the bill of complaint filed by the United States Government under the Sherman antitrust law in the United States Circuit Court of the Northern District of Ohio on October 12, 1911, the Attorney General used the following language:

Approximately 80,000,000 incandescent electric lamps are manufactured, sold, and used annually in the United States, of an aggregate value of about $18,000,000. Of these the defendants, in virtue of their combination and conspiracy hereinafter described, control the manufacture and sale of more than 97 per cent.

The profits of the General Electric Co. on tungsten lamps at their present prices on lamps most used run from 161 per cent to 190 per cent, as shown below:

	Cost of General Electric Co.	Selling price.	Profit.
			Per cent.
25-watt	$0.107	$0.28	161
40-watt	.11	.315	186
60-watt	.167	.42	151
100-watt	.217	.63	190

Tungsten lamps are a necessity, and a 30 per cent rate will drive importers out of business, permitting the trust to control the entire market.

The House bill fixes the rate on incandescent lamps (par. 97) at 30 per cent ad valorem. At the present time several importing concerns, whose names can be readily furnished, have already been driven out of business by the General Electric Co., and there are at present, so far as our knowledge goes, only two other importers besides ourselves. It will be seen that the General Electric Co., with a duty of 30 per cent, can with one further reduction in their prices still make an enormous profit and render it impossible for the importers to compete. As soon as this is done, the usual trust method of advancing prices will undoubtedly be pursued.

The duty on electric lamps should not exceed 10 per cent.

Par. 100.—SEMIPRECIOUS STONES.

ALBERT LORSCH & CO. (INC.), LORSCH BUILDING, 37-39 MAIDEN LANE, NEW YORK, N. Y.

MAY 6, 1913.

Hon. F. M. SIMMONS,
Chairman Finance Committee,
Senate Building, Washington, D. C.

SIR: We respectfully invite your attention to paragraph 102 of the proposed tariff act, which levies a duty of 45 per cent ad valorem on articles in chief value of agate or other semiprecious stones.

We are importers of and very largely interested in the importation of cornelian rings, used as guides on fishing rods. We inclose a sample of the said cornelian ring and desire to point out that it has to be mounted with a metallic holder in order to fasten it to the fishing rod. When this same cornelian ring so mounted is imported it is assessable with duty at the rate of 30 per cent under paragraph 140 of the proposed bill.

It is perfectly obvious that the cornelian ring in the condition in which it is imported is nothing but the material for making guides for fishing rods and as such pays 15 per cent more duty than the completed article containing the metal, which, as we have pointed out, pays only 30 per cent under paragraph 140.

We respectfully suggest that if possible this inconsistency be changed so that the cornelian ring will not be taxed at a higher rate than the ring ready for use on a fishing rod.

Par. 101.—FINISHED GRANITE.

GRANITE MANUFACTURERS' ASSOCIATION, QUINCY, MASS.

QUINCY, MASS., *May 13, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: We are just waking up to the fact that the proposed Underwood tariff bill carries with it a reduction in the duty on finished granite from 50 to 25 per cent. As we understand it, we are too late to be heard by the House Ways and Means Committee and whatever consideration we are to receive must now be from the Senate and the floor of the House.

A reduction such as is contemplated will be the hardest blow that our industry has ever received. Working under the present tariff, we find that medium-sized monuments can be landed on the dock in this country at a figure slightly lower than we can deliver the same-sized monuments made from Quincy granite f. o. b. Quincy.

While we have not time to get at the facts in regard to importations, we do not know that the amount of finished granite brought into this country at present is infinitesimal as compared to the amount brought in under a 30 per cent duty previous to the McKinley tariff.

Monuments are a luxury, and the principal item in the cost of production is labor. We pay our granite cutters and granite polishers a minimum wage of $3.25 per day, many of our workmen getting $4 or $4.50 per day. In Scotland the pay is $1.35 per day. Our workmen have already given warning that as fast as existing agreements expire they will expect and demand a minimum wage of $4 per day. Without a tariff sufficient to offset the difference between what we pay and what is paid in Scotland it means Scotch monuments in our cemeteries instead of native monuments.

We were led to believe that the intention of the present administration was that luxuries or finished goods were not to be reduced, and that being the case our particular product should not be interfered with. We would have no objection to a low tariff on granite as it comes from the quarries, but we do most strenuously object to any lowering of the finished product.

We understand that the only parties heard by the Ways and Means Committee were representatives of importers, and it is only natural that they should welcome a reduction. We know that we can give any committee a very different view of the matter if given an opportunity.

We are not a trust. Competition is so keen among us that nobody has got wealthy under a 50 per cent duty and nobody has been obliged to pay any excessive prices for monuments.

Thirty per cent duty was not sufficient for our protection some years ago when our granite cutters were getting less wages than they are to-day; 25 per cent as proposed means only one thing—a competition which we can not meet.

The association submitted the following comparative prices quoted at present under 50 per cent duty:

Scotch or Swedish granite f. o. b. dock Boston or New York.	Quincy granite f. o. b. cars Quincy.	Scotch or Swedish granite f. o. b. dock Boston or New York.	Quincy granite f. o. b. cars Quincy.
$16	$20	$16	$45
24	26	40	42
92	111	11	19
55	58	118	134
148	156	95	108

SCHEDULE C.

METALS, AND MANUFACTURES OF.

SCHEDULE C.—METALS, AND MANUFACTURES OF.

Par. 104.—FERROMANGANESE.

MARYLAND STEEL CO., F. W. WOOD, PRESIDENT, SPARROWS POINT, MD.

SPARROWS POINT, MD., *April 12, 1913.*

Hon. JOHN WALTER SMITH,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I have thought the following may be of interest to you:

The Underwood tariff bill removes the duty from steel rails.

Ferromanganese, an alloy of iron and manganese used in the manufacture of steel rails and largely imported from Europe, has heretofore borne a specific duty of $2.50. The new bill changes this to 15 per cent ad valorem, which, as the price of ferromanganese is about $60 per ton, makes a duty of $9 per ton, or an increase of 260 per cent.

WHEELING MOLD & FOUNDRY CO., WHEELING, W. VA.

WHEELING, W. VA., *April 12, 1913.*

Senator W. E. CHILTON,
Senate Chamber, Washington, D. C.

DEAR SIR: We ask your special attention to Schedule C, clause 106, and we protest most vigorously at the proposed change in the duty on ferromanganese from $2.50 a ton to 15 per cent ad valorem. This, at the present market price of about $58 in Europe, would make the duty $8.70 a ton.

Ferromanganese, as far as there is any logic in the tariff, belongs on the free list, for it is used by every maker of steel in the country. To him it is a necessity. Practically the only producer in this country is the United States Steel Corporation, and they can hardly be considered an "infant industry needing protection." The larger part of the ferromanganese used is imported.

If a duty is to be imposed ferromanganese should not be placed in the same classification as electrolytic alloys, but as a blast-furnace product in the classification with pig iron and spiegeleisen.

Further, it is inherently wrong and unfair to place ad valorem duties on commodities sold under contracts calling for long deliveries, where subsequently prices fluctuate and there is no standard to settle an absolute value on the material, while on a commodity like pig iron or ferromanganese an ad valorem duty would lead to endless trouble and dispute with the Government and great hardship to the

purchaser. The result would surely be increased cost of all steel products.

Also, as ferromanganese is a blast-furnace product and can be produced in this country, the proposed duty would immediately create a highly protected industry, which the present administration is pledged against.

We ask you to consider these arguments and to use your important influence to place blast-furnace products in the same classification—that is, ferromanganese with pig iron—and if a duty must be imposed that it be a specific and not an ad valorem one.

TAYLOR-WHARTON IRON & STEEL CO., HIGH BRIDGE, N. J.

APRIL 30, 1913.

1. The proposed ad valorem duty of 15 per cent is at the present market value of about $60 per ton, an increase of nearly 300 per cent over the present tariff of $2.50. We have paid at times as high as $120 per ton, which would be an increase in duty of more than 600 per cent. Ferromanganese is generally used by both steel makers and iron foundries and the makers of manganese steel require 1 ton of ferromanganese to approximately every 4 tons of output.

We employ about 1,500 men and are the oldest manganese steel makers in this country, having introduced manganese steel in the United States about 22 years ago. There are now several makers and the production is rapidly increasing. The unrivaled combination of great strength together with a most remarkable toughness makes manganese steel one of the best and safest materials for severe railroad track service, and it is also in great demand by the makers of safes and vaults for the same reason.

One of the makers who has followed our lead in the manufacture of manganese steel is the United States Steel Corporation, and they are the only makers of ferromanganese in this country. This increased duty is a heavy protection for them and as heavily against us, a corporation very small in comparison. Not only is the duty a protection to them on manganese steel, but it should enable them to sell ferromanganese in the open market, which they did several years ago.

2. Ferromanganese is a blast-furnace product because it is made in a blast furnace, and therefore should not be classed with the other ferro alloys made in crucibles. Any very big concern with blast furnaces at their command can, of course, undertake to make their own ferromanganese. The smaller concerns, such as ourselves, who would use not over one-tenth of a single furnace's output, can not, of course, do so.

3. The ad valorem duty in itself rather than a flat rate works a hardship because it augments the fluctuations in cost to us, already bad enough, and introduces a further gambling element.

4. The duty on our finished product has been materially reduced and we have a right to expect the same treatment on one of our principal articles of consumption; the proposed increase under the circumstances is an outrage. We are not asking for protection, but we do ask and have a right to expect that the Democratic Party will not enforce both protection and free trade against this growing industry and one which means so much to the safety of railroad travel.

EDGAR ALLEN AMERICAN MANGANESE STEEL CO. ET AL., BY JOSEPH D. GALLAGHER, JR.

Eighty per cent ferromanganese is to-day subject to a duty of $2.50 per ton.

The new tariff bill proposes to abolish the specific duty and impose an ad valorem duty of 15 per cent.

The present market price of 80 per cent ferromanganese, at tidewater, is about $60 to $61 per ton, due to the Balkan war. It has been as high as $120 per ton.

The price under normal conditions is from $40 to $45 per ton.

At present prices the Underwood bill increases the duty from $2.50 per ton to about $9 per ton, an increase of about 260 per cent. At the normal price it increases the duty from $2.50 per ton to $6.50 per ton, an increase of about 160 per cent.

The manganese ore, which is the base of ferromanganese, is widely distributed, but the principal deposits are found in Russia, India, and Brazil.

Ferromanganese is a compound of iron and manganese produced in this country, at all events, in a blast furnace.

Ferromanganese could undoubtedly be made in a crucible, or an electric furnace, but such methods could not in this country compete commercially with the blast-furnace method on account of cost.

There is only one large maker of ferromanganese in this country, and I am informed it is the owner of considerable deposits of the ore.

The benefit of this increase in duty, aside from the small revenue it will yield, will inure practically wholly to the large maker referred to, or such other large corporations as may have a blast furnace that can be devoted to the production of ferromanganese, and as can consume large quantities in its own manufacture.

There are two good reasons why this duty should not be raised; in fact, why ferromanganese should go on the free list.

I. The increase in the duty will fall most heavily on the small manufacturer and not at all on the largest in the country.

Ferromanganese is used to some extent in every iron foundry in the country making gray iron castings, and by this increased duty the cost of making these castings will be pro tanto increased in all of these thousands of foundries.

Ferromanganese is used in considerable quantities by the makers of steel, and by this increased duty the cost of every ton of steel made by the multitude of steel plants not making their own ferromanganese will be increased. The annual steel output amounts to 30,000,000 tons.

Ferromanganese is used in large quantities by the makers of manganese steel, who use a mixture containing from 20 to 25 per cent of 80 per cent ferromanganese. None of these makers of manganese steel make their own ferromanganese.

Every ton of manganese steel will be increased in cost $1.25 to $1.60 at the present price of 80 per cent ferromanganese.

Thus it is seen that every ton of gray iron or steel made in this country will be increased in cost except that produced by the large maker referred to (which will be cheapened, as manganese ore is placed on the free list), and excepting also the comparatively small amount of special steel not containing manganese, and the cost of

manganese steel, of which some 50,000 tons are annually produced in this country, will be increased $1.25 to $1.60.

II. The increase in cost of manganese steel will diminish the use of it by railroads in this country, and thus operate to reduce the safety of transportation.

Manganese steel is the one steel that combines toughness with hardness and can be produced at a cost low enough to warrant its use in track work. As a consequence, the railroads of this country for some years have been gradually introducing cast manganese steel into their tracks in the form of frogs and switches, crossovers, guard rails, and the like, where the service is severe and the danger of accident from breakage great.

Within the last few years a method has been discovered by which manganese steel can be rolled commercially into rails, and, as a result of this discovery, the railroads are able to use manganese steel rails on bad curves and along rivers and embankments where a broken rail is apt to result in great loss of life; and little by little, the sale of manganese steel rails has been increased, but with difficulty, owing to its high cost.

If now there is added to the already high cost of this track work this additional duty, the cost of all this manganese track work and rail will proportionately be increased and the time when railroad tracks will be made perfectly safe by the use of this unbreakable steel will by so much be deferred.

It will be seen from the foregoing brief statement of facts that ferromanganese is widely used and that one of its principal uses is in safety devices on the railroads of the country.

The increase in cost, therefore, is at the expense of every little foundry in the land and will tend to defer the general adoption of the safest steel for track work. I believe it has been said in debate in the House of Representatives that ferromanganese was in the nature of a "medicine for steel" and only used in small quantities. This, of course, wholly disregards the use of ferromanganese in manganese steel and, while in cast iron and ordinary steel it may be approximately true, it is a medicine which, like castor oil, is universally used.

Were foundrymen and steel makers throughout the country hurt by a reduction in duty, I would say nothing, but would be willing to suffer for the common good with the rest, but when it comes to being hurt by an increase in duty on a thing of such general use and so necessary for safety, I beg leave to protest against being injured in the house of my friends.

C. W. LEAVITT & CO., CORTLANDT BUILDING, NEW YORK, N. Y.

NEW YORK, *May 13, 1913.*

The CHAIRMAN FINANCE COMMITTEE,
United States Senate, Washington, D. C.

DEAR SIR: Referring to H. R. 3321, paragraph 104, page 27, now being considered by your committee.

In view of the fact that ferromanganese, ferrochrome, ferromolybdenum, ferrophosphorus, ferrotitanium, ferrotungsten, ferrovanadium, ferrosilicon, etc., are crude alloys required by steel works

throughout the United States in the manufacture of their finished product, the rate of 15 per cent ad valorem will compel the independent steel works to pay tribute to one or two manufacturers in this country who will have more or less of a monopoly of the domestic business.

Furthermore, owing to the difficulty of fixing a proper market value, we would respectfully urge that the alloys in question be given a specific rate of duty per ton or per pound, etc.

Under the Dingley tariff most of these alloys were admitted at the rate of $4 per ton of 2,240 pounds.

We would respectfully suggest that specific rates be given to the following alloys:

Ferromanganese, ferrosilicon, and ferrophosphorus, $5 per gross ton.

Ferrochrome, 1 cent per pound metallic chromium. On the average shipment of ferrochrome this would make a duty of about $14.50 per gross ton.

Ferrotungsten, 2 cents per pound of contained tungsten. On the average shipment of ferrotungsten this would make a duty of about $36 per gross ton.

Ferromolybdenum, 3 cents per pound of contained molybdenum. On the average shipment of ferromolybdenum this would make the duty about $53 per gross ton.

Ferrovanadium, 10 cents per pound of metallic vanadium.

On the average shipment of ferrovanadium this would make a duty of $67 per gross ton.

Paragraph 145: On magnesium and magnesium alloys of which magnesium is the component material of chief value we would respectfully suggest a rate of 10 cents per pound of metallic magnesium. This would eliminate all doubt on the part of the Treasury Department and would avoid unnecessary trouble to the buyers in this country.

The bulk of the importations of magnesium metal would thus pay a duty of $224 per gross ton, and this surely should be sufficient protection for any material, especially magnesium, which, under the Dingley tariff, was admitted free of duty.

If your good judgment should dictate an ad valorem basis of duty, then we would respectfully suggest a rate not exceeding 5 per cent ad valorem on all of the above metals and alloys. This rate would give the independent steel works an opportunity to meet the competition of the more favored works in this and other countries.

SOUTHERN WHEEL CO., BIRMINGHAM, ALA., BY C. C. ESDALE, MANAGER OF OPERATIONS.

BIRMINGHAM, ALA., *May 19, 1913.*

Hon. JOSEPH F. JOHNSTON,
United States Senate, Washington, D. C.

DEAR SIR: I notice that the new tariff bill proposes to abolish the specific duty of $2.50 per ton and impose an ad valorem duty of 15 per cent on ferromanganese, and inasmuch as you are familiar with the fact that all of the iron produced in the South contains only a small percentage of ferromanganese and in order for us to make cast-iron car wheels and high-grade castings it is necessary for us to add a

large percentage of ferromanganese to our mixtures to make wheels and castings that will meet the service tests required.

Knowing that you have the best interests of your district at heart, as well as that of the country at large, I am writing you, suggesting that instead of increasing the duty on ferromanganese that it be entered free. In our business it is a raw material that is absolutely essential to the manufacture of our products, and any increase in duty will most certainly increase the cost of manufacture, necessitating increased selling prices. Therefore, instead of benefiting the public, it will create an additional hardship.

Based upon present market price of ferromanganese, the additional cost to us would be approximately between $6 to $7 per ton.

Will therefore be pleased to have you lend your efforts, if you can consistently do so, toward at least not raising the duty, and, if possible, abolish it entirely.

SHIMER & CO. (INC.), 672 BULLITT BUILDING, PHILADELPHIA, PA., BY J. N. M. SHIMER, PRESIDENT.

PHILADELPHIA, *June 4, 1913.*

Hon. WILLIAM G. MCADOO,
Secretary of the Treasury, Washington, D. C.

DEAR SIR: Herewith inclosed find a memorandum that may give you some information on the subject of the duty on ferromanganese.

[Inclosure.]

Several reasons why the duty on ferromanganese fixed by the House of Representatives should be retained.

JUNE 2, 1913.

On the question of whether or not there should be a duty on ferromanganese I beg to submit for your information the conditions surrounding the manganese ore situation and the manufacture of the manganese ores into the several percentages comprising the usual marketable production, namely: Spiegel, and 30, 40, 50, 60, and 80 per cent ferromanganese.

First, as to the ore. For a number of years the main supply has been secured by Germany, France, England, and the United States from the Caucasian Mountains in Russia, Poti, on the Black Sea, being the principal shipping point, and Tiflis, inland, being the principal mart of this ore. Later, some deposits have been developed in India, Venezuela, Brazil, and Cuba. The ore mined in Cuba has principally come into the United States, but other than the Cuban deposits this country has had to compete with England, France, and Germany for its supplies. There has been a few hundred tons mined annually in Virginia and Arkansas; this, however, has mostly been used for grinding up for paints, arts, etc., and use in the oxide state rather than being used for metallic metal. Some years this has amounted to between 2,000 and 3,000 tons, but of late years it has become a negligible quantity.

During the latter part of 1911 and the early part of 1912 there has been developed in what is known as the New Cuyuna iron-ore range of Minnesota a substantial body of manganiferous ore, and during the summer of 1912 a shaft was sunk by the Cuyuna-Mille Lacs Iron Co. on this body of ore, and while there may be other bodies of this ore in the immediate vicinity of this mine, nevertheless up to the present time it is the only substantial body of manganese ore that is available for metallurgical purposes, namely, to smelt into spiegel and ferromanganese, and while the great body of this ore is not suitable for smelting into the most popular percentage of ferro alloys, namely, 80 per cent ferromanganese, nevertheless it can be used to manufacture the 60 per cent alloy, which is the most popular percentage in Germany, while the 80 per cent alloy is the popular percentage in England and here.

The seeking of a manganese ore supply has been going on without interruption for the last 25 or 30 years. It has been supposed to have been found in quantities so many times during this period, but owing to the natural erratic conditions under which this metallic substance is usually found, the frequent failure of these supposed de-

posits has produced a world of skepticism in the minds of all geologists and metallurgists in this country, to the extent that all confidence in a deposit of magnitude has disappeared. Nevertheless, at first the drill holes, and now the shaft, of the Cuyuna-Mille Lacs Iron Co. in Crow Wing County, Minn., has proven a very large body of ore, estimated at upward of 12,000,000 tons, to be in place at that point. Therefore, in so far as the ore is concerned, the industry is an infant one, and outside of a very limited amount of low-grade manganiferous ore developed in the mining of iron ores in the Menominee, Marquette, Gogebic, and Mesabi Ranges, and saved during the process of mining, and used for the manufacture of 20 per cent spiegel, together with a limited amount of residuum recovered during the manufacture of spelter, and manufactured into 20 per cent spiegel, there is no manganese alloy made at the present time from any ores other than those imported from Russia, India, Venezuela, Brazil, and Cuba; therefore the only other source known up to the present time is the Crow Wing County, Minn., ore.

The Caucasian ore is handled by small dealers, who buy it from the miners, and when they have a few tons, sell it to a larger dealer, and so on, from middleman to middleman, until it reaches the hands of the manganese ore trust, or Bund, of Tiflis, Russia, behind which stand the bankers and shippers at Poti. The group fixes the price of manganese ore for the world. This group would be powerful enough to reduce the price of ore or raise the price of ore at will, to conform to any duty that might be put on or taken off of manganese ore.

In view of the conditions in the Caucasian district; in view of the crude and expensive mining methods in India, notwithstanding the low price of labor; in view of the conditions surrounding the mining in Venezuela, Brazil, and Cuba, compared with the most up-to-date facilities for shipment of this Minnesota ore from Duluth, where the ore docks are perfect, in the transfer of ore to boat, and in view of the cheap lake transportation, whether or not you decide to protect this infant industry, so far as the ore is concerned, with a duty is really immaterial, because, with the modern facilities with which this American ore can be handled, the writer sees no reason why any particular duty should be requested at your hands, but we do most earnestly plead for protection on the manufactured articles, viz, spiegel and ferromanganese of the varying percentages.

There is only one important manufacturer of both spiegel and ferromanganese in the United States, who manufactures spiegel for their own use from their mines, outlined above, besides the manufacture of 80 per cent ferromanganese for their own use from imported ore.

It is no flight of imagination, but only ordinary business caution, to assume that the supply of manganese ore might be cut off for a period of more or less length by closing the Bosphorus, which would practically put the independent steel people of the United States at the mercy (tender mercy, if you please) of the manufacturers of ferromanganese of England and Germany. This would not be the case were the Crow Wing ore smelted in the United States.

The interest alluded to above has been manufacturing this 80 per cent ferro for the last 25 years. They have been, substantially, the only manufacturers of it in the United States; and with good business policy they have, as closely as possible, guarded the tricks of the trade in the method of its manufacture, and very properly. They would naturally view with some degree of interest the entrance of other manufacturers of ferro in the United States, because so long as they are compelled to import all their ore they have the natural profits of manufacture to their credit as against all other steel makers, who can only buy their ferromanganese at present from English or German makers.

We ask, with all deference, what would be the condition of the other steel makers were a general upheaval in Europe to stop the exportation of ferro.

Since the discovery of this Minnesota deposit of manganiferous ore the subject of smelting this ore in the United States has been given careful consideration.

There has been a transition period in the steel business of the United States, having for its object the ability to compete with the larger corporation by the other steel makers, where large blast-furnace interests have found it to their advantage to promote and erect finishing mills, and, contra, where large finishing interests have deemed it to their advantage to erect blast furnaces in connection with their finishing mills. The practices of the trade in the manufacture of steel having progressed to such a high state of economy that it became necessary for the preservation of the finishing-mill investment to have furnaces, and the furnace investment to have finishing mills, and in many cases a combination of the two interests has been accomplished for the purpose of the advantage of these economies.

In this process of transition there has been a percentage of small finishing mills left to struggle on without these economies, and a percentage of independent blast fur-

naces have been left to struggle without these economies, which, in the case of the latter works, have been mostly blown out, and the investment is now in jeopardy.

If your committee will take into consideration the protection of the manufacturer of ferromanganese and spiegel, by a duty commensurate, it is certain to result in having the American ore smelted in American furnaces. These furnaces are of the smaller type, but entirely suitable for the smelting of these ores, without any particular change of conditions, or further investments, to make them available. Where one of these furnaces heretofore has had a daily production of 300 tons of pig iron, the daily production of ferromanganese would be but 100 tons. Nevertheless, the labor would be the same as heretofore, the consumption of limestone would be the same as heretofore, and the consumption of coke would be very much in excess of heretofore, giving employment to thousands of workingmen in and about the furnaces, together with the necessary employment to dig the coal and make the coke used in connection therewith, besides protecting all steel concerns of the United States against any large advance in price of foreign metal. Last year the price of ferromanganese was from $39 to $40 per ton, Baltimore. This year the price is $60 to $65 per ton, Philadelphia or Baltimore. The steel makers of the United States did not get this $20 advance, but the German and English manufacturers of ferromanganese got it, or the manganese ore association of Tillis got it.

The present duty on ferromanganese has simply been productive of revenue. It has been no protection whatever and has not benefited the steel maker in the slightest. The amount is inadequate as a protection. The amount of 15 per cent ad valorem is proper protection, not only because the ore has been now discovered and the furnaces to smelt this ore are now lying idle, but, further, because it is in line with protection accorded to the manufacturer of ferrosilicon, ferrochrome, ferrotungsten, ferrotitanium, and ferrovanadium, on all of which a protection of 20 per cent ad valorem is accorded, notwithstanding, in the case of the ferrosilicon, the freight charges on this alloy, by reason of its unsafety as a cargo, are very much in excess of other ocean freights.

It may be further urged that by reason of the referred-to secrecy surrounding the smelting of these ores into the manganese alloys the available talent in the United States that is competent to prosecute the smelting of this American ore is quite limited and quite expensive to employ, together with the uncertainties of applying properly the necessary metallurgical skill to produce the marketable product. Without this skill it is strongly possible that months would go by before the proper skill could be made available, and the consequent offmetal made during this time would cause profits to go to the vanishing point, it being against the law to import such skilled workmen.

In conclusion, it is requested that the provision of 15 per cent ad valorem on ferromanganese in House bill No. — shall be retained, with a proper amount of protection for 20 per cent spiegel.

Yours, truly,

SHIMER & CO. (INC.),
J. N. M. SHIMER, *President*.

Par. 104.—PIG IRON, ETC.

FRANK SAMUEL, FIFTEENTH AND MARKET STREETS, PHILADELPHIA, PA.

[Underwood bill—Schedule C, Metals and manufactures of.]

106. Iron in pigs, iron kentledge, spiegeleisen, wrought and cast iron and scrap steel, 8 per cent ad valorem; but nothing shall be deemed scrap iron or scrap steel except second-hand or waste or refuse iron or steel fit only to be remanufactured; ferromanganese, chrome or chromium metal, ferrochrome or ferrochromium, ferromolybdenum, ferrophosphorus, ferrotitanium, ferrotungsten, ferrovanadium, molybdenum, titanium, tantalum, tungsten or wolfram metal, and ferrosilicon, 15 per cent ad valorem.

[Aldrich bill—Schedule C, Metals and manufactures of.]

118. Iron in pigs, iron kentledge, spiegeleisen, and ferromanganese, $2.50 per ton; wrought and cast scrap iron and scrap steel, $1 per ton; but nothing shall be deemed scrap iron or scrap steel except waste or refuse iron or steel fit only to be remanufactured by melting, and excluding pig iron in all forms.

184. Chrome or chromium metal, ferrochrome or ferrochromium, ferromolybdenum, ferrophosphorus, ferrotitanium, ferrotungsten, ferrovanadium, molybdenum, titanium

tantalum, tungsten or wolfram metal, valued at $200 per ton or less, 25 per cent ad valorem; valued at more than $200 per ton, 20 per cent ad valorem; ferrosilicon containing not more than 15 per cent of silicon, $5 per ton; ferrosilicon containing more than 15 per cent of silicon, 20 per cent ad valorem.

Attention is called to the above Schedule C, 106 (Underwood bill), in the proposed tariff bill on the ground that same is not a revision downward of the Aldrich bill, but in fact increases the duty to every steel works in this country, except the Steel Corporation, at the expense of the actual consumer and user of steel products. Taking as a basis for this statement, we would respectfully call the attention of your committee to the fact that during the year 1912 the importations into this country of ferromanganese were 99,135 tons, paying a duty of $2.50 per ton, or $247,837. During this same period the importations of pig iron were 17,009 tons, and scrap iron 23,430 tons, making a total of scrap and pig iron of 40,439 tons, paying a duty of $2.50 on pig iron and $1 on scrap iron.

On account of the very high price of the electrolytic products, and the fact of their being made in this country, and are used in a very small way for special purposes, the amount derived from the ad valorem duty imposed under the Aldrich bill amounted to very little. Under the proposed Underwood bill it will be seen, therefore, that taking the average price of ferromanganese during the year 1912, which was approximately $53 a ton c. i. f. English ports, the duty would be $7.95 per ton, or an increase of $5.45 for each ton of ferro imported into this country, or if the same tonnage is imported into this country in 1913 as in 1912 an increase of duty from $247,837 to $788,123.

It will be seen by the above that the duty derived from ferromanganese alone is greatly in excess of the duty of all other articles in this schedule.

Inasmuch as the duty has been changed from a specific duty of $2.50 a ton on pig iron to an ad valorem duty of 8 per cent, it is extremely difficult to know what reduction would be made in this commodity. In fact, as only the high-priced pig iron, under a special analysis, is imported here, it is difficult to see that there is any material reduction in duty on pig iron. It will be noted that the duty on scrap has been changed from a specific duty of $1 a ton to an ad valorem duty of 8 per cent. The average price of scrap during the year 1912 was approximately $12 a ton; consequently there is no reduction in duty on this article.

Therefore, from the above statements of facts, the proposed Underwood bill is not a lowering of the duty on an absolute necessity used by the steel makers, viz, ferromanganese, but is an enormous increase on this specific article. It is practically the only article in the above schedule that is imported largely into this country. It is therefore respectfully suggested that if a revision of the tariff downward is made in this schedule and it is desired that an ad valorem duty should be collected in place of a specific duty, that the following change should be made in this schedule:

Iron in pigs, iron kentledge, spiegeleisen, ferromanganese, ferrosilicon 14 per cent and under, silico spiegel—12 per cent silicon, 20 per cent spiegel—wrought and cast iron and scrap steel, 5 per cent ad valorem; but nothing shall be deemed scrap iron or scrap steel except second-hand or waste or refuse iron or steel fit only to be remanufactured; chrome or chromium metal, ferrochrome or ferrochromium, ferro-

molybdenum, ferrophosphorus, ferrotitanium, ferrotungsten, ferrovanadium, molybdenum, titanium, tantalum, tungsten or wolfram metal, and ferrosilicon 15 per cent and over in silicon, 10 per cent ad valorem.

Argument.—A change such as specified above would undoubtedly produce as much or more revenue than Schedule C, 104, of the new proposed tariff bill, for the reason that at the rate of 5 per cent, which would give ample protection to manufacturers of pig iron in this country, due to the fact that under the present schedule free ore is given them, it might be possible to import certain specific high-grade pig iron, which, on account of lack of ores, is expensive and difficult to produce in this country.

An ad valorem duty of 5 per cent on scrap iron would at times be a revenue producer and at the same time carry out the promises to the people of this country of a reduction in the tariff.

Placing 15 per cent ferrosilicon, 10 to 12 per cent silico spiegel, and ferromanganese in the articles taking a 5 per cent ad valorem duty is classing them with pig iron and with the other products made in an exactly similar way, but where the analyses of the items in question are different. Ferrosilicon, silico spiegel, and ferromanganese are nothing whatever but blast-furnace products made like pig iron, out of a different character of ore, which produces different analyses. Their appearance in many cases is similar to pig iron, ferromanganese alone being made purely and simply out of manganese ore instead of iron ore, both of which come to this country free of duty.

If ad valorem duties are considered best by the framers of the present bill, a duty of this kind and classing all blast-furnace products together will give a reduction in the duty and also give to the Government the maximum revenue which the above articles could stand. High ad valorem duties or a difference in an ad valorem duty on articles made in the same manner, with similar appearance, would undoubtedly produce fraud and be to the disadvantage of every importer who did business in an honest manner. There can be no possible reason for a difference in the ad valorem rate of duty between spiegeleisen composed of 20 per cent manganese and ferromanganese composed of 80 per cent manganese, and if it is the intention of the present framers of this bill to secure the maximum revenue from each item on the different schedules, it must be remembered that such an increase in duty would lead to the absolute reverse situation, as it would only create a most highly protected industry in this country, thereby destroying the very purpose that the framers of this bill would desire—of creating revenue.

Referring to the schedule in question, ferrosilicon 15 per cent and under is merely blast-furnace product containing a higher percentage of silicon than ordinary pig iron; on an ad valorem basis the Government would receive the additional duty from the higher cost of this grade of pig iron. Silico spiegel is an unclassified product, containing 10 to 12 per cent silicon and 20 per cent manganese, and is made in a blast furnace exactly similar to pig iron and ferrosilicon, with the difference that sufficient manganese ore is used, making it similar to spiegel, only containing a higher percentage of silicon. The difference in silicon in both ferrosilicon and spiegel only increases the cost of the pig iron to a moderate amount, and the difference in the ad valorem duties would give the makers in this country proper pro-

tection and give the Government the natural increase in duties due to the higher costs.

Ferro alloys made in electrolytic furnace are specified in the above clause. These products are imported in an extremely small way, with the exception of ferrosilicon, which has ranged in price in the past from $60 to $80 a ton, according to varying conditions. Under the tariff of 1897 the duty on this article was specific at $4 a ton, and under this duty there was a large importation of this article. When the tariff was changed from specific to an ad valorem duty, it created in this country a favored industry and in the last three years comparatively small quantities have been imported, as it has increased the duty from practically $4 a ton to 20 per cent ad valorem, or in the neighborhood of $15 a ton. A reduction of 5 per cent ad valorem, as proposed under the above schedule, would not be a sufficient reduction to be of any benefit to the consumer in this country or give any revenue to the Government. If a reduction was made to 10 per cent ad valorem, that would be ample protection for the producer in this country and at the same time produce a revenue.

The other electrolytic products in this class are imported in such a moderate way and are only used for special purposes that the duty makes little difference as far as either the protection of the manufacturer is concerned or as a revenue producer.

If a duty of 15 per cent ad valorem on ferromanganese, which, as above stated, is a blast-furnace product, goes into effect, it will have precisely the same effect as the change from specific duty of $4 a ton to an ad valorem duty had upon ferrosilicon, which was that the importation immediately fell off and instantly created a favored industry in this country. Both ferromanganese and ferrosilicon are necessities to every maker of steel, but, unfortunately, the fact remains that, while the duty is increased over 200 per cent on ferromanganese, the duty is only lowered under the proposed schedule 5 per cent upon ferrosilicon. The proportion of these two materials used by steel makers is 15 tons of 80 per cent ferromanganese to each 1 ton of ferrosilicon. So under the present proposed bill as now before the Senate there is a heavy increase and tax upon the making of steel, whereas it must be borne in mind that all articles of finished material have had a material reduction in duties.

Par. 104.—PIG IRON.

HOME MARKET CLUB, BOSTON, MASS., BY THOMAS O. MARVIN, SECRETARY.

Pig iron from India landed at San Francisco at $11.50 per ton—Present market price on coast for American pig iron, $21.50.

James A. Farrell, president of the United States Steel Corporation, in the course of his testimony in New York, May 13, said that pig iron could be manufactured in India and laid down in Calcutta at $5.88 a ton. He added that there was at present on the way in a vessel from Calcutta to San Francisco the first cargo of Indian pig iron ever brought to this country. The freight was $5.50 a ton, and under the new tariff this pig iron could be laid down in San Francisco at a cost of about $11.50 per ton.

Chinese pig iron could be laid down in San Francisco, under the new tariff, for $10.78.

The present market price for pig iron on the Pacific coast is $21.50.

The Japanese are to be prevented from owning land in California, but a hearty welcome is to be extended to pig iron from China and India.

The doors are closed to cheap oriental labor, but are swung wide open to the cheap products of that labor.

Par. 105.—SASHES.

INTERNATIONAL CASEMENT CO. (INC.), JAMESTOWN, N. Y.

FRIDAY, APRIL 25, 1913.

Hon. F. McL. SIMMONS,
Chairman of Finance Committee of Senate,
Washington, D. C.

HON. DEAR SIR: We beg to call your attention to a new industry in this State, that of steel casement sashes which are not generally used in this country, but are used in connection with certain styles of architecture and can not under any pretense be classed as a necessity but rather a luxury. We understand it is proposed to assess the duty on steel sashes at 12 per cent instead of 45 as heretofore. The proposed reduction of the sash bars will be very welcome, as the quantity used in this country is not large enough to interest the American steel rolling mills and we have been unable to have any of them undertake the rolling of the bars, but have been obliged to import them from abroad. The sashes made up from these bars, however, require the protective tariff, because the American-made sash would otherwise come in direct competition with the cheap labor market in England. These sashes have been imported from England for a great number of years and always paid the duty of 45 per cent ad valorem, and it is only under this protection that the industry in this country can hope to thrive. While the industry is small at the present time, it promises to give employment to a considerable number of men, most of whom would be skilled mechanics. Besides ourselves, there are one or two factories in Detroit that would be affected, and we are not sure but that it would have considerable bearing on the business of a local contemporary, the Dahlstrom Metallic Door Co.

The writer has been on both sides of the tariff fence in that he was raised in the steel sash business in England and came over to this country to create a market here and expecting an attractive future for this business decided to go into the manufacture of same in this country. This company has been formed for this purpose and the proposed reduction in the tariff would spell "Ruin" and would destroy what appeared such a promising opportunity for building up an American industry.

The writer will be very pleased to appear before an investigating committee to give detailed information regarding this matter as we can not understand how a finished article, not requiring any American labor and not being entitled to a consideration as a necessity, could ever have been placed in combination with steel bars which are

practically raw material, not being advanced in process of manufacture otherwise than the rolling.

We trust you will give this matter your early consideration and advise us the best way to proceed so that we may lay our facts before the proper authority.

CRITTAL C SEMENT CO., DETROIT, MICH.

DETROIT, *May 13, 1913.*

Hon. F. M. SIMMONS,
Chairman of the Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: At the suggestion of Hon. F. E. Doremus, of the House of Representatives, we wish to place before you our situation in reference to the new tariff legislation. In brief our standing is as follows:

Product.—Steel casement sashes and frames, with bronze fittings, welded at corners and furnished for use in high-class buildings, made from special steel bars rolled in Germany. The American rolling mills will not undertake to roll our special shapes accurately.

A new industry.—We were the first to undertake the manufacture of this product in the United States, starting April 1, 1912. A month or two later one other concern at Jamestown, N. Y., started up.

Competition.—Steel casement sashes and frames have been imported from England for years under the existing 45 per cent duty and no one in this country has dared to undertake their manufacture, even with this protection, until we started. The reason for this was that a large amount of skilled labor is required which can be obtained at from one-third to one-half the price in England. Our present competition is with our one United States competitor and with all the English companies.

Present duty.—See Schedule C, paragraph 199, 45 per cent ad valorem.

Proposed duty.—Will probably come under new Schedule C, paragraph 108, now changed to 106 under "Sashes" and "Frames," at 12 per cent ad valorem.

Wanted.—We would like to see the words "sashes" and "frames" stricken out from paragraph 106. We would then go back to the schedule which corresponds to the present law, paragraph 199, and means a reduction from 45 to 25 per cent.

We might struggle along under this reduction, but a reduction from 45 to 12 per cent will put us completely out of the manufacturing business.

Please advise whether or not you can do anything for us on the above.

DETROIT, *May 26, 1913.*

Hon. F. M. SIMMONS,
Chairman of the Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: Referring to our letter of May 13, we have thought best to cover the above protest more thoroughly, as follows:

Raw material.—Rolled steel bars in special shapes imported from Mannstaedt & Co., Kolk, Cologne, Germany. The American rolling

mills will not undertake to roll these difficult shapes, claiming their men are not skilled in the work and that it cuts down their production. Present duty on these bars is $0.004 per pound, cost of material f. o. b. Antwerp is $0.0297, making duty 13.7 per cent. Proposed tariff, Schedule C, paragraph 106, makes proposed ad valorem duty 12 per cent, or a reduction in our raw material of only 1.7 per cent.

Product.—Steel casement sashes and frames, with bronze fittings, welded at corners and furnished for use in high-class buildings. See attached cuts and list of installations. Note that these casements were imported until we started to manufacture within the last year. All steel is cleaned of scale and rust by pickling or sand-blasting before receiving paint or enamel.

New industry.—We were the first to undertake the manufacture of this product in the United States, starting April 1, 1912. A month or two later the International Casement Co., of Jamestown, N. Y., started up.

Capital.—Present paid-in capital, $69,000, all of which is owned by United States citizens.

Competition.—Steel casement sashes and frames have been imported from England for years under the existing 45 per cent duty, and no one in this country has dared to undertake their manufacture, even with this protection, until we started. The reason for this was that a large amount of skilled labor is required, which can be obtained at from one-third to one-half the price in England. The labor is by far our largest item of cost. Our present competition is with our one United States competitor mentioned above and with all the English companies.

Present duty.—See Schedule C, paragraph 199, 45 per cent ad valorem.

Proposed duty.—Will probably come under new Schedule C, paragraph 108, now changed to 106, under "sashes" and "frames," at 12 per cent ad valorem. This places our finished product in the same paragraph with our raw material, which is imported as noted above.

Wanted.—We should like to have the words "sashes" and "frames" stricken out from paragraph 106. We would then go back to the schedule which corresponds to the present law, paragraph 199, and means a reduction from 45 per cent to 25 per cent.

We might struggle along under this reduction, but a reduction from 45 per cent to 12 per cent will put us completely out of the manufacturing business.

Yours, very truly,

CRITTALL CASEMENT CO.,
C. W. DAVOCK,
Secretary-Treasurer.

Sworn to before me this 26th day of May, 1913.

[SEAL.]

JOHN G. WOOD,
Notary Public, Wayne County, Mich.

My commission expires November 16, 1913.

Par. 111.—COLD-ROLLED STEEL.

EMPLOYEES OF ATHENIA STEEL CO., ATHENIA, N. J., BY AUG. FORNELIUS AND OTHERS.

We, the undersigned employees of the Athenia Steel Co., of Athenia, N. J., desire to protest against the passage of the proposed tariff bill, H. R. 10, known as the "Underwood bill," inasmuch as the bill does not, in our opinion, give sufficient protection to American labor, especially in the higher finished grades of steel.

Point 1.—We feel that the change in duty in paragraph 118, page 31, on cold-rolled steel from 35 to 20 per cent ad valorem (a reduction of 45 per cent in rate) is not justified.

The domestic workmen in the cold rolling departments and tempering and polishing departments received from $18 to $22 per week against a weekly wage in such countries as Sweden, England, and Germany of from $9 to $10 per week, and as the cost of producing the higher grade material is about 70 per cent labor it can readily be seen that strong competition with the lower duty may make necessary a readjustment of wages.

We would further like to disabuse the minds of anyone who has the idea that the American workmen on high-grade steel can produce more per man per day than the foreign workman, for in a great many cases the American workman is a naturalized Swede, German, or Englishman, and, furthermore, the steel-producing machinery, such as rolling mills, etc., are imported from abroad or are made here from imported plans. This, of course, is not the case in the cheaper products. It can therefore be seen that the belief that the workman can get out a large production of the same grade of material in the United States with identically the same working equipments is a fallacy too transparent for further argument.

Point 2.—We feel that the reduction on tempered and polished material is too radical, for in addition to the 45 per cent reduction, from 35 to 20 per cent, the customary additional duty for more highly finished material is entirely omitted. In fact, the reading of the paragraph pertaining thereto (see pp. 28 and 29, par. 113, lines 7, 8, and 9) shows that this contention was thought of but afterwards ignored, for the lines referred to read—

> * * * blued, brightened, tempered, or polished by any process to such perfected surface finish or polish better than the grade of cold rolled, smoothed only, * * * 20 per centum ad valorem.

In the Payne bill paragraph 137, which corresponds to paragraph 113 in the proposed bill, provides as follows:

> * * * blued, brightened, tempered, or polished by any process to such perfected surface finish or polish better than the grade of cold rolled, smooth only, hereinbefore provided for, there shall be paid four-tenths of 1 cent per pound in addition to the rates provided in this section upon plates, strips, or sheets of iron or steel of common or black finish.

That our contention is correct, that the proposed reductions are too radical, is borne out by the fact that large importations of cold-rolled and tempered and polished material are made every year to this country and sold here, paying the regular 35 per cent duty plus additional duty of four-tenths of 1 cent per pound, together with ocean freight and handling charges, while the exports from this country of cold-rolled and tempered and polished material are

extremely light, practically no tempered and polished material being exported at all, showing clearly that while we are not able to compete in the foreign markets even of free-trade countries, foreign steel can and does compete with us here with the present 35 per cent duty and additional duty of four-tenths of 1 cent per pound.

We therefore respectfully request that the tariff on cold-rolled steel, paragraph 118, page 31, be amended to read 30 per cent ad valorem, and that paragraph 113, pages 28 and 29, be amended so that "sheets," plates, or strips of iron or steel, cold hammered, blued, brightened, tempered, or polished by any process to such perfected surface finish or polish better than the grade of cold rolled, smoothed only, shall pay four-tenths of 1 cent per pound in addition to rates provided on plates, sheets, or strips of iron or steel of common or black finish.

We have positions with the Athenia Steel Co. paying us a comfortable return for our labor, and we have purchased homes in Athenia, which we are paying for with the aid of the building and loan association, and in case of unusual competition from foreign manufacturer made possible by proposed tariff it will be necessary for our company to reduce wages in order to meet the lower prices which can be quoted by the foreign manufacturers, thus causing a serious hardship on us and interfering with our carrying out our obligations as we had hoped and planned.

We therefore ask that consideration be given to the above protest.

(The foregoing was signed by Aug. Fornelius and 185 others.)

Par. 112.—STEEL INGOTS, ETC.

COLUMBIA TOOL STEEL CO., CHICAGO HEIGHTS, ILL., BY E. T. CLARAGE, PRESIDENT.

CHICAGO HEIGHTS, ILL., *June 3, 1913.*

[Referring to paragraph 131 of Schedule C of the tariff act of 1909 beginning, "Steel ingots, cogged ingots, blooms and slabs, etc.," in connection with proposed new tariff as shown in paragraph 114 of the metal schedule.]

Tool steel, while forming a very important item of our metal industry, has not been separated for tariff purposes and has been classed under paragraph 131 of Schedule C with ingots, blooms, slabs, billets, etc. It would seem to us that this industry is of sufficient importance so that tool steel should be in a paragraph by itself, in which should be included material imported for the purpose of making tools, or sold as tool steel, regardless of whether made by the crucible, electric, open-hearth, or Bessemer process.

There are several concerns at present engaged in importing into this country a low-grade steel which they call tool steel, and which is made by the open-hearth or Bessemer process. This material under the proposed new tariff would come in at 10 per cent duty, whereas it competes directly with crucible tool steel made in this country which very properly should be protected by a duty of not less than 15 per cent. It is true that the quality of these low-grade Bessemer and open-hearth steels is not equal to the crucible steel with which they would compete, but the price at which they sell is sufficient induce-

ment to interest many buyers who are not exacting or who do not keep a close record of efficiency.

Since the proposed new tariff has been published, there has been great activity on the part of the importers of Bessemer and open-hearth Swedish steels to be sold as tool steel, and a number of new warehouses have been opened.

The Swedish Iron & Steel Corporation advertise that they have 5,000 tons in stock in New York. The product of a tool steel mill, making high grade tool steel, in this country will average about 1 ton per month for each man on the pay roll; consequently those 5,000 tons, if sold, represents 5,000 months' work and will deprive the American workmen to that extent. This would amount to one year's wages for 400 men and estimating five persons to a family, this would deprive approximately 2,000 American people of their means of support for one year.

There seems to be no provision in the proposed tariff for alloy steels made by other than the crucible process. Our suggestion would be that all alloy steels to be used or sold as tool steel shall be subject to a duty of not less than 20 per cent, regardless of the process by which they may be made.

We also suggest that all other steels made for and sold as tool steel, regardless of process by which they are manufactured, shall be protected by a duty of not less than 15 per cent, and all steel imported into this country for the purpose of making tools, or sold as tool steel, shall be stamped in the bar where possible, and if not, shall be labeled, tagged and billed by the name of the process by which it is made, as protection to the American consumer.

In this way the consumer will be advised whether he is being offered Bessemer, open-hearth or genuine crucible steel and will not be misled by any false statements; the steel manufacturers in this country will be protected from unfair competition by these Bessemer and open-hearth steels and the customhouse officials will be better able to classify steel for the purpose of assessing the correct import duty.

HOUGHTON & RICHARDS, 145 OLIVER STREET, BOSTON, MASS.

BOSTON, *May 20, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: We wish to enter our protest against the rate of 15 per cent on the second half of paragraph 112, page 30, lines 4 to 17, H. R. 3321, steel ingots, cogged ingots, blooms, slabs, bars, etc., steel made by the crucible cementation or electric process, with or without alloys.

This rate is too high. It should be 10 per cent. After long and exhaustive hearings on this question by the Ways and Means Committee of the Sixty-second Congress, that committee recommended 10 per cent, and that rate was put into H. R. 18642. It was agreed to by the Senate, and was in the bill which was vetoed by the President. We can see no reason why this rate should now be raised to 15 per cent.

The Payne-Aldrich bill raised the duties on high-grade tool steel very materially over the rates of the Dingley bill, which was supposed to be the acme of protection. The rate of 15 per cent now proposed by the House bill 3321, while it is a slight reduction from the Payne-Aldrich bill, is still an advance over the Dingley bill on high-grade tool steels, and we contend it is too high. The American tool steel manufacturers say themselves that they make the best tool steel in the world. They can make it cheaper than the foreign steels, so that they are able to and do export and sell large quantities of their steels in the home markets of the foreign makers.

Mr. Claridge, the president of the Columbia Steel Co., of Chicago. in a letter to the Iron Age, November 12, 1908, page 1380, said:

> European steel makers are at the tail of the procession. I have never yet analyzed a piece of European tool steel which could not be duplicated or excelled in this country by any one of a half dozen leading steel makers, and with much more uniformity in addition to being sold at a lower price.

Dr. Mathews, the head of the Halcomb Steel Co., which is controlled by the Crucible Steel Co. of America (the Tool Steel Trust), through stock ownership, says:

> An export business of considerable magnitude is being built up and American fine steels are being sold largely in Germany, France, and England, and even the fine steel centers of Soligen and Sheffield have been invaded with success.

Now, if they can make steel cheaper and better in this country, why do they need any protection at all? Our contention is that they do not need any protection, as they have an advantage of about 25 per cent in the cost of manufacture against the cost of our steel laid down here. If the Government puts on a rate of 10 per cent for revenue that gives the American manufacturer about 35 per cent protection, which we respectfully submit is not only enough, but more than enough.

President Wilson, in his message to Congress, says:

> We must abolish everything that bears even the semblance of privilege or any kind of artificial advantage.

We beg to say that there is no industry in the United States which has more "artificial advantage" given it by the tariff than the manufacture of tool steel. It has always had unjustly high and unnecessary protection. The Crucible Steel Co. of America, a combination of 13 mills, has also a controlling interest in one or two more mills through stock ownership, and is the principal beneficiary under this paragraph.

The slight reduction in the duty on tool steel from the Payne-Aldrich rate from 20 to 15 per cent is not in fair proportion to the rest of the bill, and we must respectfully submit that a rate of duty higher than that imposed by the Dingley bill is not in accordance with the vote of the people for a revision downward or with the platform of the Democratic Party pledging itself to tariff reduction. We therefore ask that you make this duty 10 instead of 15 per cent as fixed by the House.

B. M. JONES & CO. (INC.), 141 MILK STREET, BOSTON, MASS., BY JAMES A. WARREN, VICE PRESIDENT AND GENERAL MANAGER.

BOSTON, *May 19, 1913.*

Hon. F. M. SIMMONS,
Senate Finance Committee, Washington, D. C.

DEAR SIR: We wish to call attention to that part of the tariff contained in the last half of paragraph 112 as formulated by the Ways and Means Committee of the House of Representatives of the Sixty-third Congress.

It covers steel ingots, etc., made by the crucible process, and the rate of duty is made 15 per cent. We write particularly relative to a kind of crucible steel commonly known as high-speed steel. This is the most costly of all the steels in general use. It requires as a base the purest iron, usually Swedish charcoal iron. In the melting crucible are placed with this iron some of the rarer metals, such as tungsten, chromium, and vanadium. These rarer metals are almost invariably used in the form of an alloy with iron, known as ferrotungsten, ferrochromium, ferrovanadium, etc.

These alloys constitute a considerable portion of the cost of the finished product, and are so important that a paragraph was added to the tariff of 1909 to cover them.

Under the Dingley tariff all steels valued above 16 cents per pound were dutiable at 4.7 cents per pound, and with this protection the American manufacturers did a thriving business, we can not but believe. In fact, they were able, when the inducement was sufficient, to quote prices for high-speed steel which the importer would not meet if the foreign product had been on the free list.

We refer particularly to the bids made on navy-yard schedule 386, class 181, these bids being opened October 6, 1908.

This matter was explained in detail in pages 2016, 2017, and 2018, Volume II of Tariff Hearings of Sixtieth Congress.

At these hearings it was claimed that high speed steel was a new product, and consequently not known when the Dingley tariff was passed nor adequately protected by the Dingley rate of 4.7 cents per pound.

Rates were proposed by the American manufacturer which, under the thin pretense of affording needed protection, were nothing less than monopolistic attempts to exterminate the trade in foreign steels.

The Ways and Means Committee was urged to increase the Dingley rate of 4.7 cents per pound to 7 cents per pound for steels valued at from 20 to 25 cents per pound, and from that rate all the way up to 25 cents per pound for steel valued over 36 cents per pound. That is, a steel valued at 37 cents per pound would pay a rate of over 67 per cent.

This demand for enormous protection on the higher cost steels was later somewhat modified (?) to 45 per cent on steel valued at over 42 cents per pound.

It should be remembered that 45 per cent is the basket clause rate in the Payne tariff which is applicable to the highest type of manufactured steel or iron like fine tools, machinery, etc., not specially provided for. To ask for such a rate on bar steel, which is practically raw material to the man who consumes it, is a good indication for what the Crucible Steel Trust is working.

Compared with this we wish to call your attention to the statement of one smaller independent manufacturer of these steels who told the Ways and Means Committee that—

If you take the tariff off our raw material we shall be most glad to have it taken off the finished product.

His "raw material" was the ferro alloys which we have earlier mentioned herein and his "finished product" was the bar steel to which we are asking your especial attention. Here was one manufacturer who apparently was confident he could do business with no protection, and we hazard the guess that he was right.

The rates as finally settled by the passage of the bill showed advances of over 100 per cent on some values and large advances on all values.

We ask your careful consideration of this, for we believe that the question of reasonable protection for domestic manufacture and labor has had but little to do with the rates as fixed in the Payne tariff, but that shutting out foreign steels which form the greatest obstacle to as complete monopoly in crucible steels as exits in the cheap steels was the object at which the principal effort was directed.

We have briefly and incompletely gone into the genesis of the present rates of duty on crucible steels, which it is now proposed in the Underwood bill to reduce only about 5 per cent.

The Underwood bill of last year set a duty of 10 per cent on these steels, which, in our opinion, was ample protection.

In former tariffs no separation in paragraphs has been made of steels by whatever process made.

In the present tariff the American crucible-steel manufacturers seem to have largely concentrated their efforts on getting their steels into a separate paragraph and out from under the burden of popular distrust and dislike supposed to be directed at the present time toward the United States Steel Corporation, which makes the cheaper Bessemer and open-hearth steels, heretofore in the same paragraph with crucible steels.

Having practically accomplished this (although still in the same paragraph, No. 112, they are entirely disassociated from the cheaper steels), the effort to keep the duty on the crucible steels as high as the temper of Congress will permit logically followed, and the bill left the House with a rate set of 15 per cent, or 5 per cent higher than the Democratic Party's intention as submitted to the country in the Underwood bill of last year.

This brief is submitted as a protest against this change or any other upward change that may be attempted.

We wish to point out the intimate and nearly universal concern which about every man, woman, and, we might almost say, child has in crucible steel. It is one of the prime necessities in the operation of all manufactories which use tools and of the mechanic who earns his living therein. It is in the instruments of the surgeon who saves a life and in the needle and shears of the seamstress; it is in the penknife of the Senator and the jackknife of the farmer; in the tools of the carpenter, mason, shoemaker, and numberless other artisans; in the pick point and shovel point with which the laborer disrupts the streets; in the pen of the schoolboy and perhaps in that with which the President may veto or sign this tariff bill.

Crucible steel enters the daily life of all from the lowest to the highest, and any tariff burden laid on it is a burden on all—small, perhaps, on the individual, but enormous in the aggregate.

Par. 113.—STEEL WOOL, ETC.

AMERICAN STEEL WOOL MANUFACTURING CO., 451-453 GREENWICH STREET.

New York, *May 8, 1913.*

Hon. F. M. Simmons,
Chairman Finance Committee, United States Senate,
Washington, D. C.

Dear Sir: We beg to call your attention to the reduction in the House bill from 40, to 20 per cent on steel wool and steel shavings.

We engaged in the manufacture of this commodity in 1903. At that time the average price of this commodity was approximately 27 cents per pound, and the imported material was being sold to consumers here at that figure. Since that time a number of other concerns have engaged in the manufacture of this commodity in the Eastern States and in Ohio. This domestic competition with the foreign article, supplemented by improved methods of manufacture, and consequent reductions in cost, has gradually reduced the price to the consumer until at the present time the average price is below 20 cents per pound.

The average value of the foreign product is approximately 13 cents per pound, according to evidence of the importers adduced before the Board of United States General Appraisers.

We have carefully investigated the average costs in this country as compared with similar costs in Germany, and we find that our wages are more than double those paid abroad.

This commodity is manufactured from wire drawn in this country, and, owing to the peculiar nature of the product, the labor cost ranges from 70 to 90 per cent of the cost of manufacture of the different grades.

In view of the fact that the industry is a new one in this country and not yet fully established, it is respectfully submitted that the present rate of duty should be retained, as any reduction would not benefit the consumer, but only the European manufacturers.

For your further information, this material is used as an abrasive by painters, woodworkers, and other similar arts and trades.

We estimate the total annual consumption to be about 750,000 pounds. The importations in 1912 were 35,844 pounds, at a value of $7,021, on which a duty of $2,801 was collected.

It can hardly be the object of Congress to force us out of business or to force us, as the only alternative, to reduce wages, so as to be able to compete with foreign manufacturers.

We ask your cooperation to get for our trade what is justly due—protection for our working people, so they may earn a fair living, and for us, to enable us to compete with foreign goods.

Par. 114.—GRIT, SHOT, AND SAND.

PITTSBURGH CRUSHED STEEL CO., PITTSBURGH, PA.

PITTSBURGH, PA., *April 22, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: We beg to call your attention briefly to the new proposed paragraph 116 of Schedule C—Metals, and manufactures of—of the proposed new tariff bill.

The House committee has seen fit to change the paragraph in the Payne bill from a specific duty of 1 cent per pound to an ad valorem duty of 30 per cent, and changed the wording from "grit, shot, and sand made of iron or steel that can be used only as an abrasive," to to read "grit, shot, and sand made of iron or steel that can be used as abrasives."

We are one of only two manufacturers of metallic abrasives in the United States, the other company being the Globe Steel Co. of Mansfield, Ohio.

When we both appeared before them in person and through our briefs, we sought to impress upon them the great difficulty of distinguishing the grades, sizes, and characteristics of the material as it enters the port.

CHARACTERISTICS.

Iron shot and iron sand, as generally known, is a round cast-iron material. Grit, as generally known, is made either of round cast-iron particles or angular material. Heretofore the very large percentage of the imports was the round cast-iron product, but the imports are beginning to be made of the crushed cast-iron product, made into the angular material.

GRADES AND SIZES.

The grades vary both in the round and angular material, but particularly in the round, and as the prices in England and Scotland vary from the scrap, or off sizes (necessarily made, as explained in our briefs, in the producing of the finished article) from $9 per ton up to the less desirable and salable sizes of $15 per ton and the more desirable sizes of $25 and $30 per ton. Therefore, it is obvious that an application of an ad valorem duty for the purpose of assessing the tariff is a physical impossibility, unless every package of this material is opened (and as it is brought into the country in double burlap bags, which are either sewed or tied, of 100 pounds), you will therefore see how difficult it will be, if at all possible, and how expensive. It would, no doubt, cost the Government more to supervise the imports than the duties collected would amount to.

Again some of this material is by-product sizes and unsalable sizes, which are crushed into angular material. This crushing and resizing adds to the cost of the finished angular material. Such product, of course, should be invoiced at the increased price, as against the round or globular material, known as shot. As the finer sizes of both the round and angular material are hard to distinguish from each

other by the unpracticed eye, you can readily see the danger there and the need for having a specific rate, whatever it may be.

Further, in the wording of the paragraph as it reads under the Payne bill, qualifying its use, "that can be used only as an abrasive" has lead to the actual protesting by the importer of every invoice that has been brought into the United States since the enactment of the act, his contention being that it can be largely used for other purposes, not yet proven, but has been the source of a very extended litigation, covering the taking of testimony numerous times at Boston, St. Johnsbury, Vt., New York City, Chicago, and on the Pacific coast, and the case is still pending and has been reopened on the part of the importer through his counsel at least three times, and testimony was taken again last week and will be taken this week in New York City, on statements made by counsel for the importer, which are absolutely misleading and not warranted by facts, which could have been easily proven without putting the Government and the American manufacturers to this great inconvenience and expense.

We therefore beg of you to please note that there is nothing to be gained by qualifying the use of the material and it will simplify the whole question by leaving out any reference to its use, and our earnest request is that the wording of the paragraph should be changed to read as follows:

> Grit, shot and sand, round or angular, made of iron or steel, by whatever name known, ¾ cent per pound.

We have petitioned them, as did the Globe Steel Co., the other manufacturer of metallic abrasives, to make the duty 1 cent per pound, as it now is, feeling that the evidence which we put before them justified the same; and also that during the period of the 1-cent per pound duty the imports have increased 15 per cent and the price to the consumer on both the round and angular material has decreased and was sold for less money than at any time before for corresponding sizes, thereby giving the Government a larger revenue by the increased importation and a lower cost to the consumer.

If it were not for the difficulty of the ad valorem application we would gracefully accept an ad valorem duty against the specific duty, but for the above reasons it would be very injudicious to consider anything but a specific duty.

THE GLOBE STEEL CO., MANSFIELD, OHIO.

MANSFIELD, OHIO, *May 1, 1913.*

Hon. F. M. SIMMONS,
Committee on Finance, United States Senate,
Washington, D. C.

SIR: We are one of only two manufacturers of metallic abrasives in the United States and respectfully call your attention to the following:

Payne bill reads:

> Grit, shot and sand, made of iron or steel that can be used only as an abrasive

Proposed bill reads:

Grit, shot and sand made of iron or steel that can be used as abrasives.

Change desired:

Grit, shot and sand, round or angular, made of iron or steel, by whatever name known, ¾ cent per pound.

Litigation under Payne bill.—The use of "only as an abrasive" under the Payne bill has caused the importers to protest every invoice, alleging other uses, and caused extensive litigation, hearings, and testimonies at New York, Boston, and on the Pacific coast. The case has been reopened by the importers three times and is still pending.

Specific duty advisable owing to nature of the material.—Under the Payne bill a specific duty of 1 cent a pound was easily calculated and collected; and the product being sold by weight and arriving in 100-pound bags, does away with the market value, or measuring the different size materials.

Objection to proposed bill, ad valorem 30 per cent.—There are 20 sizes, ranging from iron dust to a small pea, part round and part angular, by being crushed, and each size sold abroad at different prices. It is necessary to open each package, which is in double burlap bags, determine the exact size (if crushed, by a microscopic test), and fix a value based on the fluctuating market of pig iron.

Proposed bill, 30 per cent ad valorem.—For quarter ending December 31, 1912, 200 tons were imported, valued at $5,626, or $28 per ton; 30 per cent is $8.40 per ton, against $20 at present. Under the present law imports have increased 15 per cent and consumers' prices have decreased 15 to 20 per cent. We have heretofore asked for a continuance of the present specific duty of 1 cent per pound, but, being familiar with the difficulty of an ad valorem duty which was the law prior to the Payne bill, we would urge the use of a specific duty on this commodity, even at three-fourths cent per pound.

Twenty-five per cent reduction to three-fourths cent per pound.—At three-fourths cent per pound a reduction of 25 per cent is made and the revenue to the Government would be greatly increased. In our opinion the revenue derived from a specific duty of three-fourths cent per pound on the amount imported under such a law would be greater than the revenue derived from an ad valorem duty of 30 per cent on the importations of the whole consumption of the United States.

HARRISON SUPPLY CO., BOSTON, MASS.

BOSTON, MASS., *April 11, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

DEAR SIR: Under the Payne Tariff Act the above merchandise was classified under Schedule C as paragraph 133. This paragraph read:

Grit, shot, and sand, made of iron or steel, that can be used only as abrasives, 1 cent per pound.

In considering the subject of duty assessment on the above merchandise we wish your committee would take into consideration the following positive facts:

First. The duty under the Payne Tariff Act has worked a great hardship on every consumer of shot, grit, or iron sand in the United States for four years. In your own State there are approximately 94 concerns who have occasion to use this material for working stone, and in purchasing grit, shot, or iron sand every consumer is paying under the Payne Tariff Act the lowest rate of duty. 72 per cent, and the highest rate, 220 per cent, duty; and this notwithstanding the fact that there is but 1 domestic shot manufacturer, who sells his merchandise at a much lower price than the cost to import the foreign material made by 5 different concerns abroad.

For several months past a very large number of the consumers of grit, shot, and iron sand have personally protested to Chairman Underwood of the Ways and Means Committee against the excessive duty that had to be paid on the merchandise. The National Association of Granite Industries of the United States, comprising a membership of more than 450 of the most reputable granite manufacturers in the entire country, protested vigorously against the unjust duty paid under paragraph 133 of the Payne Tariff Act.

The Quincy Granite Polishers' Association, of Quincy, Mass., sent a personal representative with a protest before the Ways and Means Committee at Washington. The largest consumers in the country have repeatedly and most vigorously protested and insisted upon the duty being removed entirely from this material, and they certainly had good reason for doing so.

As stated previously, there is but one concern in the United States manufacturing shot. This concern is known as the Globe Steel Co., of Mansfield, Ohio, whose manager, under oath, before the Ways and Means Committee at Washington on January 14, in answer to a question from Congressman Harrison as to the average cost of producing their shot, stated it was $32.18 per ton. This was a positive misstatement from the very fact that the same concern is selling their shot delivered in Great Britain at $31.50 per ton, all charges paid to the consumers' door, and they are selling this merchandise through a jobber in Great Britain, whose commission must be at least $2.50 per ton for handling the goods. The freight charges from Mansfield, Ohio, to Dewsbury, England, and from Dewsbury, England, to the consumer's door will average $12.90 per ton, leaving but $16.10 per ton for the manufacturer as his selling price at Mansfield, Ohio; in other words, the domestic manufacturer is getting $16.10 per ton on all shot that they sell to the foreign consumer. For this same material they charge the domestic consumer from $35 to $45 per ton f. o. b. their works, Mansfield, Ohio.

The Globe Steel Co., in making shot, have some outside sizes or large sizes that they can not sell or consume. These sizes they sell to the Pittsburgh Crushed Steel Co., of Pittsburgh, Pa., who purchase these outside sizes, crush the material and sieve it into various sizes, and sell it as angular grit or broken shot.

The Pittsburgh Crushed Steel Co., in a sworn statement to the Ways and Means Committee at Washington, in January, said that their crushed shot or angular grit cost them $49.25 per ton to produce at Pittsburgh, Pa., and in the face of this sworn statement they are daily selling their angular grit or broken shot to the consumers in Great Britain at less than $40 per ton delivered to the consumers'

door. They have freight charges of $12.90 from their factory to their jobber in England and from the jobber to the consumers' door to pay. The jobber is making at least $5 per ton for handling the material, or a total expense of $17.90 per ton to be deducted from $40, showing that they are actually getting $22.10 per ton at their works at Pittsburgh for the same merchandise that they sell to the consumer in the United States at $60 per ton, no matter what size is purchased. In the face of these facts is it possible for the concern to sell merchandise at $22.10 per ton to the foreign consumer when the goods are costing them $49.25 per ton to produce at Pittsburgh?

The Pittsburgh Crushed Steel Co. also manufacture another product, known as diamond crushed steel. They have had for nearly 20 years a monopoly on diamond crushed steel. They have the monopoly to-day. They are charging the American consumer for diamond crushed steel $140 per ton, which is the lowest price they charge for the material, and they charge as high as $200 per ton for the same goods to the American consumer. This same diamond crushed steel they sell to the consumer in Great Britain at less than $100 per ton, delivered to the consumers' door The freight charges from Pittsburgh to Great Britain and to the consumers' door will average $12.90 per ton. The jobber in Great Britain is certainly getting at least $10 per ton for handling the merchandise, leaving a price of $77.10 per ton for the Pittsburg Crushed Steel Co. for their product at their factory in Pittsburgh, Pa., and for the same product that they charge the American consumer $140 per ton, which is their lowest price.

The Pittsburgh Crushed Steel Co. and the Globe Steel Co. make the positive statement that they can not possibly live if the duty is entirely abolished on grit, shot, or iron sand, and this is a misstatement, pure and simple, from the very fact that the duty in no way affects diamond crushed steel. As stated previously, it is an article upon which the Pittsburgh Crushed Steel Co. have a monopoly, and if the duty were entirely removed on shot and broken shot or angular grit the American producers would be still underselling the foreign importers, from the very fact that the Globe Steel Co.'s average price for 1912 was exactly $27.15 per ton for their merchandise at their factory, according to their own figures given to the Ways and Means Committee at Washington on the quantity they produce and the price they are paying for the material.

Now, all importers are paying at the lowest $30 per ton for the shot they import at the factories abroad. The average freight rate from the factory to Boston is $6 per ton, including charges, so that the merchandise to importers must cost them at least $36 per ton, without paying any duty, f. o. b. Boston, New York, or Philadelphia, proving conclusively that if the duty were entirely abolished on shot, grit, or iron sand the domestic manufacturer could and does undersell the importers. On broken shot or diamond grit the cost would be $10 per ton more than the above-named prices.

When the Payne Tariff Act was being passed the committee was, without a doubt, deceived, otherwise they never would have put on the prohibitive duty that was charged under paragraph 133; and we sincerely trust that you will under no consideration allow the Globe Steel Co. or the Pittsburgh Crushed Steel Co. to deceive your committee in any way whatever when this paragraph is being considered.

There are in the United States something like 12,000 concerns who are affected by the duty on shot, grit, or iron sand, and these concerns employ more than 100,000 workmen.

The writer of this letter met the manager of the Globe Steel Co. quite recently, and he informed the writer that for three years on account of their inexperience in manufacturing shot they sustained heavy losses in not being able to produce the correct quality. That last year they succeeded in perfecting their shot and producing an article of first-class quality. The profits from last year's business enabled them to pay 6 per cent interest on their investment of $30,000 capital; enabled them to charge off the losses sustained from the three previous years; allowed them to pay fancy salaries to their managers and employees; enabled them to charge off over 25 per cent for depreciation of plant, machinery, and tools; and also enabled them in addition to pay a dividend of 10 per cent on their capital stock; and all this was done from the profits gained in their business during 1912, and was done in the face of the fact that the average selling price was $27.15 per ton to the consumer.

We claim now, and have always claimed, that the duty on this merchandise should be entirely abolished; first, because there are only about seven individuals employed in the Globe Steel Co.'s plant; second, that the Pittsburgh Crushed Steel Co., who crush Globe shot and make angular grit, employ about three individuals for this purpose, making 10 individuals in all employed in the United States in the manufacture of both shot, broken shot and angular grit; whereas the duty affects nearly 100,000 workmen who have occasion to either use shot or are employed in works where the material is used.

If we must pay a duty of, say, 10 per cent, we are willing to do so, but under no consideration should the duty on this material be higher than 10 per cent. If the duty is 10 per cent, it will enable us to create new markets for both shot, broken shot or angular grit, that can not be created at the present time on account of the excessive prices we must charge for the merchandise.

We regret the necessity of taking up so much of your time, but we want to write you quite fully, so that we will not have to bother you again in the future. We sincerely hope that you will keep this letter by you when the paragraph is being considered, and if you want further data or information on the subject, we respectfully refer you to Mr. Underwood personally or to any member of his committee, who have a very large amount of valuable data pertaining to both shot, broken shot, and diamond grit.

HARRISON SUPPLY CO., 5 AND 7 DORCHESTER AVENUE EXTENSION, BOSTON, MASS.

BOSTON, MASS, *May 15, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: Within the past few days it has been brought to our attention very forcibly that the testimony we gave before the Ways and Means Committee and the data supplied by us and by several

hundred consumers throughout the country to the Ways and Means Committee is trying to be discredited by the only manufacturer of shot in this country, viz, the Globe Steel Co., and their enterprising and industrious cooperators, the Pittsburgh Crushed Steel Co., represented by W. L. Kann.

These people used the same tactics when the Payne tariff act was being prepared, with the result, to use their own expression, they "put one over on the importers" when this paragraph was being considered by the Senate, with the result that on a crude, artificial abrasive, which our shot and broken shot is, the lowest duty we have to pay is 72 per cent, and as high as 224 per cent at the present time, which is an outrage, to say the least.

Now, we have given you positive information on this subject, and we sincerely trust you will consider fully the information given when you take up Schedule C, and especially paragraph known as 114 in H. R. 3321, dated April 21, 1913, which reads:

Grit, shot, and sand made of iron and steel that can be used only as abrasives, 30 per cent ad valorem.

We brought to the attention of Mr. Underwood personally that 30 per cent is too high a duty on this merchandise for several reasons:

First. The Globe Steel Co., the only manufacturers of shot in the United States, are to-day selling their shot at a less price than we could sell the same class of imported merchandise if the duty were entirely abolished.

Second. The Globe Steel Co. are selling the Pittsburgh Crushed Steel Co. their shot on an average of from $8 to $10 per ton (this statement of cost is absolutely correct and was given to the writer personally by Mr. Bacon, the general manager of the Globe Steel Co. only recently), so that their crushed shot or angular grit, as they call it, is not costing them $20 per ton to manufacture and to prepare for the market.

Now, the importers must pay a minimum of $41 per ton for broken shot or angular grit at the foreign factories and have freight to pay to Boston or New York or any other American city, to say nothing of duty.

The Ways and Means Committee have been advised by nearly 500 reputable manufacturers in different parts of the United States, who employ at least 20,000 men, of the injustice of a duty on either shot, grit, or iron sand. We are writing this letter to you so that you can handle this subject intelligently when it comes before you.

We again protest at the rate of 30 per cent, notwithstanding the fact that the Globe Steel Co. and the Pittsburgh Crushed Steel Co. are trying to persuade you to raise the duty to an even higher figure, which is positively absurd. The duty on this merchandise, if 10 per cent, will be considered high.

It is not our desire to go to Washington, the same as our competitors have been doing, and bother you, because we know that you are extremely busy, especially at this time, but we do wish you to keep this letter before you when the subject is under consideration. In doing so we realize that you will be guided by an absolutely honest motive in determining the rate of duty on this merchandise.

Par. 116.—WIRE.

THE WEBB WIRE WORKS, NEW BRUNSWICK, N. J.

NEW BRUNSWICK, N. J., *April 30, 1913.*

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: From a copy of the proposed tariff bill just received we learn that the rate on music wire is fixed at 20 per cent (par. 114). This is a reduction from 35 per cent as at present, and the present tariff made a reduction from 45 per cent. We will, if the proposed new tariff be enacted, have had a reduction from 45 to 20 per cent within four years, or rate cut in half. Competition with foreign makers is very keen under the 35 per cent rate, and with the 20 per cent duty foreign manufacturers will be able to quote even much lower figures.

The making of music wire is a peculiar industry in this much—we have to go abroad for our raw material. The Swedish ores are the only ones as far as known in the world from which steel can be made for the best quality of music wire. The German makers, at present our keenest competitors, are near the source of supply, and the ocean freight on their wire is fully balanced by the freight on our steel. We are, therefore, in that particular on only an even basis with foreign makers, a position not true of makers of common wire. This, together with the fact that the labor charge in the manufacture of music wire is the largest item, has not, it seems to us, been considered in making the rate 20 per cent. A further evidence of this is that the rate on crucible steel rods has been placed at 15 per cent, which under present market prices is about $1\frac{1}{10}$ cents per pound, against six-tenths cent a pound under the present tariff, therefore nearly doubling the duty on raw material.

We believe this matter will have your careful consideration and trust that you will feel warranted in endeavoring to have the rate on wire valued at more than 9 cents a pound placed at 35 per cent ad valorem.

Par. 116.—WIRE HEDDLES.

F. A. CHASE & CO., 253 WEST EXCHANGE STREET, PROVIDENCE, R. I.

PROVIDENCE, R. I., *April 26, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: We earnestly protest to your honorable committee against the drastic and unjust reduction in the tariff on wire heddles, Schedule C—Metals, and manufactures of, paragraph 118—as proposed in the tariff bill now pending in the House of Representatives, which duty has been reduced from a present tariff of 25 cents per thousand specific and 40 per cent ad valorem to 25 per cent ad valorem.

The reduction proposed in the new House bill is so severe that it could not fail to work serious injury to the heddle industry in the United States, and we earnestly urge your body to modify the proposed reduction so that the new tariff may be fair and equitable and such as will not cripple our industry.

Your petitioners presented a brief to the Committee on Ways and Means, which brief was duly printed on page 1, hearings before the Committee on Ways and Means on Schedule C, January 10, 1913. In this brief your petitioners proposed that the present tariff could be moderately reduced, and proposed that the new duty be made 25 cents per thousand and 25 per cent ad valorem, the reduction consisting of the substitution of a 25 per cent ad valorem for the present 40 per cent ad valorem, but to retain the present specific duty of 25 cents per thousand.

The retention of the present specific duty of 25 cents per thousand in combination with an ad valorem duty seems to your petitioners wise, both from a revenue basis and in the securing of a reasonable measure of protection to American labor and capital invested in the business.

Should, however, the matter of specific duty not be in accord with the wishes of your committee, your petitioners would suggest an ad valorem duty of 40 per cent on wire heddles. The change would then consist of the elimination of the present specific duty altogether and the retention of an ad valorem duty of 40 per cent, which will give the industry a fair and equitable rate, both in the interest of consumer and producer.

Selling prices prevailing in the United States are fair to consumer, and yield but a moderate return on the capital invested, and the industry is conducted on a highly competitive basis. The principal factor involved is the cost of labor, and a careful investigation by your petitioners of the best shop practice prevailing in Europe show as highly organized and well equipped plants as our own—no better, however—and with a labor cost one-third that of ours.

The duty proposed in the new House bill furthermore admits of but the slightest differential between the duty on our raw material, wire at 20 per cent and heddles at 25 per cent, and is wholly insufficient to sustain the business in competition with foreign makers who possess the decided advantage of much cheaper and quite as efficient labor.

The duty proposed in the new House bill appears, too, quite inadequate when compared with other items in the metal schedule, many of which are not of so highly finished a character, but which carry materially higher duties than has been accorded our product.

Your petitioners feel sure, from a thorough knowledge of manufacturing conditions obtaining in Europe, that it would be impossible to maintain successful competition with European makers on the basis proposed in the new House bill, and earnestly pray your committee that the duty be made such as will accord us a fair and reasonable tariff, based on competitive conditions.

We therefore earnestly ask that your committee will carefully consider this duty, and grant us a tariff on wire heddles of 25 cents per thousand and 25 per cent ad valorem, or 40 per cent ad valorem.

Par. 116.—WIRE CLOTH.

NATIONAL EXECUTIVE BOARD OF AMERICAN WIRE WEAVERS' PROTECTIVE ASSOCIATION, BY E. E. DESMOND, SECRETARY AND TREASURER, 27 WOODLAND AVENUE, WOODHAVEN, N. Y.

WOODHAVEN, N. Y., *May 15, 1913.*

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

GENTLEMEN: The above-named association composed of bronze, copper, and brass wire-cloth weavers of the United States, desire to call to your attention the bill known as H. R. 3321—the tariff.

In this bill we find under paragraph 169 that products of our industry have been placed in the basket clause of said paragraph and wish to point out to you this injustice. In the aforesaid paragraph the duty has been placed at 25 per cent ad valorem, as against 45 per cent ad valorem in the bill now in force, paragraph 199.

It is to this injustice that we desire to call your attention, and do not think it possible under the present conditions that any reduction in the tariff on bronze, copper, and brass wire cloth of the kind herewith attached, if your honorable body is made acquainted with the facts of this industry as we know them.

First. We desire to impress upon your committee that we represent the workmen employed in this industry, which number over 3,000, and feel that the lowering of the tariff will bring on disaster to the trade.

Second. At the present time we are feeling foreign competition, even at the 45 per cent duty, and have suffered a 20 per cent reduction within the last few years owing to the foreign wire manufacturers invading our markets. We have also lost considerable time from employment through this invasion.

Third. This industry consists of 13 factories located in New Jersey, Massachusetts, Ohio, New York, and Wisconsin, and the main line of manufacture is wire cloth of the kind herewith attached. The lowering of the tariff can not prevent monopoly in this industry, being none but independent competition, and is a legitimate business. No trust, trade agreements, or combination exists, therefore the lowering of the tariff, especially the way it has been unscientifically based, is an injury to the industry.

Fourth. We have been assured that no legitimate industry would be disturbed where independent competition existed, yet the severe reduction as prescribed in the "Underwood bill" against ours, that is legitimate, is not in faith with those assurances.

Fifth. As small as our industry may appear to your committee, it can be shown that it has taken years of hard work to place it to-day among the trades of high class and stability and, now when it is on its upward trend, is about to be embarrassed by a tariff so low as to allow foreign manufacturers of wire cloth, of this kind attached, to usurp our trade in time if, by increasing their plants, can do so for the American trade while the American manufacturer has no foreign market.

Sixth. For several years there has been importations of foreign wire cloth of the kind attached, which has caused a reduction in

wages and also our loss of employment, as stated, and the importations are ever increasing. The average wages paid the German weavers is about $9 per week of 60 hours; the average wages paid the British weaver is about $12 per week of 60 hours, while the American weaver averages about $24 per week of 50 hours. The duty of 45 per cent is none too high when it is shown that with the wages paid abroad against wages paid here the foreign manufacturer has the advantage. A large part of the brass wire cloth which is made here is confined to three sizes, namely, No. 60, No. 70, and No. 80. We can take No. 60 as a fair example of the cloth woven here and the prices that govern. The wire is bought in a size which is called No. 22 gauge and costs, delivered, about 6 cents per square foot. The labor of drawing, spooling, and weaving this cloth into the finished product, sewing into what are called endless wires, boxing, and delivering to freight station, varies from 15 cents to 15½ cents. The actual labor cost is very close to 12 cents per square foot. The other 3 cents to 3½ cents is material used in drawing, diamond dies, etc., so it can be found that the actual cost, not including overhead expenses, is very close to 21 cents, thereby leaving but a small profit to the American manufacturer. The market price of No. 60 varies from 22½ cents to 24 cents per square foot.

Seventh. We have endeavored to ascertain the amount of imports for the past three years through the customs authorities, and also the department of the census, but can not do so, owing to the fact that our class of goods are entered, or classified, as "manufactures of brass or copper" and subject to paragraph 119.

Eighth. In conclusion we ask that we wish to be classified by ourselves, so that the statistics of our industry will be accurate and complete, and that our labor have the tariff protection it deserves.

Par. 169.—WOVEN WIRE CLOTH.

NEUMEYER & DIMOND, 82 BEAVER STREET, NEW YORK, N. Y., BY CLARENCE W. DE KNIGHT, WASHINGTON, D. C.

THE FINANCE COMMITTEE,
United States Senate.

GENTLEMEN: Fourdrinier wires, known as woven wire cloth, will come under the classification either of paragraph 116 or 169 of the Underwood bill, which provides a duty of 20 per cent and 25 per cent ad valorem, respectively.

The American Wire Weavers' Protective Association and domestic manufacturers ask an increase in this duty as contained in the paragraphs above mentioned.

We are opposed to any such increase.

The statements made by the American Wire Weavers' Protective Association in their brief, to be found on page 1257 of the tariff hearings, also in their brief filed with the Finance Committee relative to the labor cost in the mills of Europe, are not in accordance with facts.

In support of our contention we respectfully submit for your consideration exhibits of certified facts. These exhibits, which we append hereto, are as follows:

Exhibit A. Cost sheet in the mills of Europe, showing the cost of raw material, weaving, packing, freight, and overhead charges on Fourdrinier wires, known as woven-wire cloth.

Exhibit B. Translation of letter from Messrs. Martel, Catala & Cie, dated April 15, 1913, giving details on the labor cost in Germany.

Exhibit C. Sworn statement before Milo A. Jewett, consul of the United States at Kehl, Baden, Germany, made on the 28th day of March, 1913, by Mr. J. Martel, partner of the firm of Martel, Catala & Cie, Schlettstadt, Alsace, Germany, giving labor cost per square foot in Germany.

Analysis of Exhibit A shows data pertaining to costs in Germany for No. 60 mesh, as outlined in column 1 below. We take No. 60 mesh as an example because it is the same as used by the American Wire Weavers' Protective Association in their examples. Column 2 shows figures for corresponding items taken from statements contained in the briefs of the American Wire Weavers' Protective Association, as representing costs in America. The latter show great discrepancies in the cost of labor for weaving and in costs of packing, rolling, freight, etc. Column 3 shows costs in America as corrected by Mr. Martel, of the firm of Martel, Catala & Cie (see Exhibit C), on basis of foreign efficiency.

Comparative costs of No. 60 mesh per square foot in Germany and the United States.

Items.	(1) Germany, from Exhibit A.	(2) United States, compiled from brief American Wire Weavers' Protective Association.	(3) United States, corrected on German efficiency.
Raw material	$0.0880	$0.060	$0.060
Labor, etc., weaving	.01764	.0525	.0248
Labor and materials packing and rolling	.00762	.10	.0155
Freight	.00357		
Factory cost	.11683	.2125	.1103
Overhead	.00812		.0129
Total cost	.12495		.1232

The selling price in America being 0.2225 cents per square foot proves the fallacy of the figures in column 2, which column shows the factory cost virtually the same as the market price. Nevertheless, the figures are supposed to represent factory costs without having added any selling expenses or profit. It is not likely that domestic manufacturers are doing business in this way, at a loss:

In further explanation of discrepancies in the figures presented in the briefs of the American Wire Weavers' Protective Association, consider first the labor cost in weaving per square foot:

	Cents.
Foreign labor cost is, per column 1, line 2, from sworn statement herewith	1.76
Foreign labor cost as claimed by American Wire Weavers' Protective Association in briefs (please note the actual foreign cost is higher than the American Wire Weavers' Protective Association allow)	1.06
American labor cost, column 2, as alleged by American Wire Weavers' Protective Association	5.25
American cost, column 3, as explained below	2.48

We confirm this latter correction in the cost of American labor from the following data taken from the American Wire Weavers' Protective Association brief to the Ways and Means Committee, where, at the bottom of page 1258, it is stated:

NOTE.—The daily average wage of the American wire weaver is, approximately, $4 per day.

The foreign weaver makes 161 square feet per day, and we presume that efficiency of the American weaver is equal to that of the foreign; and if the American weaver will weave the same number of feet per day as the foreign weaver, then the cost per square foot on labor for No. 60 mesh is 2.48 cents instead of 5.25 cents.

There is another wide discrepancy developed by deducting the labor cost of weaving in America 5.25 cents from the item 15 to 15½ cents which the association gives for American total labor and sundries, except overhead. They attempt to show that the difference amounts to 10 cents per square foot for labor and material of packing, rolling, and freight. (See column 2.) This is entirely wrong. It is ten times higher than the German costs for similar miscellaneous items (see column 3), which constitute only a small percentage of the total factory cost, instead of 50 per cent, as the American Wire Weavers' Protective Association figures represent. This, therefore, shows that the margin of profit may have been absorbed by figures only and not by facts. This item builds up their cost to figure 21.25 cents without overhead, whereas the market selling price in America is 22.25 cents. We, therefore, respectfully submit that this item be revised by allowing the domestic manufacturers 50 per cent over the German cost for these sundries, which is 0.0102 cent, and would conservatively make the cost in the United States for such sundries 0.0155 cent, thereby reducing the United States cost, without overhead, to 0.1103 as compared with the German cost of 0.1163.

This, then, shows that there is a margin for both the domestic and foreign manufacturers sufficient to enable each to earn legitimate overhead charges and a profit without any necessity of tariff protection for American weavers.

Hence the only difference between the correct foreign cost, namely, 1.76 cents, and the correct American cost, namely, 2.48 cents, is 0.72 cent per square foot, which is very much less than 4.19 cents per square foot, the difference as alleged in the brief of the American Wire Weavers' Protective Association, to be found on page 1258 of the hearings.

It will be noticed in the brief, also filed by the American Wire Weavers' Protective Association with the Subcommittee on Finance of the Senate, that the average weekly wages as given in Germany, Great Britain, and the United States show an apparent difference of $15 per week, or 26 cents per hour, but they do not indicate the relative percentage of labor to the total cost of the product.

The percentage of wage to total cost per unit of product is 14 per cent in Germany and 19.8 per cent in the United States, a difference of only 5.8 per cent; hence we can not understand why the association should seek an increase in the duty from 20 to 45 per cent when there is very little difference in cost of material, and that in favor of the domestic manufacturer; therefore, the whole question hinges upon this difference of 5.8 per cent in labor.

We wish you would note that the raw material in Europe for No. 60 mesh amounts to 8.85 cents per square foot, while the American mills have stated in their brief that raw material costs about 6 cents per square foot for the same mesh. If this difference be correct (and the figures that we have given are correct), you will find that the manufacturing cost of wires in the United States is very low and could compete with the foreign market, even though these wires were put on the free list.

We wish to call your attention to another fact: That the freight charge in our cost sheet (see Exhibit A) is only as far as Antwerp. The freight from Antwerp to the United States and to the different points of delivery from United States ports to different cities in the United States is not included in our cost sheet. nor are our selling expenses and overhead charges in New York for carrying on this business included.

In view of the foregoing proofs and statistics, it would seem that there is no just reason for increasing the amount of duty as decided upon by the House Ways and Means Committee.

It is therefore respectfully requested that the duty as contained in the Underwood bill be permitted to stand, unless your committee, after considering these facts and figures, sees fit to make a further reduction; but it is respectfully submitted that under no circumstances would the facts warrant an increase of the duty in the House bill.

EXHIBIT A.—*Cost sheet in the mills of Europe showing the cost of raw material, weaving, packing, freight, and overhead charges on Fourdrinier wire, known as woven-wire cloth.*

[1 square meter=10.7643 square feet; 1 kg.=2.20462 pounds; 1 kg. 1 sq. m.=0.2048 pounds square feet.]

Mesh.	Weight (kg., sq. m.).	Price (per kg.).	Weight (lbs., 1 sq. ft.).	Price (per lb.).	Raw material per square foot.		Weaving, sewing, and stretching.		Packing and rolls (wood).	
					Value.	United States equivalent.	Value.	United States equivalent.	Value.	United States equivalent.
					Marks.		*Marks.*		*Marks.*	
60	1.780	2.25	0.365	0.2426	0.372	$0.0885	0.0741	$0.01764	0.0278	$0.00662
65	1.780	2.25	.365	.2426	.372	.0885	.078	.01856	.0278	.00662
70	1.700	2.30	.348	.2480	.363	.0864	.084	.01999	.0278	.00662
75	1.700	2.30	.348	.2480	.363	.0864	.087	.02071	.0278	.00662
80	1.350	2.60	.276	.2803	.326	.0776	.102	.02427	.0278	.00662
85	1.350	2.60	.276	.2803	.326	.0776	.107	.02546	.0278	.00662
30	1.900	2.60	.389	.2803	.459	.1092	.108	.02570	.0278	.00662
40	1.800	2.75	.369	.2955	.46	.1095	.112	.02666	.0278	.00662
45	1.660	2.80	.340	.3019	.432	.1028	.149	.03546	.0278	.00662
55	1.460	3.00	.299	.3234	.407	.0969	.195	.04641	.0278	.00662
60	1.410	3.50	.293	.3773	.416	.0990	.218	.05188	.0278	.00662
....	....	(3.11)	....	(.3353)	....	....	....	....	....	....

EXHIBIT A.—*Cost sheet in the mills of Europe showing the cost of raw material, weaving, packing, freight, and overhead charges on Fourdrinier wire, known as woven-wire cloth*—Continued.

Mesh.	Freight and cartage to Antwerp.		Total.		Overhead.	Overhead charges.		Cost.	
	Value.	United States equivalent.	Value.	United States equivalent.		Value.	United States equivalent.	Value.	United States equivalent.
	Marks.		*Marks.*		*Per cent.*	*Marks.*		*Marks.*	
60	0.015	$0.00357	0.489	$0.11633	7½	0.0362	$0.00862	0.525	$0.12495
65	.015	.00357	.493	.11725	7½	.0369	.00879	.53	.12604
70	.015	.00357	.49	.11653	10	.049	.01166	.539	.12824
75	.015	.00357	.494	.11730	10	.0494	.01173	.543	.12903
80	.014	.00333	.47	.11182	15	.07	.01666	.54	.12848
85	.014	.00333	.475	.11301	15	.072	.01714	.547	.13015
30	.015	.00357	.609	.14509	12½	.076	.01810	.686	.16319
40	.015	.00357	.615	.14635	12½	.0778	.01830	.692	.16465
45	.015	.00357	.624	.14845	12½	.078	.01856	.702	.16701
55	.014	.00333	.644	.15326	15	.0966	.02299	.741	.17625
60	.014	.00333	.676	.16083	15	.101	.02404	.777	.18487

NOTE.—In the manufacture of woven-wire cloth the cost sheet above given shows conclusively that the item of labor cost in Europe per square foot, as set forth in the statement made in the brief of the American Wire Weavers' Protective Association (to be found on p. 1257 of the tariff hearings), is not in accordance with the facts. In their brief it was represented that the labor cost in Europe was 1.06 cents per square foot.

The cost sheet in the mills of Europe, above given, is based upon a sworn statement of Mr. J. Martel, partner of the firm of Martel, Catala & Cie., at Schlettstadt, Alsace, Germany, made before Milo A. Jewett, consul of the United States at Kehl, Baden, Germany, on the 28th day of March, 1913.

This cost sheet shows that the labor cost in Europe is 1.75 cents per square foot, or a difference of 0.72 cent per square foot more than alleged in the brief of the American Wire Weavers' Protective Association.

EXHIBIT B.

[Translation.]

MARTEL, CATALA & CO.,
April 15, 1913.

NEUMEYER & DIMOND, *New York.*

GENTLEMEN: At your request we give you herewith some information regarding wages in the wire-cloth industry.

We pay our weavers by piecework, which means for the amount of square meters that they weave.

A good weaver can easily on a three-fourths meter width loom weave at an average 15 square meters per day of No. 60 mesh. He receives 0.40 mark per square meter, which amounts to 15 by 0.40=6 marks per day.

To these wages you have to add the different amounts which we have to pay for insurance, sick insurance, and old-age insurance.

In the cost price of a square meter of wire cloth, No. 60 mesh, the principal thing is the value of the raw material. The value of a square meter of raw material at to-day's copper price is about 1 mark per square meter.

The American duty to-day, which is about 50 per cent ad valorem on wire cloth, is a prohibitive duty. It protects not only the American laborer, but it almost makes it impossible to import wire cloth to America—if the manufacturer abroad should make a reasonable profit.

The duty of 50 per cent ad valorem, if we take the price for the square-meter wire cloth, about 6.50 marks, amounts to 3.25 marks per square meter. Considering that the raw material amounts to about the same in America as in Europe, which we think is positive, as most of the copper is sent from America to Europe, you can readily see that the duty of about 50 per cent, or about 3.25 marks per square meter, is nothing else than a protective duty of the wages, and this protective duty amounts

to, figuring minimum production of 12 square meters per day that a workman on No. 60 mesh wire can easily make, 12 by 3.25=39 marks per day.

We believe that an American laborer should be satisfied with 20 marks, or $5, daily wages, and he could still earn this amount if the duty instead of being about 50 was only 20 per cent.

We hope that it will be possible for you to have the duty reduced.

Yours, very truly,

MARTEL, CATALA & CO.

NOTE.—In reference to the above translation, you will see that the writer mentions the duty as 50 per cent ad valorem instead of 45 per cent ad valorem and 1 cent per pound, which is the duty in the Payne-Aldrich bill. The mill is unable to figure exactly how much the 1 cent per pound will amount to, and it is for that reason that Martel, Catala & Co. have figured about 5 per cent—that is, 45 per cent duty and about 5 per cent added duty for weight at 1 cent per pound. However, the average charge for the 1 cent per pound for duty has been 2½ per cent over the 45 per cent, making in all 47½ per cent, so the writer's estimate of 50 per cent is within reason.

EXHIBIT C.—*Certificate of acknowledgment of execution of document.*

GERMANY, *Baden, Kehl, ss:*

I, Milo A. Jewett, consul of the United States of America at Kehl, Baden, Germany, duly commissioned and qualified, do hereby certify that on this 28th day of March, 1913, before me personally appeared Mr. J. Martel, partner of the firm Martel-Catala & Cie., at Schlettstadt, Alsace, Germany, to me personally known, and known to me to be the individual described in, whose name he subscribed to, and who executed the foregoing instrument, and being informed by me of the contents of said instrument he duly acknowledged to me that he executed the same freely and voluntarily for the uses and purposes therein mentioned.

In witness whereof I have hereunto set my hand and official seal the day and year last above written.

[SEAL.]

MILO A. JEWETT,
Consul of the United States of America.

BESCHEINIGUNG.

Hierdurch bescheinigen wir, dass die umstehenden Berechnungen unserer Herstellungspreise, über einfache und triple-chain wires, die Preise der Rohmaterialien und der Arbeitslöhne u. s. w. die am 28 März, 1913, bezahlt wurden, zur Basis hatten.

Die Generalunkosten sind, nach dem Ergebniss des vergangenen Jahres auf genannte Fabrikate, wie angegeben verteilt worden.

Schlettstadt, den 28 März, 1913.

MARTEL, CATALA & CIE.,
J. MARTEL, *Jerant.*

EINFACHE SIEBE.

No.	Rohmaterial.		Weberlohn, Zetteln Einziehen Nähen und Strecken.		Verpackung und Holzrollen.		Fracht bis an Bord in Antwerp und Rollgeld.		Total.		Per cent.	Generalunkosten: Fabrikdirektor, Weber und Maschinenmeister, Dampf und Elektr-Kraft, Raparaturen und Werkzeuge, Abschreibung auf Maschinen, Kapitalverzinsung, Gewerbe und Grundsteuer, Arbeiter und Feuerversicherung, Rabatte und Verluste in der Fabrikation, Bureauunkosten.		Herstellungspreis.	
	Per square meter.	Per square fuss.	Per square meter.	Per square fuss.	Per square meter.	Per square fuss.	Per square meter.	Per square fuss.	Per square meter.	Per square fuss.		Per square meter.	Per square fuss.	Per square meter.	Per square fuss.
60	4.00	0.372	0.80	0 0741	0.30	0.0278	0.16	0.015	5.26	0.489	7½	0.39	0.0362	5.65	0.525
65	4.00	.372	.84	.078	.30	.0278	.16	.015	5.30	.493	7½	.397	.0369	5.697	.53
70	3.91	.363	.90	.084	.30	.0278	.16	.015	5.27	.49	10	.527	.049	5.797	.539
75	3.91	.363	.94	.087	.30	.0278	.16	015	5.31	.494	10	.53	.0494	5.84	.543
80	3.51	.326	1.10	.102	.30	.0278	.15	.014	5.06	.47	15	.759	.07	5.819	.54
85	3.51	.326	1.15	.107	.30	.0278	.15	.014	5.11	.475	15	.77	.072	5.88	.547
TRIPLE-CHAIN WIRES.															
30	4.94	0.459	1.16	0.108	0.30	0.0278	0.16	0.015	6.56	0.609	12½	0.82	0.076	7.38	0.686
40	4.95	.46	1.20	.112	.30	.0278	.16	.015	6.61	.615	12½	.83	.0778	7.44	.692
45	4.65	.432	1.60	.149	.30	.0278	.16	.015	6.71	.624	12½	.84	.078	7.55	.702
55	4.38	.407	2.10	.195	.30	.0278	.15	.014	6.93	.644	15	1.04	.0966	7.97	.741
60	4.48	.416	2.35	.218	.30	.0278	.15	.014	7.28	.676	15	1 09	.101	8 37	.777

Par. 116.—CORSET CLASPS, STEELS, ETC.

E. DE GRANDMONT, BY CHURCHILL & MARLOW, 63 WALL STREET, NEW YORK, N. Y.

STATEMENT.

This brief is offered in behalf of E. de Grandmont, importer of corset materials. The goods in question are provided for in various paragraphs in the metal, cotton, and silk schedules in the tariff act of 1909. In addition to the points dealing with questions of rates of duty the brief will also deal with one particular phase of the administrative part of the act, to wit, the penalty for undervaluation.

In the manufacture of the corsets in this country corset steels, corset clasps, cotton cloth in the piece either bleached or mercerized, corset laces or lacings, plushes, and silk woven fabrics in the piece are extensively used.

While the industry is not a large one, it is dependent to a very great extent on imported materials for use in the manufacture of the completed article in this country, although occasionally, as in the case of lacings hereinafter referred to, the peculiar requirements of the trade in this country frequently demand the domestic product to such an extent that the importations of the foreign material are practically nil.

As to none of the articles dealt with is a detailed description of the method of production essential in determining the reasonableness of the reductions suggested, nor is it necessary to submit exhibits representing the various articles. We believe all that is necessary is to discuss the goods imported as they are affected by the paragraph headings of the present tariff act (act of 1909).

PARAGRAPH 135.

Paragraph 135 provides for—

all wire composed of iron, steel * * * covered with cotton, silk, or other material, corset clasps, corset steels, dress steels * * * not less than 35 per cent ad valorem: *Provided further*, That articles manufactured wholly or in chief value of any wire or wires provided for in this paragraph shall pay the maximum rate of duty imposed in this section upon any wire used in the manufacture of such articles and in addition thereto 1 cent per pound: *And provided further*, That no article made from or composed of wire shall pay a less rate of duty than 40 per cent ad valorem.

The tariff act of 1897 in paragraph 137 provided that such articles as above enumerated valued at more than 4 cents per pound should pay duty at 45 per cent ad valorem, and it will be noted therefore that in the act of 1909 a minimum rate was substituted for a fixed rate.

The way in which this revision in the act of 1909 worked out can not be better illustrated than by a reference to the decision of the United States Court of Customs Appeals in the case of Schloss *v.* United States, No. 917 (T. D. 33038), decided December 16, 1912. The merchandise in that case consisted of collar supporters made of silk-covered wire claimed to be dutiable under the provision for "articles manufactured wholly or in chief value of wire" (covered wire) at 35 per cent ad valorem plus 1 cent per pound, but not less than 40 per cent ad valorem under paragraph 135 of the act of 1909.

The merchandise had been assessed as manufactures in chief value of silk under paragraph 403 of the act and the assessment affirmed by the board below.

In the Schloss case the court said:

The board found that the paragraph contains no provision fixing the rate of duty upon silk-covered wire, and in this view we concur. This being so, resort is to be had to other paragraphs of the act to ascertain the rate, and the commodity falls directly within the provisions of paragraph 403 as manufactures of silk not specially provided for.

It was pointed out to the court in this case that if the contention of the Government were sustained the result would be that all of the articles described by name, beginning with the words "all wire" after the first proviso and down to the words "no article * * * shall pay a less rate of duty than 40 per cent ad valorem," would be in the nature of surplusage, as all of the articles included in this part of the paragraph must be made either in chief value of metal, cotton, or silk, and would therefore be relegated to the provision for manufactures in chief value of the respective material at rates of 40, 45, or 50 per cent ad valorem.

The court, however, affirmed the decision of the board below, holding, as above indicated, that the merchandise should be assessed as manufactures in chief value of silk.

The contention of the importers in the Schloss case was that the minimum rate of 35 per cent ad valorem was intended to be applied only in the event some other paragraph of the act should describe the merchandise at a lower rate of duty, and alternatively that the collar supporters in question were dutiable at 35 per cent ad valorem plus 1 cent per pound, but not less than 40 per cent ad valorem.

The principle of the decision in the Schloss case has been applied to various articles composed of wire, so as to take such articles out of this paragraph, notwithstanding it mentions them by name, and put them for dutiable purposes into paragraph 199 of the act at 45 per cent ad valorem.

It seems incredible that Congress should have made these explicit provisions for corset clasps and other articles made of wire, if it could have foreseen that the court would so construe the language used. If this were not so, then Congress must be assumed to have intentionally padded the statute.

The probable explanation of the minimum rate in paragraph 135 is to be found in the fact that in the Notes on Tariff Revision, prepared for the Ways and Means Committee which framed the act of 1909, the author suggested an amendment to paragraph 137 of the act of 1897 to the effect that the first proviso in that paragraph be amended so that the ad valorem rate required for wire over 4 cents per pound would be a minimum rate and that Congress inadvertently applied the minimum rate to other articles not referred to by the author of the notes.

Whatever the reason may have been, it seems clear that language in the act which produced such meretricious results should be eliminated.

We therefore suggest that in the revision of the present tariff act the rate for corset clasps, corset steels, etc., be a fixed and not a minimum rate, and that the said fixed rate be not more than 20 per cent ad valorem.

Par. 120.—ANVILS.

COLUMBUS FORGE & IRON CO., COLUMBUS, OHIO.

WASHINGTON, D. C., *January 10, 1913.*

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: As manufacturers of American wrought anvils, we respectfully present for the consideration of your committee our most earnest protest against any further reduction in the tariff on anvils for the following reasons:

STATEMENT.

Paragraph 140 of the dutiable list, act of 1909, provides as follows:

Anvils of iron or steel, or of iron and steel combined, by whatever process made, or in whatever stage of manufacture, 1¾ cents per pound.

Prior to the year 1890 wrought or forged anvils of iron or steel were not manufactured in this country. All such anvils in use in this country were imported from England or Germany. The Peter Wright anvil, made in England, was the best known and more generally used anvil throughout the United States. The Trenton anvil, made in Germany, was the next best known anvil at that time. It is with these anvils as a standard that all American-made wrought anvils are compared by users of such an article. Within a few years there has appeared in the American markets an imported Swedish cast-steel anvil, made in Sweden, and claimed to be made of solid steel made from Swedish charcoal iron.

Subsequent to the taking effect of the McKinley law the manufacturers of the Trenton anvil discontinued the manufacture of anvils in Germany and established a plant at Columbus, Ohio, and under the name of the Columbus Forge & Iron Co. began the manufacture of wrought anvils.

The oldest and largest manufacturer of wrought-iron anvils in the United States to-day is the Hay-Budden Manufacturing Co., of Brooklyn, N. Y.; the second largest is the Columbus Forge & Iron Co., of Columbus, Ohio; the third largest is the Columbus Anvil & Forging Co., of Columbus, Ohio; and there are other manufacturers of American wrought anvils in the United States, but they are small, and a record of their product can not be ascertained.

The manufacture of wrought anvils in this country was made possible by the encouragement given this industry under the McKinley and Dingley tariff schedules, and under the rate of duty allowed under those schedules the competition with imported anvils was very sharp.

In 1894 the tariff rate of duty on anvils was 2½ cents per pound, and the importations that year were 736,915 pounds. In 1895, under the Wilson tariff law, this duty was reduced to 1¾ cents per pound, and the importations for that year and the succeeding year aggregated over 1,000,000 pounds per year. In 1898, under the Dingley law, the rate of duty was increased to 1¾ cents per pound, and the importations from 1898 to 1907, inclusive, averaged about

600,000 pounds per year. In 1907 the importations amounted to 709,749 pounds. In 1909, under the Payne-Aldrich law, the rate of duty was decreased to 1⅝ cents per pound, and the importation for the year ended June 30, 1911, was 1,310,863 pounds, at a valuation of $66,771, with an ad valorem value per unit of quantity of 0.051 cent per pound and an ad valorem rate of duty of 31.95 per cent.

AMOUNT OF PRODUCTION.

The aggregate number of pounds of wrought or forged anvils manufactured in the United States in the year 1907 was about 3,000,000 pounds, one-half of which were produced in Columbus, Ohio. The aggregate number of pounds of such anvils manufactured in the United States in the year 1911 was about 2,600,000 pounds, a decline of about 400,000 pounds, while the increase in importations for the year 1911 over 1907 was 601,114 pounds, which increase in importations represents between $30,000 and $35,000 in valuation, and which increase in importations was due to the reduction in the tariff duty of one-fourth cent per pound under the Payne-Aldrich law, the price of anvils sold by the American manufacturers remaining the same, thereby enabling the American manufacturers to maintain the wages paid for labor.

COMPARISON OF COST OF MANUFACTURE AND DELIVERY TO AMERICAN SEAPORTS.

Under the Dingley law imported anvils were laid down at seaports of the United States at from one-half to three-fourths cent per pound less than the American manufacturers can sell their product to jobbers, allowing a fair profit to the manufacturer. Under the Payne-Aldrich law imported anvils come into our seaports at about 1 cent per pound less than the American manufacturers can produce wrought anvils at a fair profit. The only advantage the American manufacturer has over the imported anvils shipped into this country under the Payne-Aldrich law is quicker delivery and the freight rates to the interior, and even the advantage of freight rates to the interior has been lost to a great extent by entry of imported anvils at New Orleans.

The freight on Swedish cast-steel anvils from Stockholm, which is the shipping point for this class of goods to this country, to New Orleans is 30 cents per 100 pounds; the freight rate from New York to New Orleans is 40 cents per 100 pounds; the freight rate from Columbus, Ohio, to New Orleans is 47 cents per 100 pounds; the freight rate from Columbus, Ohio, to New York is 27 cents per 100 pounds; and from Columbus, Ohio, to St. Louis, Mo., is 22 cents per 100 pounds.

IMPORTATION OF ANVILS INTO THE UNITED STATES, 1894 TO 1911.

A table showing importation of anvils into the United States, beginning with the year 1894 and ending with the fiscal year June 30, 1911, is submitted herewith:

	Rate of duty.	Quantity.	Value.	Duty collected.	Average—	
					Value per unit of quantity.	Ad valorem rate of duty.
Fiscal year ended June 30—		*Pounds.*				*Per cent.*
1894	2½ cents per pound	736,915.00	$57,789.12	$18,422.89	$0.078	31.88
1895	do	29,576.00	1,677.00	739.41	.057	44.09
	1¾ cents per pound	1,161,511.00	73,264.00	20,326.48	.063	27.74
1896	do	1,064,452.50	64,213.78	15,627.97	.060	29.01
1897	do	755,018.00	46,217.52	13,212.83	.061	28.59
1898	do	81,021.00	5,149.73	1,417.86	.063	27.53
	1⅞ cents per pound	757,278.00	45,331.21	14,198.90	.060	31.32
1899	do	535,735.66	33,152.70	10,045.05	.062	30.30
1900	do	622,920.00	38,992.73	11,679.76	.063	29.95
1901	do	539,417.40	33,988.00	10,114.08	.063	29.76
1902	do	445,554.85	28,548.00	8,354.15	.064	29.31
1903	do	409,707.00	26,266.00	7,682.00	.064	29.25
1904	do	572,210.00	36,278.15	10,728.97	.063	29.57
1905	do	393,502.50	24,332.00	7,378.18	.062	30.33
1906	do	546,983.90	34,244.17	10,256.18	.063	29.94
1907	do	709,749.00	43,629.00	13,307.84	.061	30.50
1908	do	1,015,515.00	61,435.58	19,040.91	.061	30.99
1909	do	624,930.00	36,595.00	11,717.46	.059	32.02
1910	do	87,828.00	4,548.00	1,646.77	.052	36.21
	1⅝ cents per pound	1,113,438.00	59,358.00	18,093.38	.053	30.43
1911	do	1,310,863.00	66,771.00	21,301.51	.051	31.95

LABOR AND WAGES.

The principal cost of producing American wrought anvils is labor, as the finished product is the result of working over selected scrap iron or in the working up of steel billets. The manufacture of wrought anvils requires skilled labor, and wages consistent therewith should be paid for such labor.

The scale of wages paid to labor in the manufacture of wrought anvils in America in comparison with the wages paid for such labor in Sweden and Germany is as follows:

Wages paid in United States (furnace men, per week of 50 hours).

Heater	$17.00
Hammermen	17.00
Firemen	12.00
Helper	12.00
Hammer driver	9.00
Average per day	2.25
Anvil makers	34.00
2 helpers, at $20	40.00
Boy	10.00
Average per day	3.57
Horn drawers:	
Blacksmith	26.00
2 helpers, at $18	36.00
Average per day	3.50
Grinders	15.00
Average per day	2.50

Average wages for all classes, $1.82 per day, or 20 cents per hour at 9 hours per day.

Wages paid in Sweden (53 hours constituting a week).

	Per week.
Furnace men	$4.50 to $5.75
Blacksmiths	7.00 to 8.50
Blacksmith helpers	3.85 to 4.29
Molders	7.00 to 8.50
Machinists	5.00 to 7.00
Grinders	7.00
Average per hour	.11
Average per day	.99

WAGES IN GERMANY.

As per record of the Department of Commerce and Labor, of issue of 1909, the wages of blacksmiths in Germany is $1.19 to $1.66 per day for forgers, against American wages of $2.25 to $3.57 per day. Board and lodging per day in Germany will average 24 cents; board and lodging in America will average $1 per day.

ARGUMENT.

Inasmuch as the principal expense in the manufacture of anvils is labor, that element would necessarily be the first to suffer by reason of increased importations, which would naturally occur under the proposed reduction by an ad valorem duty of 15 per cent, which is less than half the present duty of 1⅜ cents per pound estimated on an ad valorem basis, as was proposed in House bill 18642 of the Sixty-second Congress, second session. This class of labor in America is not overpaid now, and should not be compelled to submit to a reduction; on the contrary, all reasonable encouragement should be given it.

We can not produce a cast-steel anvil in this country that will compete with the imported Swedish cast-steel anvil on account of the natural advantages of the Swedish ores and the low cost of labor. The Swedish raw material has natural physical qualities that are superior to the American raw material for the purpose of manufacturing cast-steel anvils. Therefore it is apparent that without the advantages of a tariff duty of at least the present rate the American manufacturers can not compete with the imported anvils and pay the present amount of wages.

A further fact should be called to the attention of your committee, and that is that prior to the manufacture of wrought anvils in this country the retail price of anvils was from 12 to 13 cents per pound, while the retail price on American wrought anvils is now only 10 cents per pound, which price has prevailed for some time. Should the manufacture of American wrought anvils be discontinued, it would be reasonable to expect that the retail price on all anvils sold in this country would be increased to at least 13 to 15 cents per pound, thus increasing the cost to the consumer from at least 3 to 5 cents per pound.

Another advantage secured to the users of anvils in this country since the American manufacturers have made wrought anvils is that of guaranty. All wrought anvils now made in America are made with a guaranty against defects; that is, defects arising from the weld at the waist coming in two and the steel face of the anvil coming

loose. Such a guaranty was not in existence in this country prior to the manufacture of American wrought anvils, and prior to that time all anvils sold in America were without any guaranty.

We desire particularly to emphasize that it will result in increase of revenue, to the success of the American manufacturer and to the advantage of home labor that the duty imposed should be at the rate per pound and not per ad valorem. A comparison of the output and importations for the purpose of making this clear might be made as follows:

As before stated, the value of the importations of anvils under the act of 1909 for the fiscal year ending June 30, 1911, was $66,771, and the total duties on anvils for that year amounted to $21,302, equivalent to an ad valorem per cent of 31.95.

Estimates for a 12-month period under H. R. 18642, Sixty-second Congress, second session, based on importations aggregating 1,568,627 pounds, an increase of 257,764 pounds over the total importations for the year ending June 30, 1911, shows an estimated total valuation of anvils imported in the amount of $80,000, which, at 15 per cent ad valorem, would produce a duty on imported anvils of $12,000, which would be $13,490 less revenue estimated upon the same number of pounds of imported anvils at the present rate of duty of 1⅝ cents per pound.

As before stated, during the fiscal year ending June 30, 1907, there were manufactured in the United States about 3,000,000 pounds of wrought anvils and there were imported into this country during that year 709,749 pounds of anvils. During the fiscal year ending June 30, 1911, there were manufactured in the United States about 2,600,000 pounds of wrought anvils and there were imported into this country during that year 1,310,863 pounds of anvils, thus putting on the American market in the year ending June 30, 1911, about 4,000,000 pounds of anvils.

The annual consumption of anvils in the United States will not greatly increase over the consumption for the year 1911; and as the quantity of imported anvils increases the quantity of anvils manufactured in the United States must naturally decrease.

It thus clearly appears that in maintaining the present rate per pound an increase of the importations would increase the revenue derived without interfering with the American manufacturer and home labor, while a decrease in the duty per pound would result in a decreased revenue, an increase in importations, and a falling off in the manufacture and sale of the home product with a consequent injury to home labor.

The rate of duty per pound is specific and not subject to fluctuation, while if an ad valorem duty is imposed such a duty would be subject to the invoice cost or price of the foreign anvil at place of manufacture or sale, which would be to the disadvantage of the American product, as appears by comparisons heretofore made.

This being so, we earnestly ask that the rate be maintained per pound and not per ad valorem. This is a growing industry, which requires the support of a duty on importations. The present duty is at the minimum rate, which permits successful competition with the foreign manufacturer, consistent with maintaining the present rate paid for labor. A reduction below this rate would be an irreparable injury to the home manufacturer without any advantage to the Gov-

ernment or the American purchaser of anvils, though to the great advantage of the foreign anvil.

In conclusion, we again appeal to you to maintain the present rate per pound.

Par. 121.—AUTOMOBILES.

AUTOMOBILE IMPORTERS' COMMITTEE, BY JAMES M. CARPLES, NEW YORK, N. Y.

WASHINGTON, D. C., *May 8, 1913.*

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

GENTLEMEN: Attached hereto I submit to you a brief and exhibits on behalf of the importers of automobiles, affecting paragraph 121, of H. R. 3321, now before you.

A brief review will show you that what I have offered contains the following data:

1. Your committee is urged to grant us the following rate of duty:

	Per cent ad valorem.
Finished automobiles	45
Chassis	25
Finished parts	15

2. We refer you to Exhibits Nos. 1 and 2, attached hereto, to show our reasons for asking for this rate of duty.

3. The rate of duty at which a downward revision would stimulate revenue is at the point of competition. The point of competition, considering the relative selling cost of chassis in this country and abroad, is 25 per cent ad valorem. (See Exhibit 2.)

4. Seventy per cent of the cars produced in America do not need protection at all. I refer you to the Congressional Record, page 7587, volume 48, No. 147, May 27, 1912; page 7957, volume 48, No. 151, May 31, 1912, remarks made by Senators Bacon, Gallinger, and Cummins; and also to Exhibit No. 2, question No. 3.

5. The complete automobile is a luxury, and purchased only by the very wealthy, who can afford to go abroad and indulge themselves in this luxury. The chassis, however, are a necessity, and gives work to such body builders as Brewster & Co., Healey & Co., Demarest & Co., Holbrook & Co., Quimby & Co., and many other old established body-building houses, who add 50 per cent in value by American workmanship and material to the foreign product, and who depend almost entirely upon this for their existence, as it is a well-known fact that American automobile manufacturers build their own bodies.

6. The automobile has become a necessity. (See Exhibit No. 2, questions Nos. 4 and 5.) We refer to Scribner's, Review of Reviews, Saturday Evening Post, Collier's and Leslie's Weeklies.

7. By referring to Exhibit A (missing) you will see how the majority of the automobile manufacturers feel toward the provisions of H. R. 3321, paragraph 121, and you will also note that some who were indifferent at that time have now been forced to join with another group in protest.

8. Five groups of foreign automobile manufacturing associations are carefully watching what action will be taken by Congress on the question of automobile duties toward the protection of their own goods. (See Exhibit E.)

9. We point out to you that American automobile manufacturers have not taken advantage of the opportunity offered them by Congress and offered any argument, evidence, or put in an appearance during the hearings of the Committee on Ways and Means, but have contented themselves with publishing full-page advertisements in the daily papers shortly before election, threatening labor troubles and reduction in wages if the revision downward were attempted. They now go a step further, as evidenced by Exhibit C, and publish articles in which they attack the committee and allege a "joker" in paragraph 121. All their arguments have been carefully answered in the attached brief, and also in the debate which appears in the Congressional Record, April 30 (pp. 709-712). (Exhibit D.)

10. The automobile manufacturers of the United States claim in their published articles of May 4 that the tariff on automobiles should be revised by a scientific body like the Tariff Board. We, the importers of automobiles, are satisfied, if the Tariff Board findings on the automobile question are brought into use by the committee, and are willing to abide by the decision. We wish to add, however, that the report is incomplete, only one half, to wit, the foreign half, having been finished. The other half, the American half, was never completed, because this selfsame group of American manufacturers, who will appear before you, refused absolutely at the time to furnish the Tariff Board with data. For substantiation of this I refer you to Mr. James B. Reynolds.

11. We submit for a fair argument a proposition that an industry importing less than $2,000,000 worth in a year and the same home industry exporting over $23,000,000 worth in a year, when the imports have gradually dwindled during a period of five years and when the exports of automobiles have gradually increased during the same period, whether that industry will suffer by permitting the foreign automobiles to enter this country on an almost competitive basis.

12. The unfounded allegation of the American automobile manufacturers that the Ways and Means Committee have permitted a "joker" to enter into paragraph 121 is fully answered by my argument on page 4 of the brief submitted herewith.

In conclusion, I wish to urge upon your committee that the automobile importers, under the facts as outlined above to you, which are substantially true, are entitled to a rate of 25 per cent ad valorem, or less, on all chassis and a rate of 15 per cent ad valorem on all spare and repair parts necessary for the upkeep of the chassis they import, as these parts are practically replacement parts and sold without profit, and are not interchangeable, each maker confining himself solely to his own make.

Respectfully submitted.

AUTOMOBILE IMPORTERS' COMMITTEE,
By JAMES M. CARPLES

WASHINGTON, D. C., *May 8, 1913.*

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

GENTLEMEN: I have the honor to submit herewith on behalf of the importers of automobiles of the United States and of the consumer at large, copies of the brief submitted to the Committee on Ways and Means of the Sixty-third Congress, which appear in printed form in the report of the hearings of Schedule C, No. 1, pages 1273 to 1290, and 1537-1538, marked No. 1.

After submitting this data and appearing personally before the subcommittee of the House on this particular paragraph, I was informed that the data submitted was not sufficient for the committee to arrive at a definite conclusion, and in view of the fact that the American manufacturers did not appear nor furnish any evidence, the committee was seeking further light and submitted five questions for argument. Considering that I had compiled the report for the United States Tariff Board, after an extensive trip through Europe, and furthermore had been affiliated with the automobile industries since 1902—first, as a representative of the Automobile Manufacturers' Association; second, as an importer; and, third, as a customs attorney, and was thoroughly familiar with my subject, I took it upon myself to answer the five questions in full, and I take the liberty herewith to submit my arguments in printed form for your consideration, marked No. 2.

After the contents of H. R. 3321 became public, telegrams were sent to the most prominent American automobile manufacturers requesting their views on the situation, and their replies were received and printed in the various trade publications, and are also submitted herewith as part of this brief, marked Exhibit A.

Our committee asked for a revision downward on paragraph 141 of the present Payne bill, and the following recommendation was submitted to the Committee on Ways and Means:

Paragraph 141.	Per cent ad valorem.
(*a*) Finished automobiles	45
(*b*) Complete cars	35
(*c*) Chassis (commercial, etc.)	25
(*d*) Finished parts	15

And the Committee on Ways and Means granted in paragraph 121 in H. R. 3321 the following:

Paragraph 121.	Per cent ad valorem.
Finished automobiles and automobile bodies	45
Automobile chassis	30
Finished parts of automobiles, not including tires	20

The contention made by our committee is:

First. That the automobile makers of America need no protection at all, and this is evidenced by the facts in my argument, dated March 4. (See Exhibit No. 2.)

Second. That the importation of automobiles has dwindled to about 781 cars in 1912, at a value of $1,171,935, which is less than half of what was imported in 1907, five years previous, while the exports of American automobiles have increased from $2,555,000 in 1907 to over $23,000,000 in 1912.

Third. We prove to you that 95 per cent of the $23,000,000 worth of machines exported are not the product of the 13 manufacturers who appeared in protest against the revision downward during the discussion on H. R. 18642 last session, and the 27 manufacturers who will appear before your subcommittee in protest against the action of the Committee on Ways and Means in H. R. 3321 do not represent more than 7 per cent at the most of these exports.

Fourth. We prove to your committee by facts that these 27 makers are willing to sacrifice the enormous export business of the 226 other makers of automobiles in the United States in order to further their own selfish interests, and submit herewith personal letters received from the boards of trade of Belgium, Germany, France, and Italy, stating that they would watch the spirit of Congress in reference to the automobile provisions and would be prepared to retaliate against American cars if their protest did not at this time receive some consideration. (Marked "Exhibit B.")

Fifth. The 27 American makers who will appear before you have prepared a brief and have caused to be published in the New York Times of May 1 and the New York Herald of May 4 articles attacking the Committee on Ways and Means and claiming that this committee has permitted a "joker" to enter into paragraph 121 which would give to the importer of automobiles an undue advantage. (See Exhibit C.) I particularly call to your attention that the preparation of this paragraph was in the hands of Messrs. Palmer, Harrison, and Underwood personally, and that the entire matter was weighed carefully and thrashed out publicly in debate of H. R. 3321 on April 30, which appears in the Congressional Record on that date, on pages 709–712, which is submitted herewith. (Marked "Exhibit D.")

In conclusion, I wish to say that the data furnished to the Committee on Ways and Means, and which are also furnished herewith to your committee, have been gathered by the writer in a painstaking and thorough manner, and every fact therein stated can be substantiated. Our entire brief and arguments bristle with facts. If you will be kind enough to compare this with the brief and protest furnished by the 27 American manufacturers, you will find that their brief deals in generalities only; they rely principally on the brief submitted to the Payne committee in 1908 and on the statements made at that time by Charles Sherrill, an attorney, who appeared for one Italian manufacturer, who is now an American manufacturer, and on the statements made without substantiation, authority, or fact by the Italian Chamber of Commerce of New York, which appear in tariff hearings, Schedule C, page 1537, which have since been repudiated by the Italian manufacturers of automobiles, who appeal through the Italian ambassador to this country, through the minister of agriculture, industry, and commerce of Italy, to have the brief of the Italian chamber of commerce set aside. At the request of 10 of the manufacturers of automobiles in Italy, including the one, Fiat, mentioned by the 27 American manufacturers in their brief and protest to your committee, a translation of this is submitted herewith, Exhibit F.

Much is being made of the 20 per cent ad valorem—finished-parts clause of automobile paragraph 121—by the American manufacturers, but it is a case of making a mountain out of a molehill. While it is contended and practically admitted that wages paid in America by

automobile factories are from two to two and a half times more than wages paid in Italy, it is fair to assume that an importer of foreign chassis will knock down his chassis after having already assembled it and then ship it over to this country disassembled, then have it reassembled in this country and pay the additional advance in wages. Remember, he would first pay for the cost of assembling in Europe, then for the cost of disassembling in Europe, and then for the cost of reassembling in America, which would be from two to two and a half times greater here than abroad, and all of this to save the difference of 10 per cent ad valorem, which is the difference between 30 per cent and 20 per cent in paragraph 121; besides the United States appraiser will refuse to admit chassis knocked down as parts at 20 per cent ad valorem.

Should this portion of paragraph 121 prove objectionable to your committee, I submit herewith on behalf of my committee a further recommendation that you insert in paragraph 121, page 33, line 6, after the word "finished," the words "spare" and "repair" before the word "parts."

Further, I wish to add that, as we have asked for a reduction on chassis to 25 per cent and 30 per cent has been granted instead, and that whereas the American manufacturers of automobiles do not feel that they will suffer at all by such reduction and have offered no evidence to prove that they would, and have offered no evidence to prove that the consumer would not be benefited by such reduction, and have offered no evidence to prove that the United States Government would not be benefited by increase in revenue by such reduction, and have in every way practically agreed to what the Committee on Ways and Means has done, with the exception of that part of the paragraph which relates to finished parts, we recommend that, in order to offset any criticism, the entire automobile paragraph, 121, be stricken from the bill and automobiles be permitted to enter under paragraph 169, H. R. 3321, as a manufacture of metals, not specially provided for in this section, at 25 per cent ad valorem.

JAMES M. CARPLES.

EXHIBIT 1.—*Brief on automobiles submitted by James M. Carples in behalf of automobile importers.*

THE COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

MR. CHAIRMAN AND GENTLEMEN: Responding to the call of your honorable committee for hearings looking to the revision of the present tariff act, we beg leave to lay before you our views affecting the importation of motor cars to this country, requesting relief on behalf of all of the remaining automobile importers of the United States and on behalf of the well-known and old-established firms of Brewster & Co., Healey & Co., and A. T. Demarest & Co., who join with us in the protest against the present prohibitive 45 per cent duty assessed against automobiles in paragraph 141 of the act of August 5, 1909. Therefore, in the names of Messrs. Brewster & Co., Healey & Co., A. T. Demarest & Co., De Dion Bouton Selling Branch, Minerva Motors Co., Adams Lancia Co., Distributing & Importing Co., Isotta-Fraschini Motors Co., Renault-Freres Selling Branch, W. C. & H. N. Allen, and Panhard & Lavasson, representing, respectfully, the following foreign makes of cars: Delaumay-Bellville, Italia, Minerva, Mercedes, Renault, Austrian-Daimler, De Dion, Lancia, Isotta, Metallurgique, and Panhard, we pray your honorable committee to amend paragraph 141 of Schedule C of the act of August 5, 1909, to read as follows:

141. *Automobiles.*—(*a*) Finished automobiles purchased abroad by tourists or individuals at retail, 45 per cent ad valorem; (*b*) finished automobiles imported at whole-

sale by dealers, 35 per cent ad valorem; (*c*) automobile chassis, 25 per cent ad valorem; (*d*) finished parts of automobiles, not including automobile bodies or tires, 15 per cent ad valorem.

In the brief submitted by our association to the Committee on Finance, United States Senate, on February 23, 1912, a copy of which has been mailed to the clerk of your committee, and which brief also appears on page 1265, Document 21, of the hearings before the Committee on Finance, United States Senate, on H. R. 18642, in the first print thereof, we have gone thoroughly into the question of the difference in production cost per employee between the cars manufactured by our makers abroad and the automobile manufacturers in America. A glance through the pages of our brief and a glance through the brief submitted by some 13 American manufacturers out of 250 now profitably engaged in this industry will convince your honorable committee that we, the importers, have given this subject deep, thorough, and heartfelt consideration, because to us it meant our life, our very business existence, while the brief submitted by the American manufacturers, on the contrary, deals with the subject in a light and general way, and merely repeats the arguments which were brought forth before your honorable committee on November 25, 1908, by the American Manufacturers' Association, a close corporation, but not a trust in the accepted sense.

We have made the statement that our very business existence, our right to live, has been threatened, and we prove it by the following comparative figures:

In 1907, 42 foreign makers imported 1,300 machines, at a value of $4,842,000, producing a revenue of $2,179,000 to this Government.

In 1908, 49 foreign makers imported 1,347 machines, at a value of $2,558,819, producing a revenue of $1,520,000.

In 1910, 35 makers imported 1,024 machines, at a value of $2,080,555, producing a revenue of $936,000 to this Government.

In 1911, for a period of 11 months ending December 1, 40 makers imported 869 cars, at a value of $871,414, producing a revenue to this Government of $842,137.

In 1912, for a corresponding period, there were imported by 43 makers 781 cars, at a value of $1,771,935, producing a revenue to this Government of $797,366.

So, gentlemen, by these figures you will note that the statement we have made regarding our business existence is not an extravagant one; that our imports have dwindled to less than half, possibly one-third, with a loss in duties to this Government between 1907 and the present year of $1,381,634.

The importers whose names are mentioned in this petition pledge themselves that if the duty on automobile chassis is lowered to 25 per cent ad valorem in place of the prohibitive 45 per cent ad valorem now mentioned in the paragraph, to quadruple their imports, and you may look forward safely to the importation of some 3,000 chassis during the first year that such a reduction is put into effect.

In view of the fact—and we mention it at this time—that shortly before the last presidential election, held in November of this year, there appeared in the New York Herald and other papers a full page ad. published in the name of the American automobile manufacturers, in which were restated extracts from the statements made before the Senate Finance Committee by that association on March 11, 1912, and which advertisement contained a veiled threat to the voters of this country that they should be careful how they vote, lest there be a substantial cut in the wages of this particular industry.

We beg to place before your honorable committee the following figures, so that you will note that there will be manufactured and sold in America during the coming year some 300,000 automobiles, and if your honorable body is kind enough to grant us the rate of duty for which we petition 3,000 foreign cars will enter into competition with the 300,000 American cars, which will mean but 1 per cent of competition. Is it fair to assume that this 1 per cent of foreign cars will upset an industry which ranks fourth now in the manufactures of the United States? Will it upset this industry so much that 10 makers out of some 250, who protest against a revision of the tariff downward in our particular paragraph, will be compelled to carry out their threat and reduce wages all around? If so, we think that this question is one that can be safely left to the American workingman, instead of these 10 manufacturers looking to this committee for protection. While on the question of wages we ask your committee to note the figures submitted by the American manufacturers of automobiles on page 2701, Exhibit B of the Tariff Hearings, Schedule C, volume 3, in which the average pay in America per workingman is $755. This was in 1908, when the industry was small, and there were no more than 60,000 machines made by the entire two hundred and fifty-three and odd makers mentioned in the brief submitted at that time.

In the brief submitted in protest by the 13 makers on March 11, 1912, on page 1286 of Document No. 21, Hearings before the Senate Finance Committee, these 13 makers in their tabulation showing the average number of employees and their pay roll

annually showed no perceptible increase in wages between 1908 and 1912, even though the industry has grown from the 60,000 machines four years ago to the estimated 300,000 for this year. If the 45 per cent duty for which these makers so earnestly petitioned your committee was, as they stated, for the protection of the American workingman, why do their own figures not show that the workingman received his portion of the enormous profits made by these makers? These are their own figures, and you may accept them as truthful. The 45 per cent duty does not protect labor and does not protect wages. It protects capital; it protects profits to the manufacturer. With a production increased five times over a period of four years the cost of production must have been materially lessened. How much cheaper can you buy the product of these 13 makers to-day than you could buy a similar product in 1908? We will answer by saying not one cent. Therefore the public did not benefit by the 45 per cent protective tariff duty. Wages remain the same and the workingman did not benefit by this 45 per cent tariff duty, but compare the capitalization of these companies in 1908 or earlier with their present capitalization and you will realize the enormous profits which have been made by these manufacturers.

The brief statement which we submit herewith for your kind consideration we beg you to accept as a supplement to the printed brief, a copy of which has been filed with your committee, and which we presented to the Senate Finance Committee on February 23, 1912, and which we shall print and file with you very shortly.

Before we present our full argument for the reduction in automobiles to 25 per cent ad valorem instead of 45 per cent we wish to state in this preamble that the 3,000 cars which the members of the importers' association pledge themselves to import if the proposed revision asked for is granted to them means to the coming administration an increase in revenues in this particular article of $1,555,575 for the first year alone, and a source of revenue that will bring from this paragraph in the schedule an income of $1,977,875. We will prove this to you in our argument. Just one point more by way of comparison. We have shown you that the imports have decreased in a period of five years from 1,347 machines to 781. In 1907 there were exported American automobiles to the value of $2,555,000. For the 11 months ending November, 1912, there were exported from America 21,707 automobiles, at a value of $21,643,177. This is an increase over 1911 of over $7,000,000 and 8,000 machines, and an increase over 1910 of over 14,000 machines and $11,000,000 in exports. In the month of November alone there were twice as many machines exported as there were imported during the entire 11 months. Does this look as though the American manufacturer of automobiles needed a protective tariff? He needs protection, but of a different kind. He needs protection against his fellows, for an investigation will disclose to your committee that of the 21,707 machines exported 5 per cent possibly is the product of the 13 American makers who have filed their protest against a revision in the tariff, while the other 95 per cent is represented in the two hundred and forty-odd makers who have declined to keep the 13 company.

Gentlemen, we are struggling for existence. If you grant our petition we will increase our imports and increase the revenues and give work to American body builders and coach workers by the increased importation of our chassis. All that we ask for is the crumb from the rich manufacturer's table. The right to sell in honest competition 1 per cent of the cars that are sold in America. For this right we will give to the United States Government almost $2,000,000.

We therefore urge upon you to be kind enough to accept our proposition, and in conclusion submit herewith a few brief remarks covering our reasons for suggesting the amendment to paragraph 141 and the revision downward.

Respectfully submitted on behalf of the automobile importers and American automobile body builders herein mentioned.

JAMES M. CARPLES.

JANUARY 10, 1913.

A BRIEF ARGUMENT IN FAVOR OF A REVISION OF PARAGRAPH 141, AUTOMOBILES, ETC.

The COMMITTEE ON WAYS AND MEANS.

GENTLEMEN: As stated in the foregoing address, we petition your committee to recommend that paragraph 141 of Schedule C in the act of 1909 be amended to read as follows:

(*a*) Finished automobiles purchased by tourists and individuals abroad at retail, 45 per cent ad valorem; (*b*) finished automobiles, imported at wholesale by dealers, 35 per cent ad valorem; (*c*) automobile chassis, 25 per cent ad valorem; (*d*) finished parts of automobiles, not including automobile bodies or tires, 15 per cent ad valorem.

In paragraph 18 in H. R. 18642, amending paragraph 141 of the act of 1909, it was estimated that by a reduction of 5 per cent in the rate on this particular paragraph the imports would increase to $2,500,000, duties collected $1,000,000. In other words, a 5 per cent reduction will bring about 15 per cent increase in importations and 4 per cent in revenue. At 25 per cent ad valorem, which is the duty prayed for by the automobile importers of the United States on their chassis, the importers pledge themselves to import 3,000 cars of an approximate value of $6,810,000, on which the duties would be $1,702,500. At the present rate of duty the proportion of finished parts imported is 15 per cent of the value of the automobile imported. With a reduction in the rate of duty corresponding to the reduction asked for on automobiles there will be a corresponding increase in importations of parts. Estimated increase, $255,000 more, so that the revenue from this source will be $1,977,875, instead of $822,300, as it is at present, making an estimated increase in revenue in this paragraph due to the reduction in duties of $1,555,575, without any harm to the American industry whatsoever.

ATTITUDE OF A SMALL GROUP OF AMERICAN MANUFACTURERS AND THE EXPORT TRADE.

Out of a total of over 250 American automobile manufacturers there are not more than 10 who object to the reduction of duty on a foreign automobile chassis. The other 240 have no desire to interfere, because they feel it will interfere with the enormous export business which they have built up in the past five years. The statistics of the Department of Commerce and Labor show that in 1912 there were exported to foreign countries 21,707 automobiles, at a value of $21,643,177. Ninety-five per cent of these cars are the product of the factories of the 240 makers; 5 per cent represents the product of the other 10, who have presented their brief to the Senate Finance Committee in protest against H. R. 18642 in the spring of this year.

The business in foreign countries which these 240 makers have industriously striven for has grown from $2,695,655 in value in 1905 to $10,339,905 in 1910, a period of five years, and increased again almost $3,600,000 in 1911, and an increase in 1912 over 1911 of over $7,700,000.

It is easy to see why the 240 makers who have built up this enormous export business with foreign countries are not anxious to antagonize foreign makers so that they will retaliate by putting up a tariff wall like that which we have built around ourselves, shutting out their product. Already meetings have been held in Germany, France, Austria, Italy, and England urging upon the lawmakers of these respective countries the necessity for protection. Unless we let down the bars to the product of these countries we will shut off this enormous export business entirely, and this will spell ruin to the two hundred and forty-odd makers, but will not affect the interests of the 10 who have already appeared before you in protest against a revision in the tariff downward on this particular industry. The attitude of 2 of the principal makers of the 240 regarding a revision in the tariff downward is best evidenced by a reference to the tariff hearings before the Ways and Means Committee of the Sixtieth Congress on this particular schedule, and the testimony given by the Buick Motor Co., on page 2680, which at that time had an investment in plant and equipment of $1,500,000, contemplated producing 18,000 machines, and advocated an ad valorem duty of 20 per cent; and also of Mr. Henry Ford, of the Ford Motor Car Co., in a letter addressed to the Hon. S. E. Payne, which was published, first print, No. 22 of the Sixtieth Congress on this bill, November 30, 1908, page 2956. In referring to the petition of the American Manufacturers he states on behalf of the Ford Co.:

"We believe that this petition does not represent the position and attitude of all of the members of the association referred to (American Manufacturers). We are opposed to any increase in the tariff. We believe that this so-called 'infant industry' is fully protected all it should be, and we believe that the present tax (45 per cent) is a greater protection than this industry should have. The industry has progressed sufficiently far, we believe, not to be entitled to any greater protection than would be represented by the actual difference in the amount of labor paid to manufacture automobiles in this country and to that paid to manufacture automobiles in foreign countries. This difference is very small, as the amount of labor on automobiles in proportion to the materials on automobiles is almost insignificant."

In addition to the automobile statistics of exports quoted for the 11 months ending 1911 there were 1,246 gasoline engines exported, at a value of $146,573, while in 1912 for the same period there were 8,175 automobile engines exported, at a value of $1,360,532.

IMPORTERS' BRIEF, MARKED "EXHIBIT A."

In the brief submitted to your honorable committee by the Automobile Importers of America a comparative table of labor cost per employee in this country and abroad is furnished, and a brief glance at those figures will show to your honorable committee that the 20 per cent reduction asked for by the automobile importers sufficiently compensates any increased cost of labor in America, if labor alone would be considered as the factor in determining what the rate of duty should be between foreign-made and American-made product.

DEMOCRATIC TARIFF PLANK.

Referring to that particular plank in the tariff platform of the Democratic Party, which states:

"Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list."

We will state that, although we have no desire to advocate that automobiles be placed upon the free list, we do claim that American automobiles are being sold at American prices to-day in England, Austria, Russia, Holland, Belgium, Germany, and France and that the highest discount obtainable by agents in America is 20 per cent to 25 per cent, while export discounts run from 30 per cent to 40 per cent.

THE AUTOMOBILE AS AN ARTICLE OF UTILITY, NOT A LUXURY.

The fact that there are in use in America to-day some 500,000 automobiles, and that each one serves a useful purpose, and that the prices are within the means of the average buyer proves that the automobile is no longer an article of luxury. The farmer is enabled by the use of the automobile to visit towns and cities more often; has the opportunity to bring his early produce to an early market on week days and obtain a better price. On Sundays and holidays his vehicle is at the disposal of his family, and he is enabled to spend more time on the road, visiting his neighbors more frequently, be at church promptly, and through the speed saves sufficient time to indulge himself in all these social pleasures and diversions, where formerly he trudged and plodded just like the horse, upon which he was compelled to rely.

The merchant and manufacturer have fully appreciated the value of the automobile as an article of utility during the Christmas holidays just passed. Hundreds of thousands of packages ordered at our great department stores in the morning by the holiday shoppers were delivered the same day within a radius of 30 miles. The vehicles used for this purpose ranged from the 10-horsepower light delivery wagon, on a pleasure vehicle chassis, to the 50-horsepower dray or truck, and the condition of the weather or the street did not hinder the prompt delivery of the merchandise wherever the automobile was called into use. There was no luxury in this. This was surely a necessity.

The public who benefit by the use of the automobile will surely not consider the automobile an article of luxury. It has passed out of that class long ago, and has become an article of utility absolutely necessary now to the doctor, whether he practices in the country or in the city, to the professional man in general, and to the world at large.

The average price of the foreign car to-day is beyond the reach of the average purchaser in America, and this is not due to the fact that the foreign maker charges more for similar goods than the American makers. The average price this year per foreign vehicle is $2,275. The average price of the American vehicle exported is $1,000. The average selling price of the foreign vehicle in America is $4,500. The average selling price of the American vehicle is $3,000. The difference represents the duty and freight, 50 per cent.

REASONS WHY PARAGRAPH 141 SHOULD BE AMENDED AS REQUESTED.

By no stretch of the imagination can the fourth largest industry of the United States be classed as a luxury-producing industry, but in the amendment of paragraph 141 as submitted to your honorable committee in subsection a we have provided for that portion of the community that uses the automobile as a luxury, to wit: The rich American who goes abroad and insists on having a foreign car with a luxurious foreign body, we may indulge your inclination and buy something which in your estimation will outshine your neighbor. If you must buy a foreign automobile you can certainly afford

to pay to the Government of the United States the full measure of duty for indulging yourself in this luxury; and so we ask that in all such cases the duty of 45 per cent should remain. This is just and fair.

In subsection b we provide a duty of 35 per cent ad valorem to those importers in America who are bound, by contract or otherwise, at the present moment to purchase automobiles complete from European makers. There are a few European makers who build and sell the complete vehicle only, just as we do in America, and importers who are at present importing those machines are perfectly willing to pay this difference.

In subsection c of this paragraph we enumerate separately the automobile chassis. The automobile chassis is a piece of machinery incomplete. It arrives in this country very often without wheels, without tires, steering post dismounted, the accumulator and batteries removed, there are no running boards, no fenders, no mud guards, sometimes no gas tank, no irons for the lamps, for the tire holders, for the brackets, and all this work is given to the American body builder.

We have in the city of New York the best body-building establishments in the world. Brewster & Co., Healey & Co., Demarest & Co., Burr & Co., and the Holbrook Co. all benefit by the importation of the stripped chassis from Europe by our members. The percentage paid to American body builders for labor, for material, painting, etc., will average 50 per cent of the value of the imported article. Almost $2,000,000 has been paid in the city of New York alone by our importers for the body work and accessories. Another point to bring out in support of this amendment to the paragraph is the fact that the lamps used to equip these chassis are American, the speedometers are American, the horns are American, the tires are made here, the windshields are American, the rims are American, the wheels in a great many instances, especially now that wire wheels are getting popular, are American. We therefore beg of your honorable committee to give this portion of the paragraph your earnest consideration, for we have pointed out to you, first, that a reduction in tariff on chassis means an increase in revenues; second, it also means so much more work to the American body builders, to their mechanics, and in turn increased purchases of material such as wood, glass, iron, silk, lace, cotton hair, and the many things American manufacturers use in building a good automobile body; third, in means to the American tire manufacturer an increased business in the best tires built in America; and fourth, it means to the accessory manufacturers that the money which might have been spent in Europe with competitors is spent right here with them in America.

In subsection d hereof we propose that the duty on finished parts of automobiles, not including automobile bodies or tires, should be 15 per cent ad valorem. There should be at least this difference between the rate of duty on the chassis and the rate of duty on the parts, for the simple reason that with European makers, just as with American makers, the matter of parts is really a necessity, and it is the endeavor of all automobile manufacturers at the present time to furnish these parts at the lowest possible price and with the least profit to themselves to the user of the automobile who has been unfortunate enough to meet with an accident.

In importing foreign parts it is necessary for each importer to lay in a large stock of miscellaneous material of all kinds, for which he may or may not have any use. A man who imports $200,000 worth of chassis per year will be compelled to lay in at least $30,000 worth of parts. Of these parts some may be useful and some may never be called for at all, with the result that he has so much dead stock on his hand. He has paid the duty on these parts, and it does not pay him to return them to the factory, where they may have some use for them, as his American competitor can do, and it is indeed a hardship under these circumstances to be compelled to pay the same rate of duty for the parts that is placed on the automobile chassis. Another reason: In importing parts the importer is very often compelled to reshape and remodel such parts to suit the conditions before him. The waste material, on which he has paid the full rate of duty, is a total loss, besides which he is compelled to pay for the machining, labor, etc.

In another way it is an injustice to charge the full rate of duty on parts, for under a regulation of the Treasury Department the user of a vehicle on which duty has once been paid is permitted to send this vehicle back to the factory and have repairs and replacements made up to 10 per cent of the original market value of the chassis, and permitted to bring his vehicle with such new repairs and replacements into this country free of any duties whatsoever. We therefore ask that, in addition to the lower rate of duty for finished parts submitted for your consideration in subsection d hereof, that the following may be added to this paragraph:

Defective and broken material or parts of an automobile may be exchanged and replaced by similar material or parts of an automobile under proper Treasury regulations, providing such duty has once been paid.

In other words, while we are asking for a revision downward in this particular paragraph we are pointing out to you that we do not ask a revision downward on that portion of this paragraph which applies to luxuries, but we ask you to tax the luxury for all it can bear. We ask you to reduce the tariff on the article of commerce and base our argument on the fact that the present duty of 45 per cent is prohibitive and no longer necessary, that where there are 781 cars imported up to December 1 there were 21,700 exported, and that the opposition, if any, to our plea for revision is not that of the entire industry of 250 makers, but the opposition of 10 makers out of the 250, who stand alone in their fight. The revision downward asked for will be in accordance with the policy of the Democratic administration and the Democratic platform and will increase the revenues and at the same time act as a protection to the manufacturers of automobile bodies in America, giving increased employment to many in this industry, and, last, will in no way affect the wages paid to the American workman in this particular industry, if that is what the 10 particular makers who have protested against us fear so much, for if our estimated figures are correct there will be some 3,000 foreign cars imported in place of the 781, but there will be some 300,000 built in America, so that only 1 per cent of the machines sold here will be foreign cars.

In conclusion, gentlemen, we submit to your judgment our argument, believing that we have proved to your committee that an industry whose exports have increased in five years over 1,000 per cent and whose imports have decreased 60 per cent needs no further protection. We have also proved to you that our business will be revived and the revenue increased to over $2,000,000; and, as stated in our first address to you, we offer you $2,000,000 for the right to compete with 1 per cent of the product of the American manufacturer.

Respectfully submitted.

AUTOMOBILE IMPORTERS' ALLIANCE,
E. LASCARIS, *President.*

Hon. BOIES PENROSE,
Chairman Committee on Finance, United States Senate,
Washington, D. C.

SIR: We note, to our great astonishment, that the bill (H. R. 18642) amending Schedule C of the tariff act of August 5, 1909, passed by the House of Representatives and now under consideration by your honorable committee, provides for a reduction of but 5 per cent in the duty on automobiles. As from every point of view—that concerned with revenue alone and that having regard to protection against so-called unfair competition as between the American and the foreign product on the basis of relative cost of production, and from every other viewpoint save that of absolute prohibition—all facts available at the present time most unequivocally indicate the necessity of making a very substantial reduction in the extremely heavy tax on motor cars of foreign manufacture entering the United States, and since this nominal reduction of 5 per cent was made in a bill which provides for much greater reductions on a large number of other articles embraced by Schedule C, we can not but conclude that the facts relative to the automobile industry and trade have thus far been entirely overlooked. And for this reason we herewith respectfully request that your committee take the following under consideration, particularly the new evidence which we have to offer.

PRESENT AND PROPOSED RATES OF DUTY PRACTICALLY PROHIBITORY.

From the report of the Committee on Ways and Means to the House of Representatives, accompanying H. R. 18642, it will be seen (p. 44) that, by quantity as well as by value, the automobile imports for the year 1911 amounted to not much more than half of what they were in 1910. It will be seen, further, that the number of cars imported was only a little (21 per cent) larger, and the value less than three-fourths of the corresponding figures for 1905, and we beg your committee to reflect on the meaning of this when it is borne in mind that during this period of five years the production of automobiles in the United States went up from a value of $25,000,000 for the year 1904, to $165,000,000 for 1909, since which time the forward pace has been equally swift, so that the production for 1911 of automobiles alone and without considering parts (amounting in 1909 to slightly less than $90,000,000), must have been well over $200,000,000. It may therefore be said that the automobile imports have fallen off in the year 1911 to about one-tenth of the 1905 figure. They have fallen off without a halt since 1909, when they reached their "zenith" at slightly over $3,000,000—1.8 per cent of the American production for that year. The imports now amount to something

like 1 per cent of the home production and to only about 12 per cent of the value of American automobile exports (exclusive of parts) for 1911, whereas in 1905 exports and imports were nearly equal in value.

To say that the United States is the leading automobile manufacturing country in the world does not give a sufficiently correct impression. Although absolutely exact statistics in that regard are not available, it may be said that over 70 per cent of the world's production is now taken care of by this country. The American automobile industry has grown into a veritable giant. Its development has been so astonishing, in fact, that the rank and file of the foreign automobile trade have some difficulty, even now, of fully grasping the fact. There are individual factories in Michigan which manufacture a larger number of cars than does, for instance, the entire British motor-car industry. A glance at the export statistics will show with what ease American manufacturers can hold their own abroad in competition—fair competition in this case—with foreign cars. In 1911 the United States exports have passed Great Britain's which up till then had held second place (France being still a little ahead of the United States). And this happens practically as soon as the American manufacturers really begin to go after foreign business; they have had their hands full catering to the home market hitherto. To ask protection for this giant should seem a rather pusillanimous act, even considering nothing else than these general data.

One foreign car after another has, during the last decade, attempted to get a footing in the American market. Most failed at once; some succeeded for a while. But, one after another the majority have again been shut out by the 45 per cent tariff Out of, in round figures, 140 foreign makes imported during the last 10 years at the port of New York (where about 91 per cent of all foreign cars arrive), there were in 1911 only 16 which during that year had any real market at all; that is, only 16 makes of which 10 or more cars were sold. And, in view of the duty, that should not be surprising. The foreign product in this country at present—and so it has been for many years already—has no condition of fair competition to assist it. And there are numbers of cars not even really competitors, actual or potential, of any American product which, for the same reason, can not get to the American consumers who need them and would buy them at a lower price.

It would be superfluous, we think, to present any further data of this sort showing the prohibitory character of a 45 or 40 per cent duty on automobiles. But this information will be placed in the hands of your committee, should they care for it; we can show how many makes of foreign cars once upon a time imported via New York have now entirely disappeared. As to the prices at which the present tariff has compelled us to sell our cars, this information we have already given to the representatives of the Tariff Board, so that it will not be necessary for us to present this sort of evidence.

On the subject of prospective revenue to the Government we can not, of course, undertake to make any very reliable prophecy. The cost of production in the American automobile industry is now so low—as we shall try to make clear further on—that even if automobiles were put on the free list the imports would be comparatively limited. Yet it is safe to say that with a substantial reduction the increase in imports would be sufficient to add considerably to the revenue. The proposed rate of 40 per cent will in all probability not increase the customs, first, because in conjunction with the other and much heavier cuts in the schedule the reduction of 5 per cent is no reduction in fact; and second, because the imports, in spite of the growth of the American market which would have been partly available but for the duty, are at present well on the decline, and have been so for several years past. First of all, a reduction must be provided for that will keep the imports stationary, which, of course, would mean lower revenue; then, by a further reduction, down to a certain point impossible of ascertaining with any degree of accuracy, imports may be increased enough to yield a greater revenue. We maintain that the American industry has not for years been in need of protection, and that it now needs it much less than ever; on the basis of fairness in competition, or, in other words, on the basis of production cost, automobiles should be duty free. But from a standpoint of revenue we might suggest, for instance, 20 per cent. If with a 20 per cent duty the imports should increase to thrice their present value, that would effect a very handsome increase in the revenue; and yet the imports would not amount to 3 per cent of the total American production. Considering the state of affairs at the present time and considering that evidently a heavy reduction must first be made (in any such calculation as this) to prevent importation from being extinguished altogether, the best result might possibly be reached by a duty below 20 per cent.

One thing we regard as certain: That hardly any reduction in Schedule C should be greater than that to be made on the automobile duty. The reduction made in the bill as passed by the House of Representatives is hardly sufficient even to balance the advantage which the American manufacturers will have by reason of the other

reductions as made in the House bill; machine tools, for instance, would be free of duty. We only state the plain fact; it is far from us to wish that the American manufacturers were deprived of such an advantage; quite on the contrary.

We beg to emphasize, once again, the extraordinary development of the American automobile industry since 1905 and since the passing of the act of 1909 as well. In the "Views of the minority," accompanying H. R. 18642, the official statistics for 1905 have been used to show the relative importance of the products included in Schedule C. For a majority of the products enumerated this probably gives an approximately correct idea of the weight that should be assigned to each. But as regards the automobile industry the impression given is altogether wrong. In the opinion of the minority members of the Ways and Means Committee the average increase in production since 1905 has been about 25 per cent. For the automobile industry it has been close to 800 per cent. It would appear that this industry, among all the classes of products named, is outranked by only four or five. The consideration given it, therefore, should be equal to any in Schedule C.

It may not be out of place here to refer to sewing machines and typewriters. Is there not a certain similarity? There is some connection, direct, between typewriters and automobiles. In Europe a number of factories manufacture typewriters as well as automobiles; and, we might add, firearms. Sewing machines and typewriters have been proposed for the free list, doubtless because the imports were so insignificant. Yet, assuming a 25 per cent increase in production since 1905, the imports of sewing machines still were one-fifth per cent of the home production. The automobile imports, as mentioned, amounted to almost 1 per cent, but it does not strike one as a very great difference. There is much similarity between the typewriter-manufacturing and the automobile-manufacturing industries, the quality of workmanship required, the quality of materials, etc. Taking this alone into account, it would appear strange that the automobile should require a duty of 40 per cent and the typewriting machine none; it would appear strange, considering this alone, that a duty of 30 per cent on the former should be able even to prevent an absolute cessation of imports. The typewriter industry is now insignificant in comparison with the automobile industry; in the latter production is carried on on a much vaster scale, with the resulting increase in productivity per workman, thus more than paying for the latter's excess of wages as compared with the wages prevailing in the industry elsewhere. Any consideration in general of the industry here and in Europe ought to result in this contention being sustained on general grounds; but we shall, toward the end of this memorial, undertake to furnish your committee with specific statistical evidence thereof.

In this connection we also beg to call your committee's consideration to the very low rates of duty on automobiles abroad. By referring to the tabulation on pages 85 to 92 of the Ways and Means Committee report on the bill in question an idea may be had as to the general level of the rates of duty on metals and metal manufactures in the countries which produce automobiles. But we fail to find any mention of the various rates of duty on the latter. We therefore call attention to the very low rates on automobile imports in these countries—far below the general level appearing in the tabulation referred to. In Germany the rate is 25 marks on cars not exceeding 1,000 kg. per 100 kg.; 15 marks per 100 kg. on heavier cars. In France, where the duty was raised somewhat in 1910, the same distinction is made between heavier and lighter cars; it is now 75 francs on cars weighing from 500 to 2,500 kg., and 50 francs (per 100 kg.) on heavier cars. On cars imported into Italy the rate is 20 francs per 100 kg. on not exceeding 1,000 kg., and 14 francs per 100 on a greater total weight (up to 3,000 kg.). For the Austrian Empire, which is not a prominent automobile manufacturing country, the rate of duty per 100 kg. is 120 krones on from 400 to 1,600 kg., and 100 krones on from 1,600 to 2,300 kg. When these specific rates are translated into their ad valorem equivalents and the latter compared with the level of duties in those countries on other goods which in this country are included in Schedule C, it will be found that the duties on motor cars—whether passenger or goods-carrying—are extremely low: from 1 to 4 per cent for Germany, 3 to 8 per cent for France, somewhat higher for Austria, and lowest of all for Italy. We believe these facts are worthy of some consideration.

Evidently it is more difficult for the American public than it has been for the great European nations to get rid of the ancient notion that the products of the motor-car industry are luxuries par excellence. The American manufacturers will unite with their French, English, and German colleagues, and with us, in a most emphatic protest against this idea as properly belonging to a bygone decade. We do not believe that we should enter into any detailed discussion of this important question here, and the American manufacturers will be glad to save us the trouble. But we might point out that the commercial or utility vehicle, commonly so called, has long occu-

pied a prominent place in American automobile importation. At the present time, of the 709 new cars imported by dealers via the port of New York during 1911, 180 cars belonged to the "utility" class; that is, over 25 per cent of our automobile imports belonged to a class which nobody would think of calling "pleasure vehicles." The goods-carrying motor car has during the last year or two begun to take a very important position in American manufacture. We believe that this is also worthy of careful attention.

A certain group of American automobile manufacturers appeared before the Committee on Ways and Means three years ago and argued for the maintenance of the 45 per cent duty on automobiles. But it is necessary to add that several of the most prominent manufacturers at that time even strenuously opposed this action and placed themselves on our side as favoring a considerable reduction. The duty was maintained; and what has history demonstrated in the course of these three years? In the light of recent history alone the seeming apprehension of certain American manufacturers that any reduction in the duty would in a short time ruin the American industry looks almost ridiculous now. We will readily admit that at that time there was some excuse for such an attitude, because of the extraordinary depression in the industry abroad during 1908. Prices fell—not only abroad, but here—and the imports had increased some (about 20 per cent) as compared with 1907, although the total value decreased. In 1909 there was also a slight increase, an increase which, in view of the great strides of American production and the extension of the American market, should be regarded rather as a decrease. But what has occurred since then? Constant growth of the American industry; actual, uniform decline of the imports. Does not history clearly show that the American industry could easily take care of itself?

We could quote from the utterances of a number of American manufacturers and technical men connected with the industry to show that our opinion is really shared by the gentlemen of the American industry themselves. Evidently since 1908 they have progressed rapidly in knowledge and capacity for interpreting facts and the trend of events which for so long a large number of them did not seem to grasp at all. We could quote extensively from the press to satisfy your committee in this regard without it being necessary to have the manufacturers make this admission direct. But we do not feel warranted in claiming the committee's time in this connection, and quoting really seems to us superfluous. The recent export record alone should make it clear that the American product can make amazing headway, even when outside the protected area, even where it is handicapped—as the foreign product would be here if the duty were removed entirely—by distance and transportation charges, and even where the American manufacturers are not sufficiently anxious for the foreign market to sell their cars except at a price far above that prevailing in America.

Hon. Sereno E. Payne, then chairman of the Ways and Means Committee, remarked, in the course of the hearings on Schedule C in 1908, that he was satisfied 20 per cent would be sufficient protection for American automobiles. (Tariff Hearings, 1908–1909, vol. 3, p. 2863.) It is evident that the chairman was on the safe side in this remark. To his mind there was question only of revenue; and the Ways and Means Committee at that time appeared particularly desirous of ascertaining the rate of duty which would yield the greatest revenue to the Government. Unfortunately, they failed to find it out.

AMERICAN PRODUCTION COSTS LOWER THAN FOREIGN COSTS?

In tariff making the problem of revenue and the problem of protection for the home product are necessarily somewhat different. None the less, there is an intimate connection between revenue considerations and facts regarding relative costs of production. The conspicuous general facts on the subject of the world's automobile industry at present give rise to the question: How can it be that a duty of 45 per cent is so nearly prohibitory and is rapidly becoming absolutely so? The explanation, of course, lies in a cost-of-production inquiry. The automobile industry abroad has been the subject of an apparently most thorough and extensive investigation by the United States Tariff Board. The manufacturers whom we represent have been requested to furnish the board's representatives a variety of data with regard to their business, and this they have been only too glad to do, in so far as consistent with the prudence which must be observed by the individual manufacturer in order that competitors may not be able to derive advantage of certain information to the detriment of the manufacturer himself. Apparently the data secured by the Tariff Board have not been utilized by the Ways and Means Committee. The Tariff Board proba-

bly is in possession of much better, more detailed, and therefore more complete information on the subject of production costs in the United States and abroad, and this, we understand, will be put at the disposal of your committee and Congress, should it be required. But until such data are forthcoming it will, no doubt, be of interest and, we hope, some assistance to your committee to look into the information which we have had compiled and herewith present, and which, though of a somewhat general character, represents very important new evidence never thus far considered by Congress.

The statistics which we now have to offer are official. And we have used the latest available. As regards the industry abroad, the most recent complete statistics for Great Britain and the German Empire are those covering the year 1907. For the United States we have used the results, as thus far published, of the general census for the year 1909, together with the corresponding statistics for 1905; and, in addition, we have taken the result of a census undertaken by the department of labor of the State of Michigan, and figures taken from the Thirty-seventh Annual Report of the Bureau of Industrial Statistics of the State of Pennsylvania, transmitted by Mr. John L. Rockey, chief of the bureau, to the secretary of internal affairs for that State. The statistics for both Pennsylvania and Michigan refer to the year 1909, and these have been compared with the corresponding statistics for 1905 taken from the detailed statement on the automobile industry published by the Federal census authorities. The comparison between the United States and Germany, although for the years 1909 and 1907, respectively, must be regarded as fair, because 1908 and to a certain extent 1909 were bad years for our industry in Eurpoe, while the development of the American automobile industry went on practically unhampered. Besides, a comparison may be made for the United States in 1905 and Germany in 1907. We have thought it best, in order to be absolutely fair, to present statistics not only for the entire American industry, but for Michigan and Pennsylvania as representing apparently the strongest and one of the weakest sections, respectively, of the industry here. Not far from two-thirds of the total American production, inclusive of parts, is attributable to the Michigan section, while Pennsylvania does not produce 3 per cent; in the latter State only two firms out of seven in 1909 reported their business as "good," while all the Michigan firms so reported.

We have abstained from presenting unnecessary figures. For the purpose of demonstrating, as far as these statistics go, that the higher rates of wages in the American industry do not necessarily indicate a higher cost of labor, nor even a greater cost of production on the whole, we propose showing the cost of labor by means of simple arithmetical deductions from the official figures; also the margin left for general expenses and profit after deduction of materials and labor. We will also examine the relations between the two principal classes of expense in manufacturing and compare the latter to the value of production; and we will point out the huge difference in this regard between American and German establishments. Particularly, since—other things equal—an increase in the expenses for materials for every workman employed will indicate a greater productivity of collective labor, we wish to call especial attention to the amazing difference in this matter between the Michigan motor-car industry and that of Germany. The English statistics would appear to give results very similar to those brought out by the German census; but in order not to make the tabulation too unwieldy we will confine it to Germany, so far as the industry abroad is concerned.

Round figures have been employed.

Automobile manufacturing costs.

	Michigan.			Pennsylvania.		Germany.		United States.		
	1905	1909	Increase.	1905	1909	1907	1906	1905	1909	Increase.
			Per ct.							*Per ct.*
Establishments	22	33	....	6	7	52	....	178	743	317
Capital invested	$3,765,000	$34,590,000	....	$1,455,000	$3,150,000	....	$10,250,000	$23,084,000	$173,837,000	653
Production	$6,000,000	$135,000,000	....	$1,226,000	$4,130,000	$13,685,000	....	$30,034,000	$249,202,000	730
Cost of materials	$2,873,000	$5,000,000	....	$6[illegible],030	....	$6,712,000	....	$13,151,000	$131,646,000	901
Employees:										
Commercial and technical combined	151	2,082	....	65	158	....	1,092	1,181	9,233	682
Salaries	$158,500	$2,473,000	....	$78,700	$148,000	....	$622,000	....	....	....
Skilled and common labor	2,123	25,976	....	566	1,579	....	10,347	12,049	75,721	528
Wages	$970,300	$20,722,000	....	$352,500	$1,000,755	....	$3,171,000	....	....	....
Wages and salaries	$1,128,500	$23,195,000	....	$431,200	$1,148,755	$4,498,000	$3,793,000	$8,416,000	$58,173,000	591
Total employees	2,274	28,058	....	631	1,737	12,688	11,439	13,230	84,954	542
From the above the following is to be deducted:										
For every establishment.										
Employees	103	850	....	105	248	244	....	74	114	....
Production (gross)	$314,000	$1,090,000	....	$204,000	$450,000	$263,000	$302	$168,000	$335,000	....
Capital invested	$171,000	$1,050,000	....	$242,000	$450,000	....	$302,000	$130,000	$234,000	....
For every employee.										
Capital invested	$1,656	$1,246	−21	$2,303	$1,812	....	$895	$1,745	$2,046	12
Production (gross)	$3,034	$4,812	58	$1,943	$2,502	$1,078	....	$2,270	$2,923	29
Cost of materials	$1,263	$2,677	112	$953	....	$529	....	$994	$1,550	56
Annual wages and salaries (combined)	$500	$827	65	$683	$661	$354	....	$639	$685	8
Net production (value added in establishment)	$1,771	$2,135	21	$990	....	$549	....	$1,276	$1,384	8
COST RELATIONS.										
Percentage of gross product.										
Labor	16.5	17.2	....	35.1	25.5	32.8	....	28	23.4	....
Materials	41.6	55.6	....	49	....	49	....	43.8	53	....
Percentage of net product.										
Labor	28.2	38.7	....	69	....	61.5	....	49.9	49.5	....

Automobile manufacturing costs—Continued.

	Michigan.			Pennsylvania.		Germany.		United States.		
	1905	1909	Increase.	1905	1909	1907	1906	1905	1909	Increase.
Net production.										
Percentage of gross	58	44.4	*Per ct.*	51	....	50	....	56.5	47.3	*Per ct.* ....
EXCESS OVER GERMANY.										
For every employee.										
Average wages and salary (combined), per cent	43	134	....	93	87	....	....	79	94	....
Gross production per cent	181	346	....	80	140	....	....	111	171	....
Materials cost do	139	406	....	88	....	....	....	88	193	....
Net production do	223	290	....	80	....	....	....	132	152	....

These figures simply corroborate facts which are otherwise known but not easily proven. Our main purpose in presenting the table is to demonstrate that the higher wages in the automobile industry in this country do not rest on the duty, nor on higher prices made possible by the duty, but on the very productivity of that labor as collectively employed in connection with extensive use of machinery, minute specialization, etc., made profitable by the enormous market at the manufacturers' very door. It ought to be flattering indeed to the American manufacturers, and pleasing to the American public, to learn that the higher wages as well as the higher profits in the American automobile industry are earned through productivity.

As to corroboration of facts otherwise known, we might point out one particular instance. It is seen that the expenses for materials in the Michigan industry increased 112 per cent in the five-year period, while the value of production increased only 58 per cent. This, particularly if it is assumed that the prices of raw material increased somewhat, should corroborate the general estimate of those familiar with the industry that automobile prices during that period decreased by something like one-third.

We beg to call especial attention to that part of the table showing values for every workman in America as compared with Germany, and to the bottom portion where the percentage of excess is shown; also to our comparison of the industry, both in Michigan and in the United States on the whole, as between the beginning and the end of this five-year period, which shows that the expenses of materials increased very much more than any of the other items, which again explains why prices for automobiles of similar quality could fall in that period and wages at the same time considerably increase—because so very much more was produced to a given cost and for every workman.

The table shows that the value of production for every employee in Michigan for 1909 was 346 per cent, or nearly four and a half times greater than in the case of Germany two years previously. The prices for approximately similar cars may or may not have been higher in the United States: they could not, of course, have been four and a half times as high. The materials cost for every employee in the Michigan industry five times more than was the case in Germany; the prices paid for these materials could not, of course, have been that much higher. (During the tariff hearings in 1908 one manufacturer testified that according to his belief materials for use in automobile manufacture were cheaper in the United States than abroad, while another thought they were on the average 25 per cent higher.) The question therefore arises, Was not labor in the Michigan factories five times more productive than in Germany, and the labor cost therefore (considering the extraordinary wages paid in Michigan) over twice as low? Probably not as much cheaper as that. But, even assuming that the prices paid for materials were 25 per cent higher, and even considering that, as would appear from a comparison of the figures under "Cost relations", in the preceding table, the materials used in the Michigan establishments enter the latter in a somewhat more finished form, the actual labor cost should still be lower than for the German factories in spite of the higher wages.

With great productivity of labor expensive machinery may be expected to play a more prominent rôle. In fact, the so-called productivity of labor is the productivity of labor in conjunction with tools and machinery. To the average rates of wages should therefore be added annual charges upon that machinery, etc. The investment for every employee in the Michigan automobile factories in 1909 was about 40 per cent higher than the German figure for 1906; and if on that investment we charge 5 per cent interest and 10 per cent for depreciation, the cost of that productivity per workman is increased a little above the figures for wages alone.

The table shows that the cost relations with regard to expenses for materials were about the same in Michigan for 1909 as in Germany for 1907. But a very small portion of the difference in the cost of material per employee could be accounted for by the fact that specialization in the Michigan automobile industry is carried so far and that many factories buy more materials per unit of product. Any special theory may be tested by means of the figures given in the table. For instance, if it should be held that the higher—extraordinarily much higher—rates of wages paid by the Michigan manufacturers are not offset by greater productivity per workman, that consequently no more was produced than in Germany, then the figures showing net production would utterly shatter such a theory. The net production, or value added by manufacture, was in 1909 almost four times greater per workman in the Michigan automobile factories as compared with the German factories. Assuming—as would such a theory—the same unit of product, the Michigan manufacturer's margin for profit and general expenses, after paying wages, would be $1,308, as against the German manufacturer's $195, which would be scandalous; and, since the net production value constituted 44.4 per cent of the cost of the complete motor car, the price charged by the Michigan manufacturer for his car would have to be 231 per cent higher, even with materials no

higher than in Germany, which would be ridiculous. Obviously, the margin mentioned, $1,308, is not for the same amount of production as that corresponding to the $195 for Germany; the American manufacturer's margin of profit per car may even be less than the German manufacturer's, provided the productivity of the Michigan labor is many times greater and the cost of labor therefore correspondingly lower.

Much the same is true for the American industry as a whole. But it should be remembered that the Federal census embraced a large number of establishments which produce accessories alone. These accessories are sold to other firms making the cars proper, which results in some duplication of values. The importance of such duplication in connection with the preceding comparisons will not amount to much, and it may be ascertained within certain limits; yet the comparison between Michigan and Germany is the most satisfactory in this regard, the Michigan census embracing only automobile-manufacturing establishments.

If the import statistics indicate the little short of prohibitory character of a 45 per cent or 40 per cent duty, the statistics we have just given will explain the why and wherefore.

The American automobile imports have been steadily declining in spite of a rapid growth of the American market. They do not amount to 1 per cent of the home production. The aggregate American imports of all kinds, compared to the market or wholesale value of the total American production of manufactured commodities, all kinds, amount to more than 12 per cent. If the foreign motor cars are not enabled to compete with American cars on a fairer basis, indications are—as everyone ought to admit when acquainted with the real state of affairs—that imports will in a very short time cease altogether. From a basis both of revenue to the Treasury and protection to the American manufacturer against unfair competition, the present duty is very much too high, and the proposed rate of duty equally so.

The facts we have given here should be most convincing. Yet we realize that because of our handling the foreign product we are not in a position to present this evidence as coming from disinterested parties. We would therefore request that your committee, in so far as our data are incomplete or open to any suspicion or doubt of any kind, secure from the Tariff Board whatever information it has gathered in regard to our industry. It seems to us as if those data should be used in connection with the consideration of this bill. We have no doubt that they will show conditions to be about what we have attempted to make clear.

Respectfully submitted.

TARIFF COMMITTEE AUTOMOBILE IMPORTERS.

By signatures as hereto annexed: De Dion-Bouton Selling Branch, E. Lasaris, manager; Paul Lacroix Automobile (Inc.), Paul Lacroix, president; Daimler Import Co., C. E. Braine; A. T. Demarest & Co., G. Chevalier, president; Healey & Co.; Benz Auto Import Co. of America, Walter Maass, secretary; Panhard & Levassor, G. Troy, manager; Metallurgique Motor Co., Harry W. Allen; Minerva Motor Co., Fred W. Sewell; Adams-Lancia Co., T. E. Adams, president; Brewster & Co

FEBRUARY 23, 1912

Memorial of the Italian Chamber of Commerce re aluminum.

[Repudiated by the Italian Manufacturers' Association and the Italian Government. See exhibits.]

Hon. O. W. UNDERWOOD,
Chairman of the Committee on Ways and Means, Washington, D. C.

SIR: The Italian Chamber of Commerce in New York desires to submit to this honorable committee, now engaged in the preliminary work of the revision of the tariff, the following observations on the necessity of revising some paragraphs of Schedule C, and the following arguments in substantiation of its plea for a reduction of the rates on the article hereafter stated, hoping that this honorable committee will give them consideration and that this institution, vouching not only the interests of manufacturers but those of consumers, may contribute the result of its experience and disinterestedness to secure a revision of the present tariff in conformity with the criteria that have led to the present work of readjustment of the fiscal policy of this country.

Aluminum.—The demand for this metal, the total production of which in the United States was estimated in 1911 at about 13,000 tons, controlled by one concern, against a total world production of about 45,000 tons, is fast increasing, owing to the manifold uses in which it is employed.

Importations of crude aluminum during the last three fiscal years were: In 1911, 4,173,308 pounds, valued at $598,272; in 1910, 12,271,277 pounds, valued at $1,844,430; in 1909, 5,109,843 pounds, valued at $745,963.

Besides domestic production, Germany, France, and England are the chief sources of supply of this metal, and lately Italy has entered into this line of electrometallurgy, with a promising future.

The automobile industry is a large consumer of aluminum, which is used in engine and body construction, for foot and running boards, and for a number of similar parts. Cooking utensils made of aluminum are becoming more popular, and this metal is generally used in the manufacture of an endless number of articles, such as bottle seals, etc. Owing to the increased price of wood, it is substituting the latter in vehicle body construction. The brewing industry is a very promising field for the future application of aluminum, tanks of large capacity, of as much as 600 barrels, having been lately introduced in many breweries. Owing to its valuable autogenous welding property, this metal is especially suitable to the manufacture of those articles, such as sanitary apparatus, in which freedom from seams and joints is desirable by reason of cleanliness. Aluminum high-tension conductors are becoming more extensively used in the electrotechnical industry, and this metal is also being utilized in the manufacture of bronze powders, an article which enjoys an increasing demand, and in that of alloys in conjunction with other metals.

The average price of aluminum of 99 per cent in New York was in 1911, 18¾ cents per pound, while it sold in Germany at about 12¼ cents. The concern which controls the manufacture of this metal in this country evidently got the benefit of the high protective duty of 7 cents per pound, which marks the difference between the quotations above stated.

As the expenses relating to the manufacture of this metal, which is the product of an electrometallurgical process, are about the same in this country as in Europe, wages not differing much for labor engaged in work of this kind, while this country enjoys the advantage of lesser cost of the electric energy required, for the production of which it possesses unrivaled opportunities, it is manifest that the reduction of the present high duties on aluminum and aluminum plates, sheets, bars, and rods to a round rate of 25 per cent, such as contained in the metal bill passed by the House on January 29, 1912, and by the Senate on May 30, 1912, and as this chamber respectfully solicits, is advisable both in the interest of consumers and revenue.

Automobiles.—The present assessment of duty at the rate of 45 per cent on automobiles was established at a time when both the manufacture and importation of this vehicle were in their inception, namely, when the automobile was yet a luxury, or an article of sport, and had not become, as it did during the last decade, a vehicle of common use.

As it soon acquired, through its manifest advantages, the patronage not only of the wealthy or sportive class, but also of the numerous class of business and professional men, it became the object of an enormous manufacturing domestic industry and of a notable importation.

The great American automobile industry, that has been built up by reason of the unsurpassable advantages enjoyed by this country in the production of the necessary materials, as well as of the mechanical excellence of its skilled labor and of the inborn tendency to constant improvement, which is a characteristic trait of both American labor and manufacture, would have developed even without the aid of high protection.

During the early stages of the establishment of the industry, protection may have served the purpose of keeping up the morale of the American manufacturer; but, arguing from the fact that the foreign machine has sold, as a rule, at a far greater price than the domestic, and by far in excess of the 45 per cent increase represented by the duty, and that the American industry has been built up on the basis of much cheaper machines, of machines accessible to the purse of a far wider number of patrons than in the case of the foreign makes, it is doubtful whether, in a practical way, the present high rate has actually proven of any benefit to the American manufacturer, or, as it is more probable, whether it has not acted as a mere offsetting of any possible outcry for supposed want of protection.

The opinion of this chamber is that it has proven not only superfluous but also prejudicial. It is, therefore, manifest that its aim can only be that of raising revenue.

As a revenue measure, however, a look at the decreasing tendency shown by the importations of foreign machines during the last few years, which, from 1,621, valued at $2,905,391, in fiscal year 1909, have decreased to 888 machines, valued at $1,898,813, in fiscal year 1911, is sufficient to convince that it has defeated its own purpose.

The decrease of importations in value is even more evident by comparing the figures for 1911 with those of five years ago and shows that the effect of maintaining such high rate as the present on automobiles has been that of encouraging from abroad the importation of cheaper machines (average unit value in fiscal year 1911, $2,101, against $3,437 in 1907), in which field the American manufacturer will always undersell the foreign.

A further proof that the present tariff has defeated its own purpose as a revenue measure is in the fact that some important foreign manufacturer, since the duty of 45 per cent was consolidated by the tariff act of 1909, has overcome all tariff difficulties by establishing here a plant for the manufacture of his well-known make.

This may not be undesirable from the standpoint of the industrial development of this country, but whether it is equally so from that of the primary purpose of the tariff, namely, the function of raising revenue and of not fostering privileged class legislation and governmental paternalism, we leave to the judgment of your honorable committee.

That the American automobile industry has enough sinew of its own to stand on its own merits and progress without such a high rate of superfluous protection is demonstrated by the remarkable development of the exportation of automobiles from this country, which, from 2,862 cars, representing a total value of $4,890,886, in fiscal year 1909, increased in 1911 to 11,803 cars, valued at $12,965,049. And the fact that the cars exported are mostly destined, besides to other North American countries, which is only natural, to European countries (in 1911, 3,446 cars), namely, to the very countries where the automobile industry had its inception, as well as the fact that the average unit value of the American machine exported in 1911 was of $1,098, against $2,104, representing the average unit value of the foreign imported machine, prove conclusively that the American automobile undersells the European by 100 per cent, without need of any protection. All the more apparent this when we consider that the unit value of exported American machines used to be in 1907, $1,709, while it had descended in 1911 to $1,098.

In fact no country possesses the natural advantages of the United States for this industry, such as the advantage of minor cost of metals, wood, leather, paint, glass, etc., which are the materials principally used in the manufacture of this latest means of conveyance. No country possesses cheaper power, another important item, and wages paid to labor engaged in the automobile industry in Europe are not much below the standard paid in the United States; while the greater mechanical skill of the American laborer, which renders his work more efficient, is another, and not the least, of the advantages enjoyed by this country.

Why should such a high rate of duty as the present be maintained on the foreign car, when it is an incontrovertible fact that the automobile has its widest use in this country and that the American-built car is beginning to dominate the world markets?

Why should a rate of duty like the present be maintained, which tends to reduce the standard of the imported automobile, and why not allow, by a more reasonable rate, the stimulus for new ideas in design and construction and the introduction of novel features with which is identified the foreign car, both in the interest of manufacture and consumer, for it must not be forgotten that Europe, as the birthplace of the modern motor car and the cradle of its infancy, is yet looked upon as the pioneer in the technical progress of this industry?

And lastly, why not make a rate that, without the odiousness of being an unnecessary fiscal burden, will prove more responsive for the purpose of revenue?

This chamber is convinced that if the duty on automobiles and parts thereof were reduced from 45 to 40 per cent ad valorem, as contemplated by paragraph 18 of the metal bill, passed by the House on January 20, 1912, and by the Senate on May 30, 1912, which it respectfully recommends, no prejudice will derive to American industry or labor, while revenue would yield better results.

Respectfully submitted.

LUIGI SOLARI, *President.*
G. R. SCHROEDER, *Secretary.*

EXHIBIT 2.—*An argument in reply to five prominent questions brought forward in discussion regarding this paragraph.*

NEW YORK, *March 4, 1913.*

1. At what point would a downward revision stimulate revenue?
2. Would commercial vehicles be properly taken care of?
3. Does the small car need any tariff at all?
4. Would the policy of the administration towards luxuries be affected by a downward revision on automobiles?
5. The relation of the farming, agricultural, and suburban element toward the automobile question.

QUESTION NO. 1.—*At what point would a downward revision stimulate revenue?*—The point at which a downward revision of the tariff will stimulate revenue in the automobile paragraph is the point of competition. In the brief submitted by the auto-

mobile importers for a revision of the tariff downward on paragraph 141, automobiles and parts thereof, it was stated that if the recommendation to reduce the duty from 45 per cent ad valorem to 25 per cent ad valorem on chassis was carried out that the automobile importers of the United States would import approximately 3,000 cars.

The average unit value per chassis for 1912 was $2,270, and at that rate there would be imported $6,810,000 in value, on which the duties would be $1,702,500. To this was added 15 per cent in value of parts, so that the increased revenue on this paragraph was estimated to be $1,977,875.

In the House bill 18642, paragraph 141 was amended by paragraph 18, in which the duty was reduced from 45 per cent to 40 per cent ad valorem, and it was estimated that this reduction would bring an increase of $33,316 in cars and $289,796 in parts. On calculating, I find that your committee had figured at that time that a 5-point reduction would bring a 2 per cent increase in importations of automobiles, and that a 5-point reduction on automobile parts would bring a 70 per cent increase in the importation of parts.

I have been in the automobile business since 1902, representing the best American manufacturers, importing cars on my own account and for others, and have also been employed by the Treasury Department in the Customs Division and on the Tariff Board, and I can not find any basis for your calculation that a 5-point reduction on automobile parts would mean an increase of 70 per cent in importations.

With your estimated increase in imports on your House bill No. 18642 of $33,316, you figured a decrease in revenue of $68,253 on automobiles and an increase in revenue of $98,908 on parts. It is impossible to make any calculation with these figures as a basis, but if you will make inquiry among automobile importers and automobile dealers in the United States you will find that we always stock up in parts 15 per cent of the value of the cars; for instance: With an order for 20 foreign cars of a unit value of $2,200 each, there would go forward an order for about $6,000 worth of parts. On a basis of a reduction of five points your figures show a 2 per cent increase in importations, consequently the only increase in parts would be a proportionate increase, as the importers stock up only such parts as are actually necessary, in proportion to the amount of cars that they carry.

If your committee has calculated that a reduction in the duty on parts would bring increased sale and use by the American manufacturers then your figures would be nearer right if you adopted my suggestion of a reduction in the tariff to 15 per cent ad valorem instead of 40 per cent, so that the American manufacturer will be enabled to use the best European material at a reasonable figure in the manufacture of his car, and give the benefit to the consumer and proportionately increase the revenue on this item.

As stated in the beginning of this argument, the point at which a downward revision of the tariff on this particular paragraph will stimulate revenues is the point at which the importer enters into fair competition with the American dealer.

That point is on a 20 point reduction, as I will prove to you by the following tabulated list of foreign makes of chassis now being imported:

Name.	Cylinder.	Horse-power.	Bore and stroke.	Cost.	Net importers' price.	
					25 per cent duty.	45 per cent duty.
1. Austrian-Daimler	4	20-30	3½ by 5½	$2,063	$2,578	$2,991
2. Benz	4	30	3½ by 5½	2,100	2,625	3,045
3. Delauney-Bellville	6	27	3¾ by 5¼	2,250	2,812	3,262
4. English-Daimler	6	38	4 by 6¼	3,600	4,500	5,220
5. Isotta-F	4	35	3¾ by 5½	2,003	2,504	2,904
6. Minerva	4	26	4 by 5½	2,100	2,625	3,045
7. Mercedes	4	30	3½ by 5½	2,100	2,625	3,045
8. Panhard	6	35	4 by 5½	2,560	3,200	3,712
9. Renault	6	40	4 by 5¼	3,150	3,937	4,567
10. Lancia	4	30	3½ by 5¼	1,680	2,100	2,416

All of the above quotations are for the stripped chassis, with tires, but without running boards, fenders, mud guards, painting or ironing or forging of any kind.

On the following list I will tabulate American cars corresponding with Nos. 1 to 10 on the foreign list, completely equipped with body (holding from five to seven passengers), top, tires, demountable rims, full set of lamps, electric lighting equipment, self-starting device, speedometer, Prest-O-Lite tank and horn, quoting the

selling price and the net price to the dealer, the net price to the dealer being equivalent to the net import price to the importer, both items including manufacturers' profit.

Name.	Cylinder.	Horse-power.	Retail price.	Net to dealer.
1. Mercer	4	30	$2,600	$2,080
2. Lozier	6	34	3,250	2,600
3. Premier	6	38	2,735	2,188
4. Stearns	6	48	4,000	3,000
5 Columbia	4	38	3,500	2,625
6. Pope	4	36	3,250	2,638
7. Locomobile	4	32	3,600	2,700
8 Packard	6	38	4,150	3,320
9 Pierce	6	48	5,000	4,000
10. S. G. V	4	32	2,500	2,000

If you will match up the corresponding numbers, bore and stroke being about the same (with the odds in favor of the American car) you will note that at 25 per cent ad valorem, which is what we suggest, the foreign chassis with tires can enter into competition with the American car fully equipped as above described, the odds being in favor of the American car at this rate of duty by the value or cost of the equipment, which will vary with certain manufacturers between $750 to $1,000, conservatively estimated, and offsets any alleged difference as to cost of labor.

As it stands now, if you will take the figures in the first table of foreign cars from 1 to 10 and glance at the importer's net price with 45 per cent for duty you can figure how much the importer is at present handicapped in competition, car for car, as compared to Nos. 1 to 10 in the American list. And how much the revenue will be stimulated by a 25 per cent duty from this source when the importer has a chance to compete, is shown to you when you compare the importer's net price under column marked 25 per cent.

We estimate a fourfold increase in imports of chassis, which would mean some 3,000 chassis instead of 750, and at the unit rate of value, $2,270 per chassis, means $6,810,000 in imports, which, at 25 per cent ad valorem, will equal in duties or revenues $1,702,500.

In order to meet this foreign competition the American makers of cars of equivalent value will be compelled to put in the best material they can find, in addition to the ball bearings which they now use (and which are mostly German and Swedish makes) and the magnetos (which are mostly German) they will use French and German castings and forgings, providing that the rate of duty is placed at 15 per cent on parts instead of 45 per cent, as it is at the present time.

American makers, like Pierce, Packard, Peerless, Locomobile, Stearns, Lozier, Alco, Simplex and others have always used a certain quantity of foreign material in their production.

It is impossible to estimate the value of the parts or the extent to which the revenues may be stimulated from this source, but it is safe to say that where, under present conditions, the value of the imported parts for 1912 at a 45 per cent ad valorem rate was $275,819 that at the reduced rate it will be four times that much, or $1,100,000, an estimated increase in revenues of about $10,000 from this source alone.

In conclusion, I wish to state that there is only one point at which the importer or vender can figure that he will increase his sales, and that is at the point of competition, and this is the only view which we, from our side, can take in the matter.

We feel that at a 25 per cent ad valorem rate we have reached the point of competition, and we also feel that at the point of competition we can increase our sales fourfold. It therefore follows, as a matter of logic, that if we increase our sales fourfold the imports are increased fourfold, so that you, in turn, must figure that when our imports are increased four times over you have reached the point at which a downward revision of the tariff on paragraph 141 would stimulate revenue.

QUESTION NO. 2.—*Would commercial vehicles be properly taken care of?*—The question arises whether in our subdivision of the present paragraph 141, commercial vehicles will be properly taken care of without being specifically mentioned in the paragraph. We answer "yes" to this most emphatically. In our suggested amendment (c) to paragraph 141 we say:

Automobile chassis, 25 per cent ad valorem.

Up to the time of presenting this argument there has not been one commercial vehicle with the exception of the Darracq taxicab that entered this country other than a chassis. All trucks, omnibuses, fire engines, and other commercial vehicles come in

stripped, and 90 per cent without tires. All the work of fitting bodies, fenders, running boards, footboards, tire irons, tops, painting, and fitting with tires and rims is done in this country. This must be so for three reasons:

1. Because each purchaser of a commercial vehicle has his own particular type of body which has been made for him by his particular body builder for his own peculiar use, and one which is best fitted to the handling of his commodity, like brewers, grocers, coal dealers, contractors, lumber wagons, etc.

2. Because of the huge bulk of these chassis. If the complete vehicle were to be imported it would be almost impossible to lift them in and out of the hold of the steamers, and the cubic-inch displacement and cost of transportation would be enormous.

3. The American builders of commercial bodies can make quicker deliveries and build cheaper in this country than they can on the other side. The same is the case with rubber tires.

In the brief submitted by Mr. Richard W. Meade, president of the New York Transportation Co. and Fifth Avenue Coach Co., which appears on page No. 1187 of your Tariff Hearings, Schedule C, you will note that this firm alone has purchased since 1907 commercial vehicle chassis, omnibuses, and cabs, from Europe, amounting to $1,029,338, and spare parts necessary to their upkeep to the amount of $171,262, making a total value of over $1,200,000. Fifty-six per cent of the original cost of these vehicles was expended in amounts incidental to the importation and completion of these cars.

Owing to the prohibitive duty of 45 per cent at which these chassis are at present taxed, the American manufacturer has been in no way stimulated or forced to make a like vehicle to the ones purchased by this firm, which could honestly enter into competition with the imported product they use. Mr. Meade states in his brief:

"No wonder that taxicab rates are extortionate in American cities. The gasoline bills of some of the taxicabs operated in Washington would represent a respectable proportion of the total expense of running a cab in London or Berlin."

And as an object lesson I will go him one further and point out to you the antiquated running gear now used in the city of Washington, which has been the laughingstock of America; that is, your omnibus line, known in Washington as the "herdics."

There can be no comparison between these omnibuses and those that are used and operated in the service of the Fifth Avenue Coach Co., under the direction of the Public Service Commission of New York State.

If the American manufacturer were compelled to enter into competition on an equal basis, through a reduction in the tariff, with the foreign maker (which he soon would be when foreign commercial vehicles were offered here for sale at competitive prices) he would very soon bend every effort to make as good a vehicle in America as is being made on the other side at the present time.

Public service vehicles, omnibuses, taxicabs, and commercial vehicles, trucks, drays, delivery wagons, the municipal vehicles like mail wagons, fire engines, street sprinklers, tar-spreading machines, road-making machines, are all a public necessity, and, as at present enumerated under paragraph 141, might erroneously be considered by the members of your committee in discussing this paragraph as automobiles and consequently luxuries. I have, therefore, in my suggestion for an amendment separated these from the rest under my subdivision (e) as chassis, at 25 per cent ad valorem, and in conclusion I will state that out of the 781 vehicles imported under this paragraph during the calendar year of 1912, 155 were commercial vehicles; that of the 709 vehicles imported in 1911, 180 were commercial vehicles; that of the 845 vehicles imported in 1910, 171 were commercial vehicles; and this in spite of the 45 per cent ad valorem duty.

If the duty were reduced, as suggested, to 25 per cent ad valorem, there will be an immense increase in these importations, due entirely to the present demand, which far exceeds the supply in sight, it being a safe prediction that in the next 10 years there will be as many commercial vehicles in use in the United States as there are pleasure vehicles in use, which is some 500,000, although the registrations show over 900,000.

QUESTION NO. 3.—*Does the small car need any tariff at all?*—Judging by the record of exports furnished by the Department of Commerce and Labor, I should most emphatically say "no," for there were more cars exported in 1912 than there have been imported since 1899.

The unit value of these exports of complete vehicles is a little over $1,000. I submit here below a tabulation showing by subdivisions of the various sections of this country the population, and the total registration of automobiles, not commercial vehicles; but, as stated before, the registration contains a certain amount of duplication, and does not really show all the vehicles in actual use at the time of writing, but it does show ownership. I also show the number of vehicles under $2,000 in value, which

takes in the small car of the distinctly American type, which now controls the market of the world.

	Population.	Registration.	Cars under $2,000 in value.
New England States	6,552,681	105,377	81,576
Middle Atlantic States	21,141,629	221,770	150,009
Central States	29,888,742	388,115	273,990
Western States	8,382,976	136,919	99,717
Southern States	25,911,138	102,789	80,338

Recapitulation.

Total population 91,972,266
Total registration 954,700
Total small-car users 685,600

You will note from the above that about 70 per cent of the registrations of the Central States and Western States are of owners of vehicles under $2,000 in value.

Directly or indirectly, every one of the six hundred and eighty-five thousand and odd users of the low-priced car will be benefited by the reduction in the tariff on automobiles and automobile parts. The American manufacturer of this particular type of machine will be only too glad to use a high quality ball-bearing and good quality magneto of German or French make and substantial castings of bronze or aluminum, providing that he can get the same at an equivalent to what he is paying at the present time and without charging the user a dollar more. The user will get better value for his money, and it will certainly mean a longer life to the vehicle he is using and a greater degree of safety.

Of the three hundred thousand and odd cars estimated to be made in America during this year, it is safe to assert that at least 225,000 will be under $2,000 in value. If exports continue to increase at the rate they have been increasing there will be about a 50 per cent increase between 1912 and 1913, which would mean that $35,000,000 worth of cars will be exported. At a unit value of $1,000 this would equal 35,000 cars, which, deducted from the output, would leave a balance of 190,000 for American consumption.

If the prediction in the last paragraph is verified, then in 1913 America will become the greatest exporter of automobiles in the world, and it is up to America to hold that export trade.

I have received word that the Verein Deutscher Motorfahrzeug-Industrieller, of Germany, the British Motor Traders Society, of London, and the Chambre Syndicate des Automobile, of France, are carefully watching the action which will be taken by the Congress on the question of automobile duties toward the product of their countries, and if the revision downward, which they have been led to expect, is not forthcoming, they will immediately start agitation in their countries for a tariff which will protect them against the invasion of the American small car. In other words, if we in this country see fit to legislate against the importation of between 750 to 3,000 foreign cars, they would be in a position to legislate against the admission to their countries of some 35,000 American cars, and, by putting up the same rate of duty on our machines as we have put upon theirs, they will make it impossible for the American manufacturer to put his cars within the reach of the masses, which, by means of the present low rate of duty in foreign countries he is now enabled to do.

Referring again to the question Does the small car need any tariff at all? I might say that this subject has been carefully gone over when H. R. 18642 reached the Senate at the last session of Congress, and the recommendation of the Ways and Means Committee to reduce from 45 per cent to 40 per cent was changed in the Senate to 35 per cent and afterwards, in Senator Cummins's substitute bill a duty of 25 per cent recommended, and Senator Cummins's remarks at that time were agreed to by Senator Bacon, of Georgia, and Senator Gallinger, of New Hampshire. These remarks were extended in the Congressional Record, and will be found on page 7587, volume 48, No. 117, May 27, 1912, and on page 7957, volume 48, No. 151, May 31, 1912. I will just read a few short extracts from Senator Cummins's speech. Referring to the automobile paragraph he states:

"I do not think there is any justification, from the protective standpoint, of assessing upon automobiles a duty of 45 per cent.

"I have no doubt that we pay men and women, if women are employed in our automobile factories, more than they pay them abroad, but because our production is so

much greater we are able to use men in the management and conduct of machinery, so that the efficiency of a single man is much greater in this country than it is abroad.

"It is not wise, as it seems to me, for us to maintain a practically prohibitive duty upon automobiles, because, first, we shall engender the spirit of retaliation abroad, and we may shortly be excluded from a market that we very greatly desire, and, second, because while we import about $2,000,000 in value of automobiles we export about $21,000,000 in value of cars."

Senator Gallinger stated: "I assume that the reason we can make cars such as the Senator has been speaking of at as low a cost probably as any other country, comes from the fact that we make so many that we standardize them."

Senator Cummins stated: "The factory in Germany that turns out 1,200 cars is regarded as a large enterprise. One man works upon all parts of each machine, and it requires a long time to build a machine, just as the old shoemaker worked on all parts of the shoe that he finally turned out. We have one enterprise in the United States, I am told, that will in the coming year build 70,000 cars. That enables the company to standardize every part of the car. The parts are all convertible, and each mechanic has his own particular thing to make, and he can employ machinery in making it. That multiplies his efficiency, and that is the reason we can build these cars cheaper than they can be built anywhere else."

The particular enterprise that Senator Cummins referred to was the Ford Motor Car Co., of Detroit, who appeared before the Committee on Ways and Means in November, 1908, and whose brief is printed on page 2651, volume 3, of tariff hearings, Schedule C.

Mr. Ford stated that: "The majority of material entering into an automobile should not cost any more in this country than in foreign countries, and, in fact, on account of our national resources, should cost less, and if the tariff is properly adjusted, so that the materials entering into the production of an automobile are not unduly protected by the tariff, then there should be no question of the so-called 'infant industry' getting any protection beyond the labor."

He also stated: "We believe the present tax is a greater protection that this industry should have."

The Ford Co. has, since the statement made by Senator Cummins, manufactured over 100,000 instead of the 70,000 cars mentioned by Senator Cummins, and the Ford Co. exports to every part of the world, and Henry Ford, the owner, who is considered the greatest production manager of automobiles that is in our industry, has proved that he needs no tariff protection at all.

The Buick Co., of Flint, Mich., another one of the large producers of small automobiles in the United States, appeared before the Ways and Means Committee and stated that they did not fear foreign competition; that they would be able to produce the small car in this country through their methods of standardization, efficiency, machinery, and the combination of machine and man, and that a 20 per cent ad valorem duty would be more than ample. The chairman of the committee at that time, the Hon. Sereno E. Payne, agreed with Mr. Durant, of the Buick Co., stating: "I am satisfied that 20 per cent would be a protective duty on automobiles. The only question is whether we should make it more for the sake of the revenue, and whether it is not a better thing to get a revenue out of than most anything else."

I cite these quotations simply to prove that as far back at 1908 the small-car manufacturing industry was in such a flourishing condition and so much progress had already been made in the matters of standardization and efficiency that makers like Ford, Buick, and Maxwell were prepared not alone to export, but to start factories in other countries. Only so far back as January 29 of this year Mr. Ben. Briscoe, one of our pioneer small-car manufacturers (Maxwell) left for Paris, and sent word that he would start the first American small-car factory on the Continent, at one of the suburbs of Paris. He will sell a completely equipped four-cylinder five-passenger car for 5,000 francs, and is prepared to market his product in 1914.

Articles on this subject have been written by well-known small-car production engineers of the country, like Howard E. Coffin, of the Hudson; H. Chalmers, of the Chalmers; J. N. Willys, of the Overland, and R. M. Owen, of the Reo, who have studied this question carefully, who have made a success of their various establishments, and whose statements remain unchallenged that the United States will remain without rival in the production of the small automobile.

In conclusion it must be conceded that thanks to the American system of interchangeable parts, large scale production, and advanced factory organization methods, standardization and efficiency have reached the highest point here and the small car needs no tariff at all.

QUESTION NO. 4.—*Would the policy of the administration toward luxuries be affected by a downward revision on automobiles?*—In 1901, when there were very few automobiles used in this country, Mr. Harlan W. Whipple, a pioneer owner, was accused

of indulging in a luxury. He answered by saying: "In this country the luxury of to-day will become the necessity of to-morrow."

Briefly, this sums up the entire automobile situation, but it is my duty to point out to you by statistics that the American citizen does not consider the automobile a luxury, and the reason why.

In the calculation below I will show by the subdivisions of the various sections of this country the number of people who are worth over $5,000 and who have annual incomes of over $2,500, against which I will show the number of cars registered, with the percentage calculated, and I believe that I can prove to your committee, by an analysis of these figures, that a majority of the people of the United States who are in a position to do so own and use automobiles, and that they do this not merely for the pleasure that they derive from the use of the car (which is admitted by everybody) but because to them the automobile is a necessity:

Population.

	General.	Worth $5,000 and incomes over $2,500.	Registration.	Per cent.
New England States	6,552,681	300,240	105,357	35
Middle Atlantic	21,181,029	712,068	221,750	31
Central States	24,888,542	671,482	388,145	58
Western States	8,182,976	238,131	136,919	57
Southern States	25,903,438	463,137	102,589	22

At a glance these figures will show you that the Central States and Western States need the automobile.

They are a necessity in the Central States of this country, because that particular section of the country has found that the automobile does its work cheaper and better than the horse, and under far more sanitary conditions.

They have been found a necessity by the people of the Western States, because they cover ground quickly, and distances between communities and centers of population in the Western States are considerable. Here the automobile has solved the problem of quick intercommunication.

In the east the automobile has been found an absolute necessity by the professional man, by the business man, and by the merchant. In the South the figures show that the automobile has been found a necessity by 22 per cent of those people who think at this time that they can afford it.

In no instance have we touched in these particular figures on the question of the commercial vehicle. This, of course, is admitted to be a necessity. It is predicted elsewhere that there will be some 500,000 commercial vehicles in use in the United States in the next 10 years, and registrations show that there are less than 30,000 in use throughout the United States now, and this includes taxicabs, delivery wagons, buckboards, etc.

To consider an automobile chassis which is made in Europe a luxury simply because it is made in Europe, and to admit that the Automobile made in America is a necessity simply because it is made in America, is an argument which may be severely criticized in other parts of the world, and it can safely be predicted that if the tariff on automobile chassis is not reduced for this reason, that we put a weapon in the hands of other countries to retaliate, and that there may be found in foreign countries lawmaking bodies who may consider that automobiles made in America are luxuries while their home product is a necessity.

In conclusion I will say that of the 951,760 registered automobile owners of the United States, 685,699 of them who are the users of vehicles under $2,000 in value, will bear out the statement that they do not consider the automobile a luxury.

That public opinion is being rapidly molded in this direction is best evidenced by recent statements on this very subject by the leading publications of this country. I refer to Scribners, February, 1913, pages 137 to 162; Review of Reviews, March, 1913, pages 311 to 320; Saturday Evening Post, Collier's, and Leslie's Weekly.

QUESTION NO. 5.—*The relation of the farming, agricultural, and suburban element toward the automobile question.*—The relation of the rural population, the farmer, and the agriculturist toward the automobile question is best evidenced by the number of users, and further evidenced by the question of good roads agitation, which is being ably seconded by the farming and agricultural element throughout the United States, so much so that Congress as well as almost every one of the larger States in this Union have devoted increased appropriations for the purpose of establishing good roads.

The farmer can no longer find fault with the automobile industry on any score, and I quote from a speech made by Mr. Horatio Earle, formerly State highway commissioner of Michigan:

"He can no longer hold up the frightening of his horses as a reason for opposition to the motor car, for thousands of farmers are owners themselves. And the growth of the automobile factories in this country has opened to him new and broader markets for his farm produce than ever existed before. Thousands of men employed in automobile factories, at better wages than they could earn elsewhere, are demanding a better standard of living than ever before, and are eating more and better produce every day. The farmer can not help but profit."

And what Mr. Earle says in this regard is absolutely true, and we will further quote Mr. Howard E. Collin, of the Hudson Motor Car Co., who wrote a recent article on the question as to the life of a motor car. He stated:

"You will find very few motor cars on the 'junk heap,' but you will find, if you investigate, that old cars are being used for pleasure on farms and are also being used to do farm work. It is not an uncommon sight to see in a farmyard the rear wheels of a car jacked up and the separator hitched by means of a belt to one rear wheel, or a churn driven the same way. Thousands of aged cars have been converted into delivery wagons, others are stripped of their bodies and are used in pumping water and other functions."

It is not necessary, however, to prove what we say by the quoting of others. We will simply refer to statistics and analyze the small-car situation as it is in America at the present time.

We refer to the small-car production of the United States for 1913, and after deducting the cars for export we have a balance of 190,000 vehicles of all kinds to be disposed of in America, as the net total production for 1913. Thirty per cent of these will be sold to and used by the farming or agricultural element of this country, and 30 per cent means just 57,000 automobiles, and it also means that the farming element of this country is going to spend over $57,000,000 for automobiles this year, and these figures should certainly remove any doubt from the mind of the most skeptical Member of Congress regarding the attitude of the farming and agricultural element toward the automobile generally, and surely shows that the farmer has come to realize that the automobile is not a luxury.

I submit herewith a list showing the subdivisions of the various sections of the United States, and the total registrations of pleasure vehicles, the rural population, the number of cars under $2,000 in value in use in the rural communities, and the per capita. The figures show that there were 202,947 small cars in use in rural communities during 1912. Almost 12 per cent of these are in the South, almost 15 per cent in the West, 11 per cent in the Middle West, 21 per cent in the Middle Atlantic States, and 11 per cent in the Central States. The proportion of cars owned in rural communities to the proportion of the rural population able to own one can not be fairly estimated by figures at this time on account of the lack of data regarding the wealth of the rural population, but the figures show that in a very short time, and judging only by the increase in the use in the past few years, there will be on an average one car owned by every 100 people in rural communities.

Any prejudice which may have existed in the mind of the farmer in the past on the question of the automobile has by this time been removed, and he for one surely believes that the automobile is a necessity and not a luxury.

The Republican Party in 1908 pledged itself to tariff revision downward, but the Payne-Aldrich bill when passed did not make any changes in the automobile paragraph. The Democratic Party in its platform has pledged itself to revise the tariff downward, and the tariff plank distinctly states:

"Articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list."

We consider this a promise, and beg to quote the prices at which the following American cars are offered for sale in England and the United States:

American make.	English price.	American price.
R. C. H. coupe	$1,0[illegible]	$1,[illegible]
Mitchell	1,0[illegible]	1,[illegible]
Mitchell, 6-cylinder	2,18[illegible]	2,[illegible]
Buick	851.61	[illegible]
Do	1,167.96	1,230.00
Do	1,1[illegible]	1,650.00
Chalmers	1,776.27	1,[illegible]

And there are many others as well.

Another thing to be taken into consideration in this argument is the question of revenue and its relation to the share of the income tax which must be borne by the farming and agricultural element. I believe I have proved by facts and figures that a duty of 25 per cent on automobile chassis is the point at which the revenue on this particular paragraph will be increased almost $1,000,000. There is no point above 25 per cent ad valorem that will bring increased importations to any amount, and it must be borne in mind that the greater the amount of revenue received from the indirect tax, which the farmer does not have to pay, or bear, the lighter will be his proportion of the direct income-tax burden.

Should there be any doubt in the minds of some Members of the Congress regarding the attitude of the rural element toward the question of whether an automobile is a luxury or not, I have in preparation a list of automobile owners in the particular district of each Member of Congress and will be very glad to send a copy of this argument to each automobile owner, with a request for a direct reply, which will in turn be transmitted to your committee, so that we may really get the actual consensus of opinion in the matter.

If you consider diamonds a luxury and permit them to enter this country at an ad valorem duty of 10 per cent, producing only $2,400,000 in revenue for the fiscal year of 1912, and you put us in the same class with diamonds we will request that you reduce the duty on automobile chassis to 20 per cent in order to produce the same amount of revenue that diamonds do at 10 per cent. In comparing the two we have on the one hand a precious stone which is purely an article of adornment and in every sense of the word a luxury. We can do without them and get along just as well. Can get along without the automobile now, just as well? The answer will be left to the 954,700 and odd users of automobiles in the United States.

In conclusion, it is only fair to the members of your committee to know that there never was such a thing as a tariff on automobiles until 1909. The Dingley tariff of 1897 did not consider the automobile question at all and automobiles came under the blanket paragraph at 45 per cent ad valorem, because there was no provision made for them at all, so the American manufacturers and the Members of Congress from 1897 until 1909, a period of 12 years, did not consider this of sufficient importance to classify it as a luxury or otherwise. In 1909 certain representations were made to the members of the Ways and Means Committee and the Senate Finance Committee, which took the automobile schedule out of the blanket paragraph and gave it a descriptive paragraph of its own, coupled with bicycles and motor cycles and parts thereof. This was done at the request of a group of large car manufacturers who were aided and abetted by the manufacturers of bicycles and principally by the manufacturers of bicycle parts from New England, seven members of which have submitted briefs to your committee identical in language which appear on pages 1103 to 1110 of your printed hearing No. 6, of this session, and by injecting their product in hidden language in paragraph 141 they are protecting the manufacturer of coaster brakes in this country.

For that reason, and for the fact that the automobile has nothing in common with the bicycle, there having been less than $145,000 worth imported for the fiscal year ending June 30, 1912, we have asked your committee to give us a separate paragraph, leaving you to deal with bicycles and bicycle coaster brakes as a separate item, both of which can, however, be made to be revenue-producing items.

I therefore urge upon your committee that you give our recommendation for the subdivision of paragraph 141 into four parts your earnest consideration:

	Per cent ad valorem.
(*a*) Finished automobiles	45
(*b*) Complete cars	35
(*c*) Chassis (commercial, etc.)	25
(*d*) Parts (finished)	15

Respectfully submitted.

JAMES W. CARLES.

Small cars in use by farming element.

	Total registration pleasure vehicles.	Rural population.	Rural cars in use.	Per capita.
New England:				
Maine	21,300	300,928	5,487	65
New Hampshire	5,731	75,473	1,200	58
Vermont	4,286	187,013	946	197
Massachusetts	45,331	211,049	9,516	26
Rhode Island	8,900	17,956	1,809	10
Connecticut	16,829	114,918	3,534	33
Total	102,357	997,335	22,642	....
Middle Atlantic:				
New York	93,772	1,029,120	18,281	56
New Jersey	49,772	629,957	11,650	54
Pennsylvania	55,705	3,031,412	11,027	268
Delaware	1,910	105,237	417	252
Maryland	9,987	637,154	2,097	303
District of Columbia	10,501	....	....	....
Total	221,750	5,433,910	44,142	....
Central States:				
Ohio	62,050	2,101,978	12,029	182
Indiana	52,048	1,557,011	11,149	170
Illinois	45,703	2,161,662	9,597	225
Michigan	47,745	1,483,129	8,490	173
Wisconsin	24,375	1,329,530	4,908	268
Iowa	43,392	1,541,717	9,112	169
Missouri	23,475	1,891,518	4,201	441
Kansas	18,374	1,497,176	4,133	289
Nebraska	31,772	881,362	7,118	123
Minnesota	26,700	1,225,414	5,007	218
North Dakota	8,811	573,820	2,121	275
South Dakota	14,680	507,215	3,523	143
Total	388,145	16,457,555	82,178	....
Western States:				
Montana	3,455	242,633	777	312
Oregon	8,621	365,705	1,810	202
Washington	12,041	556,460	2,558	200
Idaho	4,260	255,070	888	287
California	80,038	907,810	18,157	55
Colorado	11,551	304,484	2,013	148
Utah	2,610	200,417	554	363
New Mexico	2,[illegible]	280,730	574	489
Arizona	2,257	141,094	507	278
Nevada	77[illegible]	68,508	162	422
Oklahoma	5,375	1,337,000	985	1,357
Wyoming	2,781	102,741	806	127
Total	176,913	4,853,081	29,820	....
Southern States:				
Alabama	4,070	1,767,442	982	1,800
Arkansas	3,584	1,471,708	859	1,726
Florida	5,475	533,529	1,233	432
Georgia	16,600	2,070,471	3,984	519
Kentucky	7,784	1,734,463	839	2,031
Louisiana	6,307	1,179,812	1,537	751
Mississippi	4,467	1,589,803	1,044	1,141
North Carolina	5,930	1,887,813	1,137	1,343
South Carolina	9,6[illegible]	1,250,768	2,164	576
Tennessee	8,[illegible]	1,713,714	2,000	871
Texas	21,888	2,978,138	5,520	728
Virginia	7,442	1,587,083	1,303	1,223
West Virginia	5,402	992,877	1,135	867
Total	102,784	29,080,011	21,165	.....
Grand total	[illegible]	[illegible]	202,947	......

Exhibit B.

[Translation.]

Chambre Syndicale de l'Automobile et du Cycle de Belgique,
Brussels, April 4, 1913.

The Secretary of the Automobile Importers'
Committee on Tariff Revision,
Room 707, 1781 Broadway, New York.

Dear Sir: We have been informed by several of our Belgian manufacturers of automobiles doing some small business in your country that your committee is trying to obtain a reduction in the excessive duty of 45 per cent ad valorem existing now on the importation of foreign cars in your country, and that you are working to obtain a reduction of 25 per cent ad valorem of such duty.

We think it useless to point out the enormous duty now existing on foreign cars coming into our country in opposition with the so much inferior duties which American cars pay all over Europe. You also have given in your publications two good explanations proving that the American automobile industry does not in the least want such high duty to be safe against foreign invasion. We certainly think that if you obtain a reduction of the existing tariff to 25 per cent ad valorem there will not be the slightest danger for your industry.

We also may point out that if European manufacturers of cars do not find that your Government will reduce very soon the tariff on automobiles in your country, a strong movement will be put up in Europe to take steps against American invasion we would not obtain from the American Government a great reduction in the present tariff, we shall have to find some means of shutting out the export of American cars to our countries.

We hope to hear very soon that your committee has been successful, and wishing you every success in this direction, we remain,

Faithfully, yours.

H. Trenziner,
General Secretary.

Verein Deutscher Motorfahrzeug Industrieller Berlin,
Berlin, February 22, 1913.

Betr. Amerikanische Zolltarifrevision:

In der Anlage uberreichen wir sehr ergebenst Abschrift Einer Eingabe, welche wir an das Committee on Ways and Means im Repräsentantenhaus sowie an das Finance Committee im Senat gericht haben mit der Bitte, dieses Gesuch nach Moglichkeit unterstutzen zu wollen.

Wir bemerken noch, dass auch von Seiten der anderen Lander, wie Frankreich, England, Belgien, Oesterreich, und Schweiz Eingaben eingereicht werd sollen.

Sollte unsere Eingabe noch irgend welcher Erganungen bedurfen, so bitten wir, diese vornehmen zu wollen. Wir nehmen an, dass Sie ohnehin mit den oben bezeichneten beiden Korperschaften wegen Ermassigung der Tarifzolle in Verbindung stehen und dass es Ihnen angenehm sein kann, auf unsere Eingabe Bezug zu nehmen.

In vorzuglicher Hochachtung,

Der Generalsekretar.

Exhibit C. *Motor car manufacturers unite to oppose a low duty on chassis.*

[From the New York Herald, May 4, 1913.]

SAY IMPORT TAX OF 30 PER CENT WOULD HARM AMERICAN AUTOMOBILE INDUSTRY—DECLARE IT IS A "JOKER"—FOREIGN MANUFACTURERS GET WHAT THEY WANT AS FEW MACHINES ARE IMPORTED WITH BODIES.

Twenty-seven American motor car manufacturers have joined forces to oppose the proposal of the Ways and Means Committee of the House of Representatives to have the duty on automobile chassis fixed at 30 per cent and the duty on automobile parts fixed at 20 per cent. Those fighting the provisions of the tariff bill in these respects are the Autocar Co., of Ardmore, Pa.; the American Locomotive Co., of New York; the American Motors Co., of Indianapolis; the Chal-

mers Motor Car Co., of Detroit; the Cadillac Motor Car Co., of Detroit; the Cole Motor Car Co., of Indianapolis; the Garford Co., of Elyria, Ohio; the Haynes Automobile Co., of Kokomo, Ind.; the Hup Motor Car Co., of Detroit; the Locomobile Co. of America, of Bridgeport, Conn.; the Kissel Motor Car Co., of Hartford, Wis.; the Lozier Motor Co., of Detroit; the Mitchell-Lewis Co., of Racine, Wis.; the National Motor Vehicle Co., of Indianapolis; the Oakland Motor Car Co., of Pontiac, Mich.; the Olds Motor Works, of Lansing, Mich.; the Packard Motor Car Co., of Detroit; the Peerless Motor Car Co., of Cleveland; the Pierce Arrow Motor Car Co., of Buffalo; the Pope Manufacturing Co., of Hartford, Conn.; the Reo Motor Car Co., of Lansing, Mich.; the Staver Carriage Co., of Chicago; the Stevens-Duryea Co., of Chicopee Falls, Mass.; the Studebaker Corporation, of Detroit; the White Co., of Cleveland; the Willys-Overland Co., of Toledo; and the Warren Motor Car Co., of Detroit.

The manufacturers have chosen a tariff committee, composed of Henry B. Joy, president of the Packard Motor Car Co., chairman; John N. Willys, president of the Willys-Overland Co.; Hugh Chalmers, president of the Chalmers Motor Car Co.; W. C. Leland, general manager of the Cadillac Motor Car Co.; and Charles Clifton, treasurer of the Pierce Arrow Motor Car Co.

The views of the manufacturers on the subject have been set forth by Mr. Joy in the following article:

[By Henry B. Joy, president Packard Motor Car Co. and chairman of motor vehicle manufacturers' tariff committee.]

How could there be such a thing as a "Joker" in a Democratic tariff? "Jokers" are supposed only to creep into Republican tariff bills!

When so-called "jokers" get into Republican tariff bills they are in the line of protection to American workmen and American industries.

When "jokers" are put by importers into Democratic tariff bills they are in line with the promotion of imports and the prosperity of foreign manufacturers.

The first dispatches emanating from Democratic authority in Washington stated that the duty on motor cars was to be maintained at 45 per cent.

But along comes the later authentic information and the actual facts about the new tariff bill are as follows:

Finished automobiles and automobile bodies, 45 per cent; automobile chassis, 30 per cent; finished parts of automobiles, not including tires, 20 per cent.

The duty on all these under the Payne-Aldrich tariff bill is 45 per cent, based upon the arguments and the facts shown to bear upon the difference in the cost of production abroad and in the United States.

In the proposed bill at present before Congress the Democratic majority is arranging its provisions so as to take care of the foreign manufacturer and the foreign workman by opening the American market to them on the lowest possible terms.

The importers and representatives of foreign manufacturers are consulted and their advice taken. The American manufacturer seeking to defend his business and his employees from foreign cheap-labor products is ignored.

MANUFACTURERS TOOK RISKS.

In the Democratic tariff bill there are some remarkable features. Among them is the one covering the motor vehicle and allied industries, industries second to none in importance in America.

If it were not for indomitable energy and the daring investment of capital in the American motor-car industry at times when the possibility of its becoming a great industry and a profitable one were in the gravest doubt it would not in years have been built up to take care of the enormous necessities of this country for motor-vehicle transportation, and untold hundreds of millions of dollars would have been sent to European manufacturers to supply the American needs. Tens of millions of dollars in the highest wages ever paid would never have been paid to American workmen, but would have been paid to cheaper European labor.

The wages of labor in Europe are authoritatively acknowledged to be, according to the nature of the occupation, from one-third to one-half or two-thirds of the wages paid for similar work in America.

Now what is the "joker" in the motor-car schedule recommended by the Ways and Means Committee to the Congress of the United States? Look back into the paragraph above:

"Finished automobiles and automobile bodies, 45 per cent."

This is the recommendation of the Ways and Means Committee. What does this mean?

IMPORTERS GET WHAT THEY ASK.

It means absolute approval and commendation by the Democratic majority of the present Ways and Means Committee that the Payne-Aldrich bill was proper and wise, because it is a confirmation and affirmation of exactly the same rate of tariff as was incorporated in the Payne-Aldrich bill, and which is now in force, for the protection of American industry and American labor.

It has been shown to the Ways and Means Committee (now, mark you, not by American motor-car manufacturers, but by European motor-car manufacturers, through their representative, Mr. Charles H. Sherrill, representing the American Importers' Salon, which was and is composed of a group of European importers and manufacturers) that only a slight modification of the duty of 45 per cent was necessary to be entirely satisfactory to European factories. (See Tariff Hearings, 60th Cong., Schedule C, pt. 2, pp. 2659 to 2717.)

Mr. Sherrill stated before the Ways and Means Committee that the duty ought to be reduced from 45 per cent to 30 or 33 per cent, in order to give the European manufacturers entry into the great market of America at satisfactory rates of profit to them.

That was all that was requested in their behalf. Pleas were made to the Ways and Means Committee by the Italian Chamber of Commerce of the City of New York to the same end. All of this is set forth in the hearings on the Payne-Aldrich bill, as are many other records of facts of vital interest.

WOULD AID FOREIGN FACTORIES.

The European manufacturers and their American shops and American agents have been most industriously busy in seeking to accomplish the opening of the American markets more fully to European products. In the Republican Ways and Means Committee in 1908 their appeals fell on deaf ears. In their efforts to-day they have a Democratic Ways and Means Committee entirely in sympathy with the objects sought to be advanced by their representations. European manufacturers are hungry for the American market. They have great factories in Italy, France, Germany, England, Belgium, and elsewhere which have met a saturated condition of European markets and are now largely running at limited capacity, hoping for reduction of the American tariff. What does the Wilson tariff mean to those factories?

Doesn't it mean that they are going to place advertisements in European papers for artisans of all classes of their cheap labor? Doesn't it mean that the forces of those factories are going to be doubled and trebled?

Let us look for a moment. The second clause in the motor-car schedule of the new Wilson bill reads:

"Automobile chassis, 30 per cent."

Think of it! Printed in the bill! Recommended that the duty should be one-third lower than before and 3 per cent lower than that requested by the European manufacturers' representative, Mr. Charles H. Sherrill in his plea to the Ways and Means Committee.

EXPORT TRADE NOW INCREASING.

Let the American workman conceive the delight and pleasure with which the Democratic tariff bill as proposed will be welcomed by European chambers of commerce, by European manufacturers, by European labor, and by the Governments of Europe.

American manufacturers have had to fight for every inch of foreign trade gained through the efforts of the captains of American industry. In spite of great obstacles American export trade increases. The foreign commerce of America has grown enormously, even in the face of governmental attacks on corporations.

These aggregations of capital are indispensably necessary to competition with similar aggregations of capital in European countries. The European aggregations of capital have the aid of their national governments in their efforts to go forth and get their quota of international trade. In America aggregations of capital have every possible stick and stone and obstruction and much unwarranted criticism thrown in the way of their foreign and interstate trade.

PROUD OF TRADE.

The motor-car industry is deserving of credit for the large export trade which has been built up as a result of great national prosperity at home, which has enabled it to adopt manufacturing methods to reduce the cost of production and enter into the war for the world's commerce with European concerns which are better located as to freight, fully equipped with American machinery and with cheap labor available at approximately half to two-thirds that paid American labor.

The total American export trade of all kinds has grown to exceed the fabulous sum of $2,000,000,000 annually. This could not have been done without a condition precedent to it of prosperity first in America, which properly has given the ways and means and ability to engage in the fight for world-wide commerce. Prosperity at home is the first necessary factor for increase of export trade.

It is proper to be proud of the great trade of the world which is brought to America by the energy, industry, ability, and ingenuity of American manufacturers and their organizations.

It certainly is a "Joker" to have finished automobiles in the tariff schedules at 45 per cent and to have automobile chassis listed at 30 per cent. It is important that, according to the records of the customhouse, practically all of the imports of motor cars are in the form of chassis; that is, running gear of the car without the body.

The chassis itself is really a completed automobile. European factories manufacture only chassis. The chassis is the car itself from the trade point of view.

CHASSIS IS THE CAR.

Especially should it be noted that the chassis is the thing the European manufacturer wants to bring in at the minimum rate of duty. European motor-car manufacturers do not make the bodies, except to a very small extent, as bodies are too bulky and subject to damage in shipping and too expensive to ship by reason of their bulk in proportion to their value.

Does it seem like a "joker" to have a Ways and Means Committee put its stamp of approval on the 45 per cent rate of duty for finished automobiles, exactly as was done by the Payne-Aldrich bill, and then place a rate of duty of 30 per cent on the chassis?

The first clause is of no force and effect with the second also in the bill. The real duty, if we stop there, is 30 per cent.

It is clear to any man at all familiar with the production of motor cars that the chassis is practically the whole vehicle. It is the part requiring the ingenuity, the invention, the expensive material, and the elaborate work of skilled manufacture, chiefly represented in expense by American labor at American wages and American material. There is practically no material now imported. It is all made in this country. Magneto factories, parts makers, etc., have been transplanted to America, and even motor-car factories also, by the present Payne-Aldrich tariff.

WILL IMPORT PARTS.

A "joker," did we say? Let's read further and take up the next clauses in the new Wilson tariff bill, as far as it refers to automobiles.

"Finished parts of automobiles, not including tires, 20 per cent."

That seems like an innocent paragraph. But parts of an automobile make an automobile. A chassis is composed of parts. The accepted phraseology of the trade is that "parts" makers produce motors, axles, transmissions, frames, steerings, wheels, magnetos, etc. The chief cost of chassis is in the labor and material necessary to make up these "parts," not in the labor necessary to unite them into a chassis. The cost of joining together these "parts" or "sections" is indeed a minor one. It is a negligible per cent of the chassis cost.

Is a European manufacturer going to import his product into America as chassis at 30 per cent duty when he can ship it at less cost of freight and enter it at a lower valuation for duty purposes as "parts" or "sections" and pay a duty of 20 per cent only, and have simply to assemble the "sections" into chassis at a cost of approximately 1 per cent?

It is clear that the foreign manufacturer will provide for uniting the imported "parts" or "sections" in America. Chassis, as such, will only be imported by the foreign manufacturer without sufficient means to establish an assembling branch here or by the casual purchaser who buys abroad.

REAL DUTY 20 PER CENT.

The first and second clauses, therefore, are of absolutely no force and effect with the third clause also in the bill.

The real effective duty is 20 per cent.

The man in the grocery business who buys an American automobile sees his money distributed in pay rolls to the American workmen making that automobile, who, buying groceries or clothing, spend it in his store. With free trade, or a tariff reduced to the point of ready admission of foreign automobiles, or "parts," this same grocer or clothier sees his money going to Europe to pay foreign workmen and be spent for foreign groceries and clothes. With the purchase of the American automobile the buyer benefits the American manufacturer, the American workman, and himself. With the tariff reduced to admit foreign automobiles the purchasers of them take away the means of existence of the American motor-car manufacturer, the American workman, and himself to just that extent.

The final effect of the proposed Underwood bill is impossible of determination in advance. It will affect different types and values and qualities of vehicles differently. It is revolutionary entirely. The advice of importers and foreign manufacturers has taken the place of painstaking scientific tariff making under the Tariff Board investigation methods.

TARIFF A BUSINESS QUESTION.

The tariff should not be the football of politics. It is only and should be only considered as a business question and treated and considered as all business questions in business should be considered: that is, strictly on the merits of the facts.

There are manufacturers in America who think they are conducting successful businesses by reason of their great personal ability, when in reality it is because of wise tariff laws.

Let them take their brains and their plant and their employees to Spain, Italy, England, Germany, France, Belgium, Austria, or Canada, and even if they do manufacture efficiently they will then find sadly that it is the lack of the American market which will reduce them to the level of the other factories in those countries.

If through the wizardry and manipulation of securities immense fortunes have been reaped under the "then" rules of the game, does it follow that we should cripple and limit and destroy our industrial system by which our people all live and prosper, too.

Why kill the dog now we have got the fleas mostly off of him?

Auto makers fight pending tariff bill.

[From the New York Times, May 2, 1913.]

AUTO MAKERS FIGHT PENDING TARIFF BILL—TWENTY-SEVEN AMERICAN MANUFACTURERS JOIN IN BRIEF OPPOSING CONTEMPLATED REDUCTIONS—SEE JOKER IN MEASURE—SAY FOREIGN PARTS WOULD BE ASSEMBLED HERE. MANHATTAN AUTO CLUB OPENS—FIFTY-ONE CARS FOR RUN.

Voicing the protest of 27 of the leading American motor-car manufacturers a brief has been prepared in opposition to the proposed change in the tariff on automobiles which would make the duties 45 per cent on finished automobiles and bodies, 30 per cent on the chassis, and 20 per cent on parts other than tires. The brief, after rehearsing the rise and growth of the automobile business in this country and attributing it to a protection of the industry, predicts that if the proposed measures go through the foreign manufacturers will double their factory forces and the United States will be flooded with motor cars made by foreign, low-priced labor.

The brief declares that there is a "joker" in the automobile provisions of the tariff bill, firstly, because the provision leaving finished cars and bodies at 45 per cent is an indorsement of the Payne-Aldrich law which established that rate on all automobile imports; secondly, because the importation of finished cars and bodies is negligible; thirdly, because it is the chassis which the im

porter desires to get in at a lower duty; and, fourthly, because "parts" will be construed as any portions of a car, and a whole car may be brought over in sections and assembled here at a duty of but 20 per cent. This is by no means the construction wh[illegible] the importers put on this section, their contention being that "parts" will [illegible] only spare or repair parts or such portions as ball bearings, magnetos. On this point the brief of the American makers says in part:

"'Finshed parts of automobiles, not including tires, 20 per cent.'

"That seems like an innocent paragraph. But parts of an automobile make an automobile. A chassis is composed of parts. The accepted phraseology of the trade is that 'parts' makers produce motors, axles, transmissions, frames, steerings, wheels, magnetos, etc. The chief cost of chassis is in the labor and material necessary to make up these 'parts,' not in the labor necessary to unite them into a chassis. The cost of joining together these 'parts' or 'sections' is indeed a minor one. It is a negligible per cent of the chassis cost.

"Is a European manufacturer going to import his product into America as chassis at 30 per cent duty when he can ship it at less cost of freight and enter it at a lower valuation for duty purposes as 'parts' or 'sections' and pay a duty of 20 per cent only and have simply to assemble the 'sections' into chassis at a cost of approximately 1 per cent?

"It is clear that the foreign manufacturer will provide for uniting the imported 'parts' or 'sections' in America. Chassis, as such, will only be imported by the foreign manufacturer without sufficient means to establish an assembling branch here or by the casual purchaser who buys abroad. The first and second clauses, therefore, are of absolutely no force and effect with the third clause also in the bill. The real effective duty is 20 per cent."

In conclusion the brief says:

"The final effect of the proposed Underwood bill is impossible of determination in advance. It will affect different types and values and qualities of vehicles differently. It is revolutionary entirely. The advice of importers and foreign manufacturers has taken the place of painstaking scientific tariff making under the Tariff Board investigation methods.

"There are manufacturers in America who think they are conducting successful businesses by reason of their great personal ability, when in reality it is because of wise tariff laws. Let them take their brains and their plant and their employees to Spain, Italy, England, Germany, France, Belgium, Austria, or Canada, and even if they do manufacture efficiently they will then find sadly that it is the lack of the American market which will reduce them to the level of the other factories in those countries. Why kill the dog, now we have got the fleas mostly off of him?"

Messrs. John N. Willys, W. C. Leland, Charles Clifton, Hugh Chalmer, and Henry B. Joy sign the brief as a committee of five representing the following manufacturers:

John S. Clark, vice president the Autocar Co., Ardmore, Pa.; C. Arthur Benjamin, general sales manager American Locomotive, New York; V. A. Longaker, general manager American Motors Co., Indianapolis; H. W. Ford, secretary Chalmers Motor Co., Detroit; W. C. Leland, vice president Cadillac Motor Car Co., Detroit; J. G. Cole, president Cole Motor Car Co., Indianapolis; G. W. Bennett, vice president the Garford Co., Elyria; Elwood Hayes, president Hayes Automobile Co., Kokomo, Ind.; Charles D. Hastings, secretary Hupp Motor Car Co., Detroit; S. T. Davis, jr., president the Locomobile Co. of America, Bridgeport, Conn.; G. A. Kissel, president the Kissel Motor Car Co., Hartford, Wis.; Joseph M. Gilbert, president Lozier Motor Co., Detroit; Leo A. Feif, general sales manager Mitchell-Lewis Co., Racine, Wis.; George M. Dickson, secretary National Motor Vehicle Co., Indianapolis; George O. Daniels, vice president Oakland Motor Car Co., Pontiac, Mich.; O. C. Hutchinson, vice president Olds Motor Works, Lansing, Mich.; Henry B. Joy, president Packard Motor Car Co., Detroit; L. H. Kittredge, president the Peerless Motor Car Co., Cleveland; Charles Clifton, treasurer the Pierce-Arrow Motor Co., Buffalo; George Pope, treasurer the Pope Manufacturing Co., Hartford, Conn.; H. M. Snyder, secretary Reo Motor Car Co., Lansing, Mich.; H. B. Staver, Staver Carriage Co., Chicago; W. H. Whiteside, president Stevens-Duryea Co., Chicopee Falls, Mass.; Frederick F. Fish, president Studebaker Corporation, South Bend, Ind.; Robert W. Allen, general manager Warren Motor Car Co., Detroit; Windsor T. White, president the White Co., Cleveland; John N. Willys, president the Willys-Overland Co., Toledo.

EXHIBIT D.

[Extract from the Congressional Record, Apr. 30, 1913.]

The CHAIRMAN. The Clerk will read.
The Clerk read as follows:
"121. Finished automobiles and automobile bodies, 45 per cent ad valorem; automobile chassis, 30 per cent ad valorem; finished parts of automobiles, not including tires, 20 per cent ad valorem."

Mr. ANDERSON. Mr. Chairman, I move to strike out the last word. This paragraph offers a very good example of the mental gymnastics necessary to write a bill of this character. The present law provides for a duty of 45 per cent ad valorem upon automobiles and finished parts alike. The pending bill reduces the duty on the finished parts from 45 to 20 per cent, thus increasing the protection of the assembler in a very large degree. The only result of this situation will be to increase the importation of the finished parts of automobiles from foreign countries so that they can be assembled in this country and offered for sale in competition with the finished automobile here. The result will be inevitably a taking away from the American workman of work involved in the making and finishing of these parts. I think that the duty on automobiles might very properly be reduced. I think that the duty upon the finished parts might very properly be reduced, but it is impossible for me to understand the mental gymnastics that justify the increasing of the protection upon automobiles by 30 per cent.

Mr. PALMER. Mr. Chairman, it would not be difficult for the gentleman from Minnesota [Mr. Anderson] to understand this change in the rates if he would take the time and the trouble to study the question of the automobile industry, both at home and abroad, as it has been studied by the Ways and Means Committee in connection with the drawing of this bill. Under the present law automobiles pay a rate of 45 per cent. That is not a high rate or an unconscionable rate, from our point of view, for foreign luxuries such as one of these automobiles.

Mr. ANDERSON. Mr. Chairman, will the gentleman yield?

Mr. PALMER. Not at this time.

Mr. ANDERSON. The gentleman knows of the export of automobiles?

Mr. PALMER. Yes. Mr. Chairman, the kind of automobiles that that duty covers is not the cheap automobile, but the high-priced car. The average unit of value of imports of automobiles exceeds $2,000. The only kind which come into the country are the high-priced cars, purchased by people of large means, who get the car because it is a foreign car and because they want to make a show before their neighbors and friends by having a Fiat or a Mercedes or some other famous foreign car.

We left that duty just where it is, but we did reduce the duty on the parts, because we believe that, while 40 per cent is a proper duty for an article of luxury purchased by the rich, it is not a proper rate of duty in view of the other rates in this bill upon an article which is largely a raw material of a great industry in this country. The fact is that the American manufacturer of automobiles uses foreign parts to a great extent, and we by making this rate 20 per cent are keeping it in line with other semiraw material used by manufacturing industries in the country. There is no danger whatever, and all automobile manufacturers and importers acknowledge that—the gentleman from Minnesota could find it out if he would take the trouble to read the hearings—there is no danger that the foreign automobiles will be imported as knocked-down cars in order to get rid of this 45 per cent rate. These parts come in as parts, and never come in as a knocked-down car, because the imported car that the American buys abroad he buys because he wants it, and he wants it because he is getting an automobile made in Europe which bears the foreign mark and the name. He does not care anything about having foreign parts in his car; he does not care anything about having a foreign wheel or a foreign axle. What he wants is a foreign car, and the reason these foreign cars come in at this excessive, this large, rate of 45 per cent is because the rich American is willing to pay any price in order to show himself off to his neighbors and his friends.

Mr. ANDERSON. Will the gentleman yield?

Mr. PALMER. I will yield if I have the time.

Mr. ANDERSON. Does not the gentleman know that under this provision it would be possible to import an entire automobile exclusive of the tires at 20 per cent ad valorem?

Mr. PALMER. No; it would not be done.

Mr. ANDERSON. Well, it can be done, can it not?

Mr. PALMER. The automobile chassis, which the gentleman from Minnesota must know, is practically the finished car with the exception of the top and the tires, comes in at 30 per cent. The automobile parts which would be imported under the Treasury definitions and the definitions of the courts are such parts as are capable of being used in manufacture here or in repair of local cars. The experts in the import offices would have little difficulty, it seems to me, in noting the difference between parts sent in to repair a car or parts of a car which had been made, manufactured, completed, and then taken apart and knocked down. The whole answer to it lies in the fact that there is no incentive to that kind of an importation because the finished car is what the American wants.

Mr. MANN. Mr. Chairman, this is one of the peculiar features of this bill. Automobiles now pay 45 per cent duty, which is a prohibitory duty in the main, absolutely prohibitory as to all except a few high priced and in the main French cars. It is easy enough to carry out the provisions of this bill, 45 per cent on those cars, without carrying a prohibitory rate on the poor man's car, and it will not do any longer to say that automobiles are only for the rich. Even Members of this House are able to own automobiles who are not rich, and many of their constituents, with an annual earning of less than one-tenth of a Congressman's salary, own automobiles. But here is a prohibitory tariff, absolutely prohibitory on all of the cheap automobiles, direct in the face of the statement which has been made by the gentleman from Alabama as to the theory of this tariff. We imported less than $2,000,000 worth of automobiles last year. We exported over $9,000,000 worth, and the amount produced in the United States and consumed was $165,000,000 worth of production, and yet the gentlemen say in making up a competitive tariff that they must keep the price of automobiles up to a 45 per cent ad valorem rate. I am prepared to say that there would be due protection to the American industry with a considerable reduction in price. Automobiles have become a necessity in the land. For many years the price naturally was high because it was controlled by patents, but the time has come when automobiles ought to be made cheap in competition with the ordinary cheap buggies. No longer do people possess carriages, buggies, and horses to the extent they did formerely, but they now want to get automobiles. Here is a proposition which proposes to keep the rate now the same rate that has been on for years on automobiles, a prohibitory rate on all except the highest priced machines.

Mr. PALMER. Will the gentleman yield?

Mr. MANN. Certainly.

Mr. PALMER. I want to say to the gentleman this is the fact about the automobile business: That the finer, the high priced, the luxurious cars come in as finished automobiles——

Mr. MANN. Well, the gentleman said that before.

Mr. PALMER. Wait a minute. On them we lay a duty of 45 per cent. The cheaper cars which are imported for use here, the trucks, the commercial cars, all come in as chassis at 30 per cent ad valorem.

Mr. MANN. But we export finished automobiles of that character, as the gentleman well knows. I have no objection to making the tariff rate 50 per cent or 60 per cent on machines that cost over $1,000 or $1,500.

But why is that a reason for maintaining 45 per cent on machines which sell for less than $1,000 and cost less than $300 to make? The automobile business is now maintaining the newspapers of the country through advertising. It is doing a large amount of expensive work in every direction in that way. The same thing that applied to sewing machines at one time, which sold from $75 to $150 per machine because of patented processes, now applies to automobiles under this provision in the bill. I say the tariff rate ought to be reduced on automobiles, so that there would be some competition, and that people might have machines. It would not injure an industry in this country.

Mr. UNDERWOOD. Mr. Chairman, the arguments which I have just heard from the gentleman from Minnesota [Mr. Anderson] and the gentleman from Illinois [Mr. Mann] illustrate the united position the Republican Party occupies to-day on the tariff question. We have just heard an eloquent and able speech from the gentleman from Minnesota [Mr. Anderson], a member of the Ways and Means Committee, charging us with the fact that this violent reduction of rates on automobiles was going to destroy the business, and, on the other hand, the leader of the Republican Party, in the next breath, comes up here and tells us

that we have written a prohibitive rate on automobiles, which will destroy the American people. Now, there you are. Take your choice on each side of the Republican Party, a gentleman who says that it will destroy industry and a gentleman who says at the same time the prohibitive rate is ruining the American people.

As a matter of fact, the automobile is the chassis. The balance is merely a carriage top. We have reduced the rate very considerably on the automobile—that is, the chassis—which means the entire car except the carriage part, the top of it, and the rubber tires. We have reduced it from 45 per cent to 30 per cent, a reduction of one-third. Now, as to the top, it is the cheaper part of an automobile, for the use of an ordinary man, a man of reasonable means. Of course, for the luxuriant rich the limousine top may cost a great deal of money, and it is that kind of a top, that kind of seating arrangement, that we are going to tax, and keep the tax of 45 per cent on. If a man wants to come over here and ride in a French car and display his wealth to his friends, he ought to pay for it, and he is going to pay for it under this bill. But when you can bring into this country at 30 per cent, a reduction of a third, the well-made, well-manufactured chassis, the working part of the car, it is not going to destroy the business as our friend from Minnesota [Mr. Anderson] suggests, but it is going to bring real competition to the American manufacturers of automobiles, because it will build up an industry among those men who import the chassis, put an American top to it, and it brings real competition that will bring down the price of the home-made article.

Mr. Chairman, I ask to close debate on this paragraph.

Mr. FORDNEY. Will the gentleman permit me just a few minutes?

Mr. SIMS. Will the gentleman yield?

Mr. UNDERWOOD. I will first yield to the gentleman from Tennessee.

Mr. SIMS. It puts 40 per cent on motorcycles. I did not understand those to be a matter of luxury, but rather for utilitarian purposes.

Mr. UNDERWOOD. One of my boys owns two of them, and I think they are a matter of nuisance more than anything else.

Mr. Chairman, I move to close debate on the paragraph in five minutes.

The motion was agreed to.

The CHAIRMAN. The gentleman from Michigan [Mr. Fordney] is recognized.

Mr. FORDNEY. Mr. Chairman, the business of manufacturing automobiles in the State of Michigan is a very important one. There are establishments in the city of Detroit and other cities in Michigan which employ from 5,000 to 8,000 high-class laboring men. By high-class men I mean mechanics who receive a high rate of wages, from $5 to $10 and $12 a day.

A few days ago a gentleman gave me a ride in a very magnificent automobile, and when returning to the hotel he said, "What do you think of my automobile?" He told me it was a French machine, for which he had paid $8,700.

Now, poor people do not own machines of that kind, and I do not care how high you put the duty on that class of luxury. I would like to see it sufficiently high so that all such machines that are used in this country will be made in this country and made by American laboring men, at the scale of wages paid in those factories here in the United States. In this bill you put a rate of duty on the finished parts of an automobile, not including tires, of 20 per cent ad valorem. The finished parts of automobiles means that the machine will be finished abroad and brought here to be assembled.

There are but few people who are to-day classed as poor people who own automobiles.

I saw a notice in a paper the other day to the effect that a farmer living in the State of Illinois, Mr. Mann's State, brought to market 12 hogs in an automobile and took home in return $480 in cash.

Mr. MANN. The farmers all own automobiles in my State. [Laughter.]

Mr. FORDNEY. Yes; they are all wealthy—the farmers——

Mr. MANN. Under the present laws.

Mr. FORDNEY. Under the present laws and the general prosperity that we have enjoyed during the last 16 years the farmers, not only of Illinois but elsewhere, are rich. I want to see them remain rich. [Applause on the Republican side.]

Mr. MADDEN. They have all got money in the bank. [Applause.]

Mr. PAYNE. I want to say to the gentleman that in my district I have a little town of 4,000 people, and most of them are farmers, and they told me that by actual count last fall over 300 automobiles were owned in that town.

Mr. FORDNEY. I have a letter which I will send to the Clerk's desk to have read when the matter comes up to which the letter is germane; a letter in which

the person who writes it says that a few years ago he paid from 12½ to 15 cents a yard for ordinary calico for a dress for his wife, but that now his wife takes to market in an automobile one setting hen and can buy a silk dress with the proceeds thereof. [Laughter and applause.] That illustrates the difference between the values of farm products and manufactured products then and now. The point I wish to make, gentlemen, is that in reducing the duty from 45 per cent to 20 per cent on this item, if it will permit the importation of automobile parts, you will have then transferred the labor that is now employed in the automobile factories of this country to a foreign land, and to that I most strenuously object. [Applause on the Republican side.]

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

"122. Bicycles, 25 per cent ad valorem; motor cycles, and finished parts thereof, not including tires, 40 per cent ad valorem."

Mr. SHERLEY. Mr. Chairman, if there is any industry in America that has demonstrated its ability to stand on its own feet, it is the automobile industry.

I have listened to a very remarkable statement here, made by the gentleman from Michigan [Mr. Fordney]. Detroit is probably the greatest automobile center in America. There is not a man possessed of ordinary business capacity who has gone into the automobile business in Detroit but has not only made a good living but has made in most instances a very great fortune; and if the gentleman will pick up any trade paper in this country, or any trade paper published in France or in England, he will find that the cheap American automobile has taken a large part of the market in England and in France.

Now, what happened was this: The people abroad were earlier than we in the building of automobiles; they built up an industry long before we did; and there was a time in this country when we were not able to make a machine that was anything like as good as the foreign machine. That time has long since passed, and American ingenuity, American skill, and American ability have, with high-priced American labor—in the sense that it was high-priced in the wage that it got, but was cheap in the work that it gave—have developed what is to-day the greatest automobile industry in the world; and if you had free trade in automobiles, in my judgment, you would not have any serious competition in the cheap automobile industry—in the automobiles that sell anywhere from $750, like the Hupmobile, or similar cars, up to $1,000 or $1,500.

We to-day are making those machines better and cheaper than they are made anywhere else in the world, and it is simply folly, in the face of the actual facts, to talk about a threatened industry. Nothing is being threatened about it. There ought to be a tax on the higher priced cars. But, speaking for myself, I would not feel that there was the slightest risk to the industry as a whole if automobiles were put on the free list.

Let me ask the gentleman what has been the experience in the city of Detroit? How many multimillionaires have been made there, almost overnight, in the automobile industry?

Mr. FORDNEY. I do not know. I am not in the business.

Mr. SHERLEY. I know, because I happen to know some of the men who have made the money. I am glad they have made it. But I know that there has not been a single concern, well managed, but has not only made a success but a success so great as to be the marvel of modern manufacturing enterprise.

Mr. FORDNEY. Will the gentleman yield to a question?

Mr. SHERLEY. I know of one gentleman whom the gentleman from Michigan [Mr. Fordney] knows very well, who by the fortunate investment of a few thousand dollars in an establishment making a very low-priced car, has to-day an annual income very much larger than either the gentleman or I receive for serving our country.

Mr. FORDNEY. Let me say to the gentleman that the only complaint I am making is that if by lowering the rate of duty from 45 to 20 per cent you encourage importation, then you have injured the industry, or the labor, by transferring it abroad; and if it will not do that, why lower the duty?

Mr. SHERLEY. Of course the gentleman and I can never meet upon common ground. He believes we ought to make it impossible for anybody to bring anything into this country. He believes it ought to be made a capital offense. He thinks America can go on selling to the rest of the world and never buying from it. I think it is time for these industries to get out of their swaddling clothes and to go out into the world's market and capture some of it.

Mr. FORDNEY. What you think "the gentleman" thinks, and what you know about what the gentleman thinks, may be two different things.

Mr. SHERLEY. Of course, for I am limited to what the gentleman says he thinks, and I may be wrong in my conclusion.

Mr. FORDNEY. I do not think I have said anything from which you could draw such a conclusion.

Mr. SHERLEY. During my 10 years of service here the gentleman has stood as the champion of the highest protective tariff that could be written. To-day he is in constant quarrel with nearly every man on his own side, because some of them want to progress, and he wants to stand pat on the tariff.

Mr. FORDNEY. My friend, I always object to progressing as a crawfish does.

Mr. SHERLEY. Oh, yes; but perhaps the trouble may be in your vision rather than in the direction in which people are progressing.

Mr. FORDNEY. Perhaps.

Mr. SHERLEY. The gentleman has stood on this floor talking about lumber, and he has the same sort of idea about that; whereas it is well known that every man who invested in standing timber as long as five years ago has had the benefit of such an increase in value as to amount to a great return upon the investment. Yet the gentleman thinks if you change a single rate touching lumber you are verily laying an impious hand on the ark of the covenant.

Mr. FORDNEY. Again you are asserting what the gentleman thinks, without knowing what he thinks.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SHARP. Mr. Chairman, I move to strike out the last word. I will ask the gentleman in charge of this schedule of the bill for information concerning paragraph 122. I notice it provides for a duty on bicycles of 25 per cent ad valorem, and on motor cycles and finished parts thereof, not including tires, 40 per cent ad valorem. I wish to ask this question because I have a manufacturer back in my home town who asked me recently as to the provision of the present bill as it affects his bicycle-saddle business, the largest in the country, I believe. I notice that in referring to motor cycles it provides for 40 per cent ad valorem on the finished parts thereof, not including tires. Does that include the saddle used on a motor cycle?

Mr. PALMER. I should think so. That is a part of the motor cycle.

Mr. SHARP. Then how would it apply to bicycle saddles? Would it be 25 per cent ad valorem?

Mr. PALMER. The reason that language was not put in in reference to bicycles is that practically all of the parts of bicycles would come in under the basket clause at the same rate that bicycles carry, while as to motor cycles, the basket clause is lower than the motor-cycle rate. In other words, there is not the same necessity for putting it in as to bicycles that there is for putting it in as to motor cycles, because the basket clause and the bicycle rate are the same.

Mr. SHARP. But taking the saddle of the bicycle, would that receive an ad valorem protection of 25 per cent?

Mr. PALMER. No; saddles do not come in the basket clause of the metal schedule.

Mr. SHARP. Does the gentleman mean that bicycle saddles do not?

Mr. PALMER. Unless they are composed in chief value of metal. I am not prepared to say whether those saddles are composed in chief value of metal or in chief value of leather. They have both metal and leather in them.

Mr. SHARP. Turning over to page 114, paragraph 535, you provide for all leather not specially provided for in this section; and then in the latter part of that section you say:

"Harness, saddles, and saddlery."

Mr. TOWNSEND. That means leather saddles.

Mr. SHARP. Is that broad enough to include bicycle saddles?

Mr. PALMER. It would if the saddle was composed wholly or in chief value of leather. In that case it comes in under the free list. If it is composed wholly or in chief value of metal, it comes in the basket clause of the metal schedule.

Mr. SHARP. Would not the same statement apply where it is used for a motor cycle?

Mr. PALMER. I think not, because under that language it would be a finished part of the motor cycle.

Mr. COOPER. Will the gentleman permit a question?

Mr. PALMER. Yes.

Mr. COOPER. I notice in lines 8 and 9, page 33, motor cycles are dutiable at 40 per cent and the finished parts of the motor cycles, not including tires, also at

40 per cent. In other words, so far as motor cycles and finished parts are concerned, the tariff is 40 per cent, whereas automobiles are dutiable at 45 per cent and the finished parts at 20 per cent. Why is that distinction made between automobiles and their finished parts and no distinction made between motor cycles and their finished parts?

Mr. PALMER. The finished parts of small machines are very much larger in value proportion of the finished article than the finished parts of large machines like automobiles. Therefore there is less logic in making parts come in at a less rate in motor cycles than in automobiles.

Mr. COOPER. I can not understand the logic of the gentleman's statement. I do not know why bringing in an automobile chassis and the finished parts of an automobile is not in effect bringing in the automobile itself. It can all be set up here.

Mr. PALMER. Is the gentleman asking me a question?

Mr. COOPER. I say I do not understand the logic of the gentleman's statement. I do not know why the finished parts of a motor cycle should be dutiable at the same rate—40 per cent—as the motor cycle itself, and that the finished parts of automobiles should be dutiable at 25 per cent less than completed automobiles.

Mr. PALMER. I have stated to the gentleman the reason that the committee had.

Mr. MANN. Mr. Chairman, the two paragraphs, I think, will cause a serious commentary in the mind of any person. The gentleman from Wisconsin just endeavored to extract some information as to why there was a difference in theory between the two paragraphs, but I did not hear any reply which seemed at all satisfactory.

Mr. GARNER. We are not responsible for the gentleman's failure of mind.

Mr. MANN. Usually it is desirable to make finished parts pay a little higher duty than the entire assembled machine, because that causes the parts to be made here rather than abroad. But under the automobile paragraph itself it is to the interest of anyone to make the parts abroad, or have them made abroad and brought here. You can bring in an entire automobile, if knocked down, and that is the way they naturally will come in, at 20 and 30 per cent ad valorem instead of 45 per cent for the finished machine.

And yet when you get to motor cycles the rate on the finished machines is made at 40 per cent instead of 45 per cent, as it is on the finished automobile, and the rate on the finished parts is put at 40 per cent, and only 20 per cent on the finished parts of automobiles. No wonder the gentleman from Pennsylvania did not furnish an explanation. A man to understand that will have to eat a welsh rarebit and go to sleep. [Laughter on the Republican side.]

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn.

EXHIBIT E.—*Reduction of tariffs on imported Italian automobiles into the United States of America.*

FABRICA AUTOMOBILI ISOTTA FRASCHINI,
MILANO, April 19, 1913.

The AUTOMOBILE IMPORTERS' COMMITTEE,
Room 707, 1783 Broadway, New York.

GENTLEMEN: Our New York agents, Messrs. The Isotta Fraschini Motors Co., have written us detailed information regarding the work you have taken up, to obtain from the competent department at Washington a reduction (if possible 25 per cent) on the present high duty which is put on Italian automobiles which are imported into the United States.

We have further received from the Lancia Co.'s New York agents (the Adams-Lancia) a copy of the letter they received from the Italian Chamber of Commerce of New York explaining the reasons for which they upheld that a reduction of only 5 per cent was considered sufficient by the Italian automobile manufacturers.

The affirmations made by the Italian Chamber of Commerce of New York in this letter were not conformable to the truth, viz:

(*a*) It is not true that the Italian manufacturers stated that a reduction of only 5 per cent would be sufficient.

(*b*) It is further untrue that the correspondents of the Italian Chamber of Commerce of New York in Italy consulted the Italian motor manufacturers about the reduction of the tariffs; these correspondents had therefore no right

to make any such communication to the Italian Chamber of Commerce in New York.

(c) It is not exact that Italian motor industry is less important than other industries, and that it should therefore be less favored. The Italian Chamber of Commerce in New York, to back up their statement, maintain that the number of Italian motor cars imported into the United States is comparatively small in comparison with the other imports.

From this statement it is evident that the number of Italian automobiles imported into the United States is small owing exclusively to the fact that the duties imposed on them are so high, which bring their prices so high as to render the struggle against the enormous competition very hard. The Italian Chamber of Commerce should have understood this and given us all possible help toward getting the duties reduced and thus increasing the number and value of Italian cars imported into the United States, and in this way to equalize the other Italian products, for which the Italian Chamber of Commerce seem to have more interest.

(d) It is still further an inexact statement that motor cars should be considered as articles of luxury and therefore not necessities, and that same are not worthy of the same amount of backing up as have the other necessary articles. To-day the motor car has proved itself indispensable for various things not only for private use but are in daily use by municipalities and governments all the world over for public convenience and interests. When they affirm that the imported car should be considered a luxury because of its high price, it is simply because they will not see that the high cost is brought about by the very heavy duties and not by the price of the car itself.

We therefore protest very strongly against the action of the Italian Chamber of Commerce in this all-important question, by which it has shown itself lacking in interest for the Italian motor-car industry, which is the most conspicuous, the most reputed, and most flourishing also, in comparison with other countries, and in which over fifty millions of capital are invested and which further gives work to over 15,000 souls.

The Italian Chamber of Commerce should have seen that a reduction of only 5 per cent would not have got rid of the prohibitive nature of the import duties; it has therefore ended by seriously damaging this important industry by favoring some other product excessively.

The interested Italian motor manufacturers have in these days made a united appeal to the Italian Government, asking them to step in and set the matter straight; that is, to make a hurried contradiction of the great blunder made at Washington, and so to support our cause that we may obtain a convenient reduction on the present heavy import duties.

We have pleasure in informing you that the Government was much interested in our cause and we feel positive that the Government will assist us in doing all that is necessary to stop the motor industry being seriously damaged by the unpardonable blunder made by the Italian Chamber of Commerce.

To the end we would affirm our willingness to assist you, both morally and financially, to bring this business through in the right way and so to back up your very worthy work.

Yours, very truly,

——— ———.

FABBRICA LANCIA,
Torino, April 16, 1913.

The AUTOMOBILE IMPORTERS' COMMITTEE,
New York City.

GENTLEMEN: Referring to our preceding letter of March 26 to Mr. Carples we have immediately devoted ourselves to the very important question of import duties in the United States on automobiles.

According to inquiries made in consequence we can absolutely affirm that the statement of the Italian Chamber of Commerce, in its letter of February 24 to the Adams-Lancia Co., running as follows: "As regards ascertaining your views on the subject, we would have done so if we had not our own correspondents in Italy who have obtained all the views of automobile manufacturers" is utterly untrue, and you can formally deny this assertion.

It appears on the first that the Italian Chamber of Commerce has not taken any care to study the important question of Italian automobile imports into

the United States, giving the slightest attention to our interest, therefore we strongly remonstrate.

It is quite an easy thing to refute the arguments offered by them to support their inconsiderate behavior.

The chief argument brought by the Italian Chamber of Commerce lies on the comparatively small amount of automobiles value imports as to other products, forgetting that figures are so low precisely because duties are so high.

If the Italian Chamber of Commerce had a little cared for the Italian industry and should not have disregarded the fact that automobile manufacture is one of the main industries in Italy it should have joined its efforts to us and to anyone who is trying to obtain a rebate on tariff, because only this way will make it possible to augment imports and in a very short time get figures as high as for other products.

Duties on automobiles are of a very prohibitive character, and the Italian Chamber of Commerce should not have mingled our transactions with those referring to the reduction of tariff on products which have to-day a quite different treatment.

Likewise there is a similar blunder when it is said that European automobiles can not be considered as necessities, for if they consider them as luxuries because of the price, this must be kept so expensive by the high rate of duty on them.

We need not spend more words to demonstrate why the Italian Chamber of Commerce ought to have given us all possible help.

We must therefore protest against such trifling a demeanor, when without studying the question or making any inquiries from the people more interested in the matter, without any authorization by them, the Italian Chamber of Commerce has thought proper to satisfy the exigencies of Italian industry, asking for a reduction of only 5 per cent, reduction that can not alter the prohibitive character of the tariff, offending in this way the interests of a particular trade to the profit of others.

Nevertheless owing to the Association of Automobile Manufacturers of Turin, whose members are Fiat (Ltd.), Itala (Ltd.), Rapid, Spa (Ltd), Scat (Ltd.), ourselves and other first-class factories, as Isotta Fraschini (Ltd.), Bianchi (Ltd.), all together united for the defense of our common interests, and ready to give moral and financial assistance, owing to the engagement of the Italian Government to give us its valid help, we hope that our efforts will succeed, and we will be able to prevent the consequence of the unpardonable blunder of the Italian Chamber of Commerce of New York, giving our industry its proper place in a market which up to to-day particular tariffs have rendered rather uneasy.

With our best respects, we remain,

Yours, truly, THE [illegible]UNSELER DELEGATE.

EXHIBIT F.

[Translation.]

ROME, *April 8, 1913.*

His excellency Lawyer Prof. G. C. FRANCESCO SAVERIO NITTI,

The Minister of Agriculture, Industry, and Commerce, Roma:

The undersigned representatives for the Italian Automobiles Co.—Societa Anonima Edoardo Bianchi-Milano; Societa Anonima Diatto & Co., Torino; Societa Anonima Fiat, Torino; Societa Anonima Isotta Fraschini, Milan; Societa Anonima Itala, Turin; Lancia & Co., Turin; Societa Anonima Rapid, Turin; Societa Anonima Scat, Turin; Societa Anonima Spa, Turin; Societa Anonima Roberts Zust, Intra—express to his excellency the thanks for the kind reception given to them on the conference of this morning.

In conformity of the valued desire expressed by your excellency, they transmit the memorial, resuming the question that they respectfully exposed, to obtain the authoritative and prompt intervention of this minister, through the Italian officers appointed to the Government of the United States, regarding the arrangements that the commission of the importers of the Italian automobiles in United States has undertaken to obtain the reduction of the present tariff.

The undersigners, who realize the patriotism of his excellency, demonstrated in the development of the industry and of the national commerce, hope that the request given by an Italian industry that has more than fifty million of capital, giving work to more than 15,000 people, will obtain from you a favorable reception.

Thanking you in advance, we remain, very respectfully, yours,

EDOARDO BIANCHI.
LANCIA & CO.
EDOARDO PAVESIO.
Lawyer CESARE ISOTTA.

[Translation.]

His excellency Lawyer Prof. G. C. FRANCESCO SAVERIO NITTI,
The Minister of Agriculture, Industry, and Commerce, Roma:

With the occasion of the election of the new President of the United States and with the ensuing change of the political government to the Democratic Party one American group of importers of foreign automobiles have seized the opportunity to obtain a reduction in the present tariff, which is now 45 per cent. This group of importers appointed a commission to go to Washington, D. C., and request a reduction of 25 per cent, leaving a tariff of 20 per cent.

The group of American importers, in which are the agents of the first manufacturing of the Italian automobiles in this letter undersigned, called the attention of both Italian and American manufacturers for a moral and material help for the purpose to put an ease end at the campaign in question.

The following are the reasons regarding the moral help for the Italian manufacturers:

When the appointed commissioner went to Washington to request the reduction of 25 per cent of the tariff the department of Washington replied that the Italian Chamber of Commerce had already stated that a reduction of 5 per cent was sufficient for them.

The importers upon hearing this reply wrote to the Italian Chamber of Commerce demanding information concerning it. In reply the Italian Chamber of Commerce answered as per inclosed letter. It is plain that much confusion was caused among the commission of men, and as a result this commission wrote to the Italian manufacturers of automobiles in Italy asking them to try to correct the wrong impression given to the American Government by the Italian Chamber of Commerce and to again repeat that the American importers of Italian automobiles desired a reduction of 25 per cent on the tariff deducting the duty that now have a very impressible form.

The invitation of the American importers was welcomed in Italy by the manufacturers, and same are now asking you to try your very best to have the Italian Government favor the request of the American importers of Italian automobiles.

Societa Anonima Edoardo-Bianchi; Societa Anonima Diatto & Co., Turin; Societa Anonima Fiat, Turin; Societa Anonima Isotta Fraschini; Societa Anonima Itala, Turin; Lancia & Co., Turin; Societa Anonima Rapid, Turin; Societa Anonima Scat, Turin; Societa Anonima Spa, Turin; Societa Anonima Roberto Zust, Intra.

[Copy of the letter sent by the Italian Chamber of Commerce of New York to the agents in New York of the Lancia Automobile Co., of Turin, Italy.]

We received your letter of the 20th and has had our best attention.

We thank you for the opportunity that you are giving us to explain our idea in the matter.

You have to consider that this chamber of commerce has for its principal duty the protection and the promotion of the Italian commerce in general, and has to try to obtain from the Government of the United States the best advantage to the great current of business from Italy to the United States and that may produce the most benefit to the Italian producer.

We admit that the automobile industry is of special importance in Italy, but when we have to struggle for the protection of what is the most important for the economical life of Italy we do not have to ask much for things of less im-

portance in proportions, and to avoid this the most important interest is in peril.

You have to consider that there are two points in the tariff—protection and income. Both are to be considered when we have to ask the Government for the reduction of the tariff.

You have also to consider that before making a great reduction on the Italian automobiles for which the entrance in this country is not less than $2,000,000 a year, we have other products to look after which is more important for the Italian commerce. The silk for $12,000,000; olive oil, $1,500,000; vegetables, $3,500,000; cheese, $4,000,000; leather, $1,200,000; marble, $1,500,000; coral, $500,000; chemical products, $1,500,000, etc.

On these articles we have first to concentrate our effort, because if we have to renounce these articles to obtain a better treatment on the Italian automobiles we will have a small advantage on the automobile industry, even admitted that the industry will increase five times as much, but said increase never could be sufficient to compensate one-tenth of what we will lose on the other articles.

What I have previously written you, it is simply to demonstrate on what basis the work of a foreign chamber of commerce has to be conducted. What you said in your letter that we should do is to be said to an association of manufacturers that has only one limited object. Although conceding in a general way that we could try to obtain a great reduction on the duty of the automobiles, it is doubtful if we could obtain the minimum success, because the party that governs to-day is engaged in placing more duty on the great necessities.

However, the automobiles may be considered to-day as one of the most important articles. The foreign automobiles of special manufacture and for a special object is very hard to be considered by the Government officers of the tariff.

From your letter it seems that we have made no study to arrive at this miserable 5 per cent reduction. This is not the case entirely. Without going into further details and repeating the argument that we have already exposed to you regarding the difference between the certain Italian products and the automobiles, we maintain that it was necessary to ask more on our side, because in an attempt for a revision of tariff made in the automobile congress a reduction of 5 per cent was regarded the maximum that should be granted. You should consider that like last year Mr. Underwood is the president of the committee for the revision of the tariff, and a different reduction should not be expected.

In regard to accepting your opinion on the matter, we beg to inform you that we would have been very glad to do so if we did not have our correspondents in Italy, in which they have examined all the opinions of the automobile manufacturers, including, probably, the main officers of your houses, and same have given us a good idea on the matter.

We have called at Mr. Conti's office several times, but, unfortunately, never find him in.

If you have any other argument or special suggestion for this higher reduction of the automobile tariff, the chamber of the committee of the Italian Chamber of Commerce will be glad to consider the question and to try the best to help you out.

ACHILLE STRACE, *Vice President.*

PACKARD MOTOR CAR CO., DETROIT, MICH., BY HENRY B. JOY, CHAIRMAN OF TARIFF COMMITTEE OF MOTOR CAR MANUFACTURERS.

DETROIT, MICH., *June 6, 1913.*

Hon. F. M. SIMMONS,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

DEAR SIR: I have before me a copy of the first print of the briefs and statements filed with your committee on Schedule C of the tariff bill.

On page 99 is the statement of Mr. James M. Carples, presenting the views of the automobile importers' committee of New York.

Many of the statements of Mr. Carples are very misleading and based on false premises, which have led him to false conclusions.

Permit me to call your attention to the fact that in the report of the hearings of the Sixtieth Congress before the Ways and Means Committee of the House of Representatives under Schedule C, part 2, on page 2717, there appears the following affidavit:

James M. Carples, being duly sworn, deposes and says: I reside at 971 Trinity Avenue, New York City, and am employed by the Association of Licensed Automobile Manufacturers as special agent and statistician, and have carefully prepared and read the statements contained herewith by the American automobile industry to the Committee on Ways and Means, and as to the facts herein specifically stated know them to be true and accurate. And as to the statements therein referred to as obtained from reliable sources the same are full, true, and accurate to the best of my knowledge and belief.

This affidavit was made by the same James M. Carples, who, under a different retainer, to-day is stating exactly contrary things to those to which he appended his affidavit on the 30th day of December, 1908, before Daniel J. Gainan, notary public, in New York City.

I have no copies of the brief referred to, and must therefore refer you to the records of the Ways and Means Committee as stated above. In that brief are set forth facts, sworn to by Mr. Carples, which render the statement he has made in behalf of the automobile importers' committee absolutely worthless and unreliable.

In Mr. Carples's statement on page 100 of the first print of your committee's hearings, he has stated in paragraph 10 the following:

10. The automobile manufacturers of the United States claim in their published articles of May 4 that the tariff on automobiles should be revised by a scientific body like the Tariff Board. We, the importers of automobiles, are satisfied, if the Tariff Board findings on the automobile question are brought into use by the committee, and are willing to abide by the decision. We wish to add, however, that the report is incomplete, only one-half, to wit, the foreign half, having been finished. The other half, the American half, was never completed, because the selfsame group of American manufacturers who will appear before you refused absolutely at the time to furnish the Tariff Board with data. For substantiation I refer you to Mr. James B. Reynolds.

In absolute contradiction to Mr. Carples's statement as above set forth, I attach hereto copy of a letter written by myself to Mr. James M. Carples under date of December 2, 1911. In the fourth paragraph of that letter is the following:

I think the article of L. Driving is hardly worth answering except for the falsehood in it. If the people in discussing this matter would only state the truth in quoting the brief that we filed before Congress, that would be all I ask. That brief is entirely subject to investigation by the Tariff Commission, through the examination of the books of this company, if they so desire, and they will find that to-day the conditions show that by the development of the industry in this country through the 45 per cent tariff, competition has grown up to such an extent that the margins of profit will not permit the profits, by half, to exist that existed at the time the brief was filed.

You will note, then, that this company offered to submit its books to the Tariff Commission to substantiate the statements made in the brief. A copy of this letter to Mr. Carples was sent to the Tariff Board with a letter dated December 2, 1911, and I have the Tariff Board's acknowledgment of its receipt, dated December 6, 1911, signed by Mr. Thomas W. Brahany, executive secretary.

Therefore, you can see that I am able instantly to state to your committee that the representations of Mr. Carples as to our refusing to furnish information to the Tariff Board are not founded on fact.

I have not desired to take up the time of your committee before this time, because the comprehensive data do not exist, and it is not possible for me to prove the facts. I have prepared a statement on general principles exposing the fallacies of the Underwood bill as they appear to me, so far as the motor-vehicle clause is concerned. I do not want to change or to take back one word of the statements contained therein. I hand you herewith a copy of that brief. In it, on page 4, I quote from the previous hearings before the committees of Congress, and I have marked with blue pencil, for your convenience, the appeal of Mr. Sherrill (at that time representing the importers) for a reduction of the tariff from 45 to 30 or 33 per cent as being satisfactory to the importers. It was at the time that Mr. Sherrill made this statement for the importers that Mr. Carples collaborated with me and prepared the brief which I refer to in the first page of this letter and to which he attached his affidavit as to the facts therein being true, according to the best of his knowledge and belief.

As to our understanding of the intent of the motor-vehicle paragraph of the bill (phrased to meet the desires of foreign manufacturers as represented by their importing agents, and as explained by Congressman Frank E. Doremus, of Michigan, in an interview quoted below), I have explained that at length in the brief attached, but especially on page 7 do I show, as any manufacturer will concede, that the foreign manufacturer would ship in his cars as 'parts" under the duty of 20 per cent, Mr. James M. Carples, not a manufacturer, and on both sides of this question for compensation, to the contrary notwithstanding. In substantiation of our understanding of how this paragraph would work in the interests of foreign manufacturers, we quote on the inside front cover of the brief attached a statement of the Hon. Frank E. Doremus, the Congressman from this district of Michigan, setting forth how the bill is intended to work out. Here is what Mr. Doremus says:

[Copy of interview given to Detroit Free Press by Hon. Frank E. Doremus Apr. 13, 1913.]

We left the tariff on finished cars at 45 per cent, but we thought the American manufacturers would be able to meet their foreign competitors, who will benefit by the cut in the tariff on chassis from 45 to 30 per cent, and the cut in the tariff on parts to 20 per cent.

We put the tariff down to the point where the representatives of the automobile importers told us they could compete, and we expect that they will take advantage of the reduction to 20 per cent on parts and import in sections for assembling here. * * *

Permit me to call your attention to another misleading representation by Mr. Carples. On page 103 of the first print of the hearings before your committee on Schedule C, at the bottom of the page, in Exhibit 1, Mr. Carples represents that he is—

requesting relief on behalf of the remaining automobile importers of the United States and on behalf of the well-known and old-established firms of Brewster & Co., Healey & Co., and A. T. Demarest & Co.

If you were sufficiently familiar with the facts in connection with the industry, it would not be possible to make this representation, with the inferences that go with it, because Brewster & Co., Healey & Co., and A. T. Demarest & Co. are absolutely importers and agents of foreign manufacturers for the sale in this country of various makes

of cars. They are importers in every sense of the word, and should be classed with the other names enumerated in the first of the brief as commercial agents for European manufacturers and employees.

Attached hereto also is copy of a letter which I wrote to the Hon. Oscar W. Underwood on February 26, 1913, setting forth the reasons why we did not appear before the Ways and Means Committee. The same reasons exist to-day. It is not essential to bring before the committee a vast mass of confusing figures. The simple essence of the whole controversy is confined to a very few words, as set forth in our former records before the Ways and Means Committee and by the former briefs filed by the importers. The absolute measure of the tariff schedule with which the foreign manufacturers would be satisfied was fixed by them at 30 or 33 per cent. This can not be disregarded or erased from the records. It is true.

There are cars made in this country in enormous quantities wherein the labor is a very small percentage of the price at which the cars are sold to the user, and those are the cars which are chiefly being exported. In the high-grade car, highly manufact[illegible]d by skilled laborers, the labor is a very large per cent of the price at which the car is sold to the user. The data available is very incomplete and variable with the different kinds and qualities of cars offered to the public. It would be grossly wrong to fix a tariff rate which should in effect say to American manufacturers that those making high-grade, highly manufactured cars should be opened to ruthless competition from European manufacturers, while the maker of a small, cheap car would not be open to such competition.

On page 106 of the hearings before your committee on Schedule C (first print), in the brief of the Automobile Importers' Alliance, signed by Mr. E. Lascaris, president, there is a quotation from a letter from the Ford Motor Co., the last lines of which are as follows:

> This difference is very small, as the amount of labor on automobiles in proportion to the material on automobiles is almost insignificant.

That may be, and doubtless is, quite true from the point of view of the Ford Motor Co., but in a highly manufactured product, where skilled artisans are employed (as in the case of the Packard Motor Car Co., which employs 7,000 men), at wages stated by Mr. Lascaris, at the top of page 107, to be from two to two and one-half times more than the wages paid in Italy, the question of this high-priced cost of labor is very important.

On page 107 of this same first print of your committee's hearings is the statement that the discount to agents in America is from 20 to 25 per cent, while export discounts paid by these same manufacturers are from 30 to 40 per cent. If this is the fact I do not know of it, but it would be a most natural condition of things, because the manufacturer is relieved from all the wide advertising campaign and follow-up campaign to see that his goods give adequate service, and of all the effort to produce sales, when the goods are shipped out of this country into any foreign market. It is very natural and proper and a just law of trade that an allowance must be made properly to permit the foreign agent to bear these costs which are so largely borne by the manufacturer in this country.

Inclosures.]

DECEMBER 2, 1911.

Mr. J. M. CARPLES,

751 Fifth Avenue, New York City.

MY DEAR MR. CARPLES: Your favor of November 27 at hand and noted.

Is the article by L. Driving in the Trend Magazine worth answering? Of course, he states a downright lie when he says we asked for an increase of the duty to 60 per cent. As a matter of fact, we proved that it ought to be more than 45 per cent and then asked that it be set at 45 per cent, the same as heretofore in the past.

Now, as you know, our brief before the Ways and Means Committee had among other things in it the most valued data, namely, that the difference between 35 and 45 per cent duty was exactly the difference to the Fiat Co. between whether they would maintain their factory in Italy and continue to import, or build a factory in this country and manufacture in this country, paying American wages and American prices for American material.

I think the article of L. Driving is hardly worth answering, except for the falsehood in it. If the people in discussing this matter would only state the truth in quoting the brief that we filed before Congress, that would be all I ask. That brief is entirely subject to investigation by the Tariff Commission, through the examination of the books of this company, if they so desire, and they will find that to-day the conditions show that by the development of the industry in this country through the 45 per cent tariff, competition has grown up to such an extent that the margins of profit will not permit the profits, by half, to exist that existed at the time the brief was filed.

The wildest kind of competition exists in the motor-car industry, and great hardship and trouble is bound to ensue for many manufacturers purely due to the competition created as the result of the stimulus given through the protective tariff.

If it had not been for the protective tariff policy in the United States, enabling American manufacturers to go in and build up the motor-car industry, untold hundreds of millions of dollars would have been sent abroad to Europe for motor cars constructed by cheap labor and out of cheap materials, all of which is labor.

If the tariff was to be fixed at the difference in the rates of wages, it would have to be fixed at something well over 100 per cent. American manufacturers, by their methods, do not require the 100 per cent tariff, but they do require the tariff as measured by the difference set up in the testimony of the Fiat Automobile Co. before the Ways and Means Committee, and the margin of difference is only the difference between 33 or 35 and 45 per cent.

A reduction in the tariff on foreign motor cars from 45 to 35 per cent would to-day produce an enormous influx of foreign motor cars. It would produce in Europe the same stimulus to the development of their business over there which the 45 per cent duty has given to the American motor-car industry in America, and it would reduce the employment of American labor, at American wages, by exactly the amount of vehicles imported.

Michigan is a State in which hundreds of thousands of people are directly supported by the motor-car industry, and in support of the tariff on motor cars at 45 per cent for vehicles of the Packard type and class of workmanship and material, I am perfectly willing to open the books of this company to any accountants of responsibility which the Tariff Commission may see fit to appoint to investigate the record of facts as exemplified here in this company's files.

I believe that the margin of profits in the American motor-car industry would be very seriously reduced, if not entirely wiped out, in many, many cases if the duty was modified below 45 per cent.

You will remember that Mr. Charles H. Sherrill, representing the Fiat Co. and other importers, and also you will remember that the appeal of the New York Italian Chamber of Commerce to the Ways and Means Committee, asked only that the duty be reduced to 35 or 33 per cent to permit them to import on a satisfactory basis of profit.

Now, that asking price is probably on the safe side to them, hoping that they might succeed in inducing the short-sighted politicians in Washington to favor a modification of the tariff to 40 per cent, which would have been sufficient to accomplish their desired purpose of permitting the import of foreign vehicles at a satisfactory profit.

There is no manner of doubt but that if the duty had been reduced to 40 per cent that the Fiat Automobile Co. would never have come to this country and bought the land in Poughkeepsie and erected their factory there, which employs several hundreds of American citizens at the American rate of wages. The case is so clear that it is simply beyond any possibility of a doubt.

Yours, very truly,

HENRY B. JOY, *President.*

DECEMBER 2, 1911.

The TARIFF BOARD,
Washington, D. C.

GENTLEMEN: The inclosed copy of letter to Mr. J. M. Carples, of New York City, may interest you. It is self-explanatory.

Yours, very truly,
HENRY B. JOY.

THE TARIFF BOARD,
TREASURY BUILDING, *Washington, December 6, 1911.*

Mr. HENRY B. JOY,
President Packard Motor Car Co., Detroit, Mich.

DEAR SIR: I beg to acknowledge receipt of your letter of the 2d instant, inclosing copy of your letter of December 2 to Mr. J. M. Carples.

Very truly, yours,
T. W. BRAHANY,
Executive Secretary.

Par. 126.—CARD CLOTHING.

CHARLOTTE MANUFACTURING CO., CHARLOTTE, N. C., BY FRED W. GLOVER, TREASURER.

CHARLOTTE, N. C., *May 13, 1913.*

Hon. F. M. SIMMONS,
Washington, D. C.

DEAR SIR: While in Washington last Thursday I called at your office several times, but was unable to secure an interview with you.

I learn that a brief was submitted to the House Ways and Means Committee from Leigh & Butler, agents for Joseph Sykes Bros., of England, who are manufacturers of card clothing.

The tone of this brief and the statements contained therein are of such a nature that it does not seem that it is entitled to serious consideration.

We do not know just what connection Mr. Arthur L. Kelley, to whom the brief refers, has with other concerns, but would state that he is not connected with this concern, either directly or indirectly, and we are not compelled to purchase material from him.

In this brief they use figures for costs given them by John J. Hoey, who, according to his own affidavit, has not been connected with the manufacture of card clothing for 8 years, and the figures that he uses were those used in 1892, 21 years ago.

These figures may have been correct 21 years ago, but they are very much under cost prices to-day.

The complaint is made in this brief that they are undersold by American manufacturers. We find in the affidavit of Frederick William Sykes, attached to the brief, that the average cost of Sykes card clothing is 50.20 cents a square foot, and upon referring to paragraph 126 of Schedule C of report to accompany H. R. 3321 we note that the average value of card clothing imported into this country in 1912 was 82.40 cents per square foot.

If these figures are correct this gives them a profit of 32.20 cents per square foot, or approximately 65 per cent on their cost price.

We are informed that recently the manufacturers of card clothing in Europe held a meeting at which prices were fixed in the various countries, leaving the United States open territory.

If they can secure a low duty on this article they will soon be able to force the American manufacturers out of the business and then be

in position to charge whatever they see fit for their clothing, leaving the American purchaser entirely at the mercy of the European combination.

Mr. Palmer, of the House Ways and Means Committee, who had charge of this schedule, stated in debate on this section that he found that there is competition between the foreign and domestic manufacturers with the present duty of 45 cents per square foot, or approximately 60 per cent.

Whether or not they will be able to compete with the foreign manufacturers under the duty at present provided for in the Underwood bill is a very serious question to American card clothing makers.

We sincerely trust that this matter will receive your careful consideration.

LEIGH & BUTLER, BOSTON, MASS., BY CARROLL E. PILLSBURY, 120 TREMONT STREET, BOSTON, MASS.

WASHINGTON, D. C., *April 15, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate.

SIR: The accompanying brief on card clothing is addressed to the Committee on Ways and Means, but owing to an unfortunate and unavoidable combination of circumstances was too late to be considered by that body.

The increased cost of card clothing, due entirely to a protective tariff, is a serious tax upon the textile mills, especially in the South, where every dollar of expense counts.

This is one of the very few cases where the difference in cost of production (between the United States and foreign countries) can be accurately determined.

Fortunately, I am able to present the exact cost to the American manufacturers in their own figures, gotten out for their own use and purpose; also the sworn affidavit of the leading English manufacturer, showing his actual cost.

The real difference in cost is only 8 and a fraction cents per square foot, at the most, and these figures are dependable in every way.

The American manufacturers, before the Committee on Ways and Means, stated that their profits were from 1 cent to 15 cents, which would be an average of about 8 cents per square foot, and I assume they consider that a reasonable profit.

As the most extreme Republican tariff doctrine would allow them only the difference in cost of production and a reasonable profit, it is submitted that any rate of duty above 15 or 16 cents per square foot is an unjustifiable tax upon the textile mills for the benefit of the American card clothing producers and constitutes a glaring instance of special privilege.

I therefore respectfully suggest that the rate of duty on card clothing in paragraph 128 (p. 34, line 4), of the bill just reported by the Committee on Ways and Means, be changed to read 15 cents per square foot (or 20 per cent ad valorem if the Finance Committee so prefers, although both foreign and domestic interests ask for a specific rate per square foot, which would also be much more satisfactory to the United States Treasury Department).

The Committee on Ways and Means,

House of Representatives, Washington D. C.

Gentlemen: Leigh & Butler, of 232 Summer Street, Boston, Mass., in whose behalf this brief is submitted, are importers of card clothing manufactured by Joseph Sykes's Bros., of Huddersfield, England, the largest producers of card clothing in the world, and whose product is the standard everywhere for grade and quality and that which every other producer strives to equal or to imitate. Card clothing in made in the United States by nine different concerns (see Mr. Hamilton's statement, p. 1295 of the record) and of these the following five, substantially in the order of their importance, produce the bulk of the American output, viz: Ashworth Bros. (Inc.), of Fall River, Mass.; American Card Clothing Co., of Worcester, Mass., and Philadelphia, Pa.; Davis & Furber Machine Co., of North Andover, Mass.; Howard Bros. Manufacturing Co., of Worcester, Mass.; Benjamin Booth & Co., of Philadelphia, Pa.

Mr. George L. Hamilton, who appeared before the committee in 1908 representing practically all of the nine and who now appears before this committee representing six of them (see pp. 1291 to 1305), is an employee of the Davis & Furber Machine Co.

Although Mr. Hamilton has figured out and has at his tongue's end the exact effects a reduction of the rate of duty will have upon the materials he uses and upon his finished product to a fraction of a cent, and has even calculated that a reduction of the rates to 30 per cent ad valorem would permit a woman to save, on fabrics she buys for her own use, just 1 cent in about 25 years (quite an abstruse problem it would seem), yet upon the actual labor cost per square foot of his card clothing his mind is a blank. It has apparently not occurred to him to figure this out.

But the men who sent him here have figured it, to a hundredth part of a cent, as well as the other manufacturing costs, and their figures are given you in an affidavit accompanying this brief, Appendix A.

Why do you suppose the owners and managers of the big concerns producing card clothing, the men who reap the lion's share of the benefit from the present unjustifiable rate of duty, send here an employee of a minor concern who knows just what they want him to know and nothing more, instead of coming themselves?

We will endeavor to explain why:

Mr. Arthur L. Kelley, of Providence, R. I., is, if we are correctly informed, a prominent banker there; and at all events a man of great wealth. He is president of and, with the United States Rubber Co., owns control of the Mechanical Fabrics Co., of Providence, the only producer of card clothing foundation (backings) in the United States (except that the Howard Bros. Manufacturing Co., of Worcester, make foundations solely for their own consumption). His product is protected in the present tariff by prohibitive rates of duty, as is fully proven by the fact that no foundation fabric is imported.

He is president and is said to own control of the American Card Clothing Co., of Worcester, Mass., and Philadelphia, Pa., the second largest producer in the United States, and is also heavily interested (said to own 80 per cent) in Ashworth Bros. (Inc.), of Fall River, Mass., the very largest American producer of card clothing; at all events the machines in the Ashworth plant each bear a metal tag (or did at last accounts, as we are credibly informed) upon which is this legend: "This machine is the property of the Mechanical Fabrics Co., of Providence, R. I." or words to the same effect.

He is also said to be largely interested in other card-clothing plants and, in any event, he controls them all (with the exception of Howard Bros.) as thoroughly as though he owned them, because they are absolutely at his mercy, being obliged to buy their foundations from him and having no other source of supply; and any one of them would be out of business in a minute if they were unable to get their foundations on as good terms as the others. You will note (p. 1302) that Mr. Hamilton, after being cornered by Mr. Harrison, admits a rate of about 30 per cent would cover the difference in labor cost, but claims "40 per cent on top of that" for the materials (backings or foundations); which are not imported at all, but are bought from the Mechanical Fabrics Co.

Therefore Mr. Kelley, the card-clothing king, comes to you through Mr. Hamilton and says, in effect, that Mr. Kelley of the American Card Clothing Co. really can not get along with what he admits is protection enough to cover the difference in cost of labor on card clothing; and that he absolutely must have "40 per cent on top of that," because the wicked Mr. Kelley of the Mechanical Fabrics Co. has an unholy and prohibitive rate of duty on the

foundations which he alone manufactures, and he is just greedy enough to take full advantage of it and puts his prices up to the very highest point possible (it is reported in the trade that the Fabrics Co. arrive at their selling price by adding to the actual cost of production the full duty that would be paid on the fabric if imported); and that, if you do not grant him, in full, what he claims, the wicked Mr. Kelley will certainly take all the profits away from the good Mr. Kelley.

In other words, Mr. Kelley says, in effect: "I assure you, gentlemen, the present (Payne) rates must be retained because I make so much money on the card-clothing foundations I manufacture and sell to myself, and the prices I demand and get are consequently so excessively high, that I feel sure I can not afford to deal with myself any more if the rates of duty are reduced."

This is a prfectly heart-rending state of affairs.

What is the actual difference in labor cost of producing card clothing in the United States and in England?

We beg to call your attention to the sworn statement (Appendix A) of Mr. John H. Hoey, of Providence, R. I., who was for 40 years connected with the card-clothing industry and for many years with the American Card Clothing Co. as superintendent and manager of their formerly extensive Stedman & Fuller plant at Providence; who is perfectly familiar with all the details of the subject and knows as much about card clothing as any man in America or in the world.

Mr. Hoey says that the major part of all wages paid to workmen in this industry goes to the so-called machine tenders; that their weekly wage for 56 hours is at the maximum, $21; average, $18; and that each man runs 20 machines.

It is well known that each English "tender" runs 11 machines and that a week there is 54 hours. (See Appendix C.) On page 1300 of the record Mr. Hamilton tells us that the machines are run at the same speed both here and abroad; and on page 1304 he gives a table showing wages of tenders to be $20 to $27 (average $23.50) per week of 56 hours in the United States, and $10 to $12 (average $11) in England.

Now, suppose each machine makes one-half of 1 square foot per hour (and that is about the right figure), then the tenter in England would produce 297 square feet in a week at $11, and the tender here would turn out 560 square feet in a week at $23.50, which shows a difference of approximately 12 per cent or one-half cent per square foot.

Taking Mr. Hoey's figures of $18 as the American average and still using Mr. Hamilton's for the English the result shows the cost of the machine tender's work (which is the principal labor item) to be approximately 12 per cent or one-half cent per square foot greater in England than in the United States.

After all, about the greatest difference seems to be that in England these workmen are called "tenters" and here "tenders."

And yet the present rate of duty is 45 cents per square foot.

What is the real difference in the total average cost per square foot between card clothing made here and in England?

In his affidavit (Appendix A) Mr. Hoey gives figures made by the American Card Clothing Co. in 1892 for the use of its own officials and directors, showing the actual average cost of producing card clothing at its Stedman & Fuller plant to have been 58.27 cents per square foot.

Our best information (and it is very nearly correct) is that the corresponding cost at the plant of Sykes Bros., at Huddersfield, is approximately 50 cents per square foot. (See Appendix C.)

That is to say: The actual average cost of producing card clothing at a properly managed American plant is 58.27 cents per square foot; corresponding cost of Sykes clothing, 50.20 cents per square foot; or a difference of 8.07 cents per square foot. The present rate of duty is 45 cents per square foot.

And yet the American producers ask you to believe they are being undersold.

Accompanying this brief (Appendix B) is a copy of the price list of card clothing issued by the American Card Clothing Co., giving the price in detail of each kind manufactured by them, from which there is a discount of 20 per cent and 2 per cent to mills and 20 per cent and 5 per cent and 2 per cent to machine builders and dealers.

Our card clothing is sold on a different price list and at other discounts, which net about 15 per cent more than American net prices. The Americans further undersell us in many cases by fitting the clothing to the cards in the mill without charge, which we never do.

Mr. Hamilton tells you (p. 1304) that machine builders in the United States are buying English card clothing at 40 per cent discount from the list price, which may be true to this extent, viz, the Saco-Pettee Machine Shops, who build cotton cards, buy their clothing (perhaps all of it) from Joseph Sykes Bros. at possibly 40 per cent discount (from the price in England, mind you). The Whitin Machine Works, also builders of cotton cards, buy a small portion of theirs from the same concern and at the same discount, but the great bulk of what they use is American made (Ashworths), and the special discount is given them solely because they are builders of carding engines.

We, ourselves, are the largest dealers importing and selling Sykes clothing to the American mills, and the greatest discount we have ever obtained was 25 per cent, except in special cases where the clothing was purchased for and imported with English machines, but these cases are rare, as the rate of duty on the English machine is practically prohibitive.

This point, however, has little bearing upon the issue, as the great bulk of the card clothing consumed in the United States is sold at a price fixed by the American manufacturers, as shown in Appendix B, except when the Americans further reduce their prices by assuming certain charges, as above explained, which we can not afford to do. Mr. Hamilton states, on page 1297, that the reason the American producers are able to get and hold two-thirds of the trade is because "there are some manufacturers in this country patriotic enough to buy the American product."

Of course this is a difficult suggestion to deny, as it is impossible to know the motives that govern the purchasers in all cases, but there are apparently different kinds of patriotism. For instance, the Davis & Furber Co., with whom Mr. Hamilton is connected, are producers of card clothing, and also consumers thereof for the carding engines they build, and it is no doubt through pure patriotism that they purchase card clothing from themselves.

It is probably the same kind of patriotism that prompts Mr. Kelley, the card-clothing manufacturer, to buy his foundations exclusively from Mr. Kelley, the foundation manufacturer.

In fact, there seem to be different grades and shades of the same kind of patriotism.

As Mr. Kelley gets at you twice, once through the woolen and cotton manufacturers, for fear that a lower rate on his foundations may cool the patriotism of the card-clothing manufacturers (including himself), and once through Mr. Hamilton, for fear that the patriotism of card-clothing consumers may cool off, he may very properly be said to display twice as much of the same kind of patriotism as the Davis & Furber Co.

The plain, unvarnished truth is that Sykes card clothing is sold in all instances to people who know the difference in quality, and who buy it solely because it is the best obtainable. There never was a time when American card clothing could not be bought at a lower price than ours, and the true and only reason why the American manufacturers oppose a lowering of the present exorbitant rates of duty is because it would involve a reduction in their excessive profits, which they could very well stand, but naturally do not wish to, if they can avoid it.

We do not understand Mr. Hamilton's suggestion (pp. 1294, 1295) that card clothing be taken out of Schedule C and put in the sundries or some other schedule.

What possible difference can it make what schedule it appears in so long as it is provided for eo nomine? If he means, as he seems to intimate, that he would like to have it pay duty according to the component material of chief value, the only way to accomplish that, without stating it in so many words, would be to cut it out of the tariff entirely.

To put the committee on its guard against any "joker" of that kind, we beg to state that if card clothing were not provided for, eo nomine, in the present (Payne) tariff, it would pay, when composed wholly or in part of wool, from 33 cents per pound and 50 per cent ad valorem to 44 cents per pound and 55 per cent ad valorem, according to its value, or in the neighborhood of $1 per square foot instead of 45 cents per square foot. In our brief submitted to the committee in 1908 we asked that card clothing be assessed at an ad valorem instead of a specific rate on the ground that it would be more equitable in view of the many different kinds imported, but upon further reflection we are willing to admit the cogency of the reasons advanced by the American manufacturers, as card clothing is always sold by the square foot and beg to join them in a request that a specific rate per square foot be adhered to.

We wish to call your attention to one more fallacy in the argument and figures presented by Mr. Hamilton (pp. 1304, 1305), where he calculates that a reduction to 30 per cent ad valorem instead of 45 cents per square foot, would make his No. 2 sample dutiable at only 15.66 cents per square foot.

This is brought about by his taking the lowest priced sample to figure on because it lends itself more advantageously to that style of argument.

It is perfectly apparent that if the average rate of duty on card clothing equals 60 per cent, as shown by the Government's statistics, 30 per cent would be just half as much; that is to say, an average specific rate of 22½ cents per square foot. Please note, from the affidavit of Mr. Hoey (Appendix A) that the total number of persons, skilled and unskilled, employed in the card-clothing industry in the United States is not over 200, and of those only 80 are skilled operatives.

Taking the figures prepared by the American Card Clothing Co. in 1892, showing the average cost of production, and, for the sake of argument, assuming as correct Mr. Hamilton's statements in relation to the difference (100 per cent) between the cost of labor here and in England, which would be 7.28 cents per square foot, and the profits per square foot realized by the American producers, 1 cent to 15 cents (p. 1300), average 8 cents per square foot, and applying them to the average amount of card clothing produced in the United States and that imported, according to the statistics (p. 1292), they show the following curious state of affairs, viz:

	Present revenue.
Average amount imported yearly, 350,094 square feet, at 45 cents	$157,542.30
Average amount produced in United States yearly, 811,778 square feet, at 45 cents	365,300.10
Total, 1,161,872 square feet, at 45 cents	522,842.40
That is to say, if the manufacture of card clothing in the United States were prohibited and it were all imported the yearly revenue to the Government would be	522,842.40
Pension every person employed in the industry at the difference in labor cost, i. e., 811,778 square feet, at 7.28 cents per square foot	59,097.44
Yearly revenue would then be	463,744.96
Give the American manufacturers as pension their average profits of 8 cents per square foot on 811,778 square feet	64,942.72
Yearly revenue would then be	398,802.72
If Mr. Kelley must be taken care of also, and as we do not know his costs of production, give him by way of pension (with the understanding that he shall pension all his labor at the wages they now receive) the full average selling price of his entire production of foundations, i. e., 811,778 square feet, at 20 cents	162,355.60
Yearly revenue would then be	236,447.12
	157,542.30
Gain over amount of revenue now received	78,904.82

Benefits to be obtained therefrom:

All labor now employed in the manufacture of card clothing would be free to give its whole time to other and possibly better paying work, still drawing a pension of one-half its present wage.

All manufacturers could devote their plants and entire capital to other and possibly better paying industries, still receiving in pensions the entire amount of their present earnings.

All labor employed in manufacturing foundations would be free to devote itself to other pursuits, still drawing a pension of its full present wage.

The Mechanical Fabrics Co. could devote its plants and entire capital to other and possibly more profitable industries, still receiving as a pension far more than the amount of its present earnings. And on top of all that the Government would increase its revenue practically 50 per cent. In other words, the manufacture of card clothing in the United States, according to the manufacturers' own figures, is an unproductive industry, because it costs the American people, in dollars and cents, much more to maintain than it returns to them.

These figures naturally raise the question whether such an industry is worth protecting, and they also answer the question.

As we are only importers, we have decided that the proprieties do not warrant our asking for any particular rate of duty on card clothing; that it is for the representatives of American people to determine, in view of all the circumstances and conditions, what rate of duty will serve them best; and our only purpose of filing this brief is that the Congress may know and realize exactly what the circumstances and conditions are.

Respectfully submitted.

CARROLL E. PILLSBURY,
Attorney for Leigh & Butler,
120 Tremont Street, Boston, Mass.

POSTSCRIPT.—The foregoing brief was written upon the assumption that the American manufacturers' statement of their own production (2,435,334 square feet in three years) was true. Since then, however, it has occurred to us that, as they have misrepresented practically every other important fact, these figures also might properly be looked into.

Assuming there are 80 setting-machine tenders employed in the industry in the United States and 1,550 machines, a very simple calculation shows that if men and machines are continually employed the output in three years would approximately be 8,463,000 square feet, as against 1,050,283 square feet imported, or about 11 per cent.

Of course, men and machines are not continually employed, and it is simply a question of how much idle time to allow; but the idea that any American manufacturer would be satisfied with only about 30 per cent of his possible output, as their figures seem to indicate, is preposterous.

Mr. John J. Hoey, of Providence, R. I., an authority upon the subject, estimates that 10 years ago the production of card clothing in the United States was at the rate of at least 4,200,000 square feet in 3 years, and since that time, as the number of spindles in this country has increased enormously, there must of necessity have been a corresponding increase in the output of card clothing.

In our judgment a real investigation of this subject will disclose that not more than 15 per cent of the card clothing consumed in the United States is imported.

APPENDIX A.

[Original with the committee.]

I, John J. Hoey, of 97 Linwood Avenue, Providence, R. I., being first duly sworn, do say that up to 1905 I engaged in the manufacture of card clothing for about 40 years, first with Rufus Sargent at Auburn, N. Y., later with Woodcock, Knight & Co., Leicester, Mass., and for 27 years with Steadman & Fuller Manufacturing Co., at Providence, R. I., where I was superintendent and manager, and that I continued in that position at that plant after it was taken over by the American Card Clothing Co., in 1890, and until 1905; that during my said experience I have worked upon and supervised the manufacture of all kinds of card clothing, and that it was also my duty to visit customers, take orders, and decide what kind of clothing would be best for their particular work, and settle complaints, which I did for over 30 years; that it was the custom of the American Card Clothing Co. to send to each of its nine plants at fixed intervals a statement from the main office in Worcester, Mass., showing exactly what had been the actual average cost of producing card clothing at that particular plant; that in 1892 the actual average cost of producing card clothing at Steadman & Fuller plant, so calculated by the main office in Worcester, as shown by records now in my possession, was as follows, viz:

Total labor cost per square foot	$14.57
General expenses per square foot, including superintendency, office help, selling expenses, etc.	6.51
Rent, power, insurance, taxes, and interest on investment	3.19
Average cost of wire	14.00
Average cost of foundation	20.00
Total cost per square foot	[1] 58.27

[1] Equivalent to $24.27 United States currency.

That the cost per square foot was a little more at some of the other plants of the American Card Clothing Co., but that was due solely to the fact that they had poorer management and the shops were not properly run; that the cost at the Steadman & Fuller shops represents the fair cost of manufacturing at a properly managed plant: that in my judgment the actual average cost to-day is a little less per square foot than it was in 1892.

I further on oath declare that in my judgment the total number of employees, skilled and unskilled, engaged in the actual manufacture of card clothing in the United States is, at the most, from 170 to 200, and of this number only 70 to 85 are machine tenders, whose work represents the principal item of labor cost, and whose wages will average from 30 to 35 cents per hour, or about $18 per week; that the wages of the grinders and finishing room help, next most important item of labor cost, will average from 20 to 30 cents per hour; that the pay of girl inspectors, which varies from $4.50 to $10 per week, depending entirely on the prevailing rate of wages for girls where the factory is located, will average from $7 to $8 per week; that a week's work consists now of 56 hours in Massachusetts and 58 hours in Rhode Island; that in 1892 a week's work in Rhode Island consisted of 60 hours and in Massachusetts 58 hours; that during all the time I was connected with the card-clothing industry the American clothing was in practically all cases sold at a lower price, from 2 cents to 7 cents per square foot, than the imported, and without question is to-day. I further on oath do say that in my judgment the amount of card clothing with a leather foundation or backing sold or consumed in the United States is a negligible quantity, and that if it were admitted to this country free of duty it would harm no one.

JOHN J. HOEY.

Subscribed and sworn to at Providence, R. I., this 12th day of March, 1913, before me.

BENJAMIN L. DENNIS,
Notary Public.

APPENDIX B.—*Price list of card clothing—Hardened and tempered steel wire.*

[Extract from price list of card clothing issued by the American Card Clothing Co. Original with the committee.]

[Adopted by the trade Nov. 17, 1910. Prices subject to change without notice.]

Foundation.	Price per square foot.		Fillets, 36.
	33 and coarser.	34 and 35.	
Leather	$2.00	$2.00	$2.00
Leather felt face	2.50	2.50	2.50
Flexifort (D. C. wool)	1.30	1.40	1.50
Cylinder cloth	1.30	1.40	1.50
Cylinder cloth, wool face	1.50	1.60	1.70
D. C. cloth (cotton 22-ounce wool and cotton)	1.25	1.35	1.45
3 and 4 ply rubber	1.57	1.67	1.77
1-ply backing, extra	.20	.20	.20
5-ply rubber	1.65	1.75	1.85
6 ply (H.) felt face, 2½ millimeters	1.70	1.80	1.90
Thicker than 2½ millimeters	1.85	1.95	2.05
5-ply (H.) wool face	1.55	1.65	1.75
2-ply wool back rubber face	1.80	1.90	2.00
6-ply cotton	1.35	1.45	1.55
All brass or bronze wire cards	2.50	2.50	2.50
			Per square foot extra.
Each additional ply			.10
Sheets			.15
Tinned wire			.15
Double-convex wire (figured on fine size)			.20
Iron wire same price as steel wire.			

APPENDIX C.

[Original with the committee.]

I, Frederick William Sykes, of Green Lea, Lindley, Huddersfield, in the county of York, in England, card-clothing manufacturer, make oath and say as follows:

1. I am a director of the Joseph Sykes Bros. branch of the English Card Clothing Co. (Ltd.), carrying on business at Acre Mills, Lindley, in the borough of Huddersfield, in the county of York, in England.

2. I have got out the figures of the average cost in American currency of the card clothing manufactured by the said English Card Clothing Co. (Ltd.) at their said branch. The said average cost, including total labor, general expenses, superintendency, office help, selling expenses, rent, power, insurance, taxes, interest on investment, wire, and foundation, is 50.20 cents per square foot.

3. The number of setting machines run by one man is as follows: Fillet-machine tenders, 11 machines each; sheet-machine tenders, 10 machines each.

The number of hours worked by each of such men is 54 hours per week.

FREDERICK WILLIAM SYKES.

Signed and sworn to before me, American consul at Huddersfield, in the county of York, in England, this 12th day of March, 1913.

FRANKLIN D. HALE,
Consul of the United States of America at Huddersfield, England.

MAY 1, 1913.

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

SIR: In explanation of the accompanying table prepared by the department of trade and commerce of Canada, showing importation into that country of card clothing during the years mentioned, I beg to say that the duty in Canada upon card clothing coming from the United Kingdom is 17½ per cent, while on that coming from the United States it is 25 per cent.

In other words, there is a difference in duty against the Americans of about 7½ per cent.

Very respectfully, yours,

CARROLL E. PILLSBURY,
120 Tremont Street, Boston, Mass.

Statement showing the imports for consumption in Canada, by countries, during the undermentioned fiscal years ended Mar. 31, of machine card clothing.

	Value.
1908:	
Great Britain	$13,788
Germany	245
United States	12,054
Total	26,087
1909:	
Great Britain	10,273
Germany	603
United States	8,756
Total	19,632
1910:	
Great Britain	14,583
Belgium	80
United States	9,091
Total	23,754
1911:	
Great Britain	$14,668
Belgium	189
Germany	1,181
United States	11,364
Total	27,402
1912:	
Great Britain	17,640
Austria-Hungary	32
Belgium	225
Germany	2,782
United States	11,568
Total	32,247

DEPARTMENT OF CUSTOMS, *Ottawa, April 24, 1913.*

DEPARTMENT OF CUSTOMS,
Ottawa, April 25, 1913.

Messrs. LEIGH & BUTLER,
232 Summer Street, Boston, Mass.

GENTLEMEN: I have the honor to acknowledge the receipt of your letter of the 17th instant asking to be supplied with a statement of the value of card clothing imported into Canada during the fiscal years 1908 to 1912 from each foreign country.

I inclose herewith the statement as desired.

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

JOHN MCDOUGALD,
Commissioner of Customs.

GEO. L. HAMILTON, OF DAVIS & FURBER MACHINE CO., NORTH ANDOVER, MASS.; AMERICAN CARD CLOTHING CO., WORCESTER, MASS., AND PHILADELPHIA, PA.; HOWARD BROS. MANUFACTURING CO., WORCESTER, MASS.; BENJ. BOOTH & CO. (LTD.), PHILADELPHIA, PA.; ASHWORTH BROS. (INC.), FALL RIVER, MASS.; CHARLOTTE MANUFACTURING CO., CHARLOTTE, N. C.

MAY 9, 1913.

The SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: A brief on card clothing was submitted March 17, 1913, to the Ways and Means Committee, and no doubt will be filed with the Senate Finance Committee, by Carroll E. Pillsbury, attorney for Leigh & Butler, Boston, Mass., agents for the English Card Clothing Co. (Ltd.), asking for a further reduction of the duty on card clothing than that named in the Underwood bill.

The English Card Clothing Co. (Ltd.), is a combination of the largest card clothing manufacturers in England, and is called a trust. This English Card Clothing Co. (Ltd.), are the real people who are asking for the reduction of duty. They have a price agreement with the principal manufacturers of card clothing in Europe. This agreement calls for a specific selling price to the consumers of card clothing in all parts of the world except the United States, which is left open for unlimited competition.

The statements made by Attorney Pillsbury in regard to the manufacture of card clothing in this country are absolutely false in every particular. He has derived the greater part of his information from John J. Hoey, of Providence, R. I., a discharged employee of one of the American manufacturers of card clothing and who has not been connected with this industry since 1906, and this is the man who the attorney states "is perfectly familiar with all the details of the subject and knows as much about card clothing as any man in America or in the world."

The statements made in reference to the Mechanical Fabric Co. and Mr. Arthur L. Kelley, of Providence, R. I., controlling the card-clothing business of this country, are not true, and we refer you to the sworn affidavit of Mr. A. L. Kelley, attached to this brief.

The Underwood bill has reduced the average duty on card clothing 33⅓ per cent. At the present time, under the Payne-Aldrich bill, we are on a competitive basis, and this is proven by the fact that for the

last three years over 30 per cent of the card clothing used in this country has been imported, as shown by the following table:

[Made and sold in the United States, 2,435,334 square feet; imported, 1,050,283 square feet; value, $3,109,819.]

Value	$792,192
Duty	477,186
Total value	1,269,378

While the Underwood bill has reduced the average ad valorem rate of duty on card clothing 33⅓ per cent, which equals 15 cents per square foot, it has only reduced the cost on our raw material an average of 6 cents per square foot; and as we are now on a competitive basis, we respectfully submit the following paragraph for your consideration as a substitute for paragraph 126 of the Underwood bill:

Card clothing not actually and permanently fitted to and attached to carding machines, or to parts thereof, at the time of importation when manufactured with iron wire, 20 per cent ad valorem; when manufactured with other than iron wire, 50 per cent ad valorem.

The statements made in the brief filed with the Ways and Means Committee by George L. Hamilton, director and stockholder of the Davis & Furber Machine Co., of North Andover, Mass., are correct.

We respectfully refer you to our brief in hearing before the Committee on Ways and Means, House of Representatives, on Schedule C, metals and manufactures, of January 10, 11, and 14, 1913, page 1304, paragraph 145.

We would be pleased to appear before your committee at any time, should you wish any additional information.

[Inclosure.]

STATE OF RHODE ISLAND,
County of Providence, sc:

I, Arthur L. Kelley, residing at No. 53 Stimson Avenue, in the city and county of Providence, in the State of Rhode Island, being duly sworn, on oath say:

That I am president of the Mechanical Fabric Co., a corporation created by the General Assembly of said State of Rhode Island, and having a principal place of business in said Providence, and am a minority stockholder in said corporation.

That I am a director of Ashworth Bros. (Inc.), a corporation organized under the laws of the Commonwealth of Massachusetts, and having a principal place of business in the city of Fall River, in the county of Bristol, in said Commonwealth, and that I am a very small minority stockholder in said corporation.

That I am president of and a director in the American Card Clothing Co., a corporation organized under the laws of said Commonwealth of Massachusetts, and having a principal place of business in the city and county of Worcester, in said Commonwealth, and having a manufacturing plant in the city and county of Philadelphia, in the State of Pennsylvania, and that I am a small minority stockholder in that corporation.

That, except as herein stated, I am not interested, directly or indirectly, either individually or as a member, of any copartnership, or as a stockholder in any corporation in the manufacture or sale of card clothing; that I do not now and never have owned a controlling interest in any corporation engaged in the business of manufacturing card clothing.

That I do not at the present time and never have in the past owned a controlling interest in any copartnership or corporation engaged in the manufacture or sale of card clothing, and I have never in any way, either directly or indirectly, attempted to control the industry of the manufacture of card clothing.

That I am sufficiently familiar with the conditions of the business of manufacturing and selling card clothing in the United States so that I can state, and do state, that the said Mechanical Fabric Co. is not the only producer of card clothing foundations (backings) in the United States; that the Mechanical Fabric Co. does not now and never has, since it has been organized, furnished all the foundations, fabric, or backings required for the manufacture of card clothing in the United States; that the card clothing manufacturers can and have bought from other foundation (backings)

manufacturers card foundations (backings) and imported them when it has been for their interest to do so, and that the only hold that Mechanical Fabric Co. has on the trade results from the fact that it manufactures the best quality of card foundations, whether such foundations are manufactured here or abroad, and sells them at prices satisfactory to its customers.

That the said American Card Clothing Co. is not the second largest producer in the United States. This affiant is informed and believes, and so upon information and belief avers, that Davis & Furber Machine Co., of North Andover, Mass., is the second largest producer in the United States, and this affiant is in no way interested, either directly or indirectly, in said company.

This affiant denies that the machines in the plant of Ashworth Bros. (Inc.) each bear a metal tag upon which is the legend, "This machine is the property of the Mechanical Fabric Co., of Providence, R. I.," or words to the same effect.

At some time prior to the year 1905, Ashworth Bros. were contingently indebted to the Mechanical Fabric Co. and certain of the card clothing machines belonging to said Mechanical Fabric Co. to secure it against loss upon or by reason of such indebtedness, and a tag stating in substance, "This machine is the property of the Mechanical Fabric Co., of Providence, R. I.," was attached to the machines so pledged or mortgaged, by advice of counsel, for the purpose of protecting the interests of said Mechanical Fabric Co. Said indebtedness was discharged prior to the year 1906 and the pledge or mortgage discharged and in the year 1905 or 1906 all said tags were removed and neither said tags or similar tags have since been attached to any of the machines of said Ashworth Bros.

I know John J. Hoey, of No. 97 Linwood Avenue, Providence, R. I., and have known him for the past 30 years, and have read a copy of his affidavit, marked "Appendix A," attached to the "Brief on card clothing, before the Committee on Ways and Means, filed March 17, 1913, for Leigh & Butler, importers, by Carroll E. Pillsbury, attorney, of No. 120 Tremont Street, Boston, Mass."

The American Card Clothing Co. mentioned in the affidavit of Mr. Hoey was a corporation organized under the laws of West Virginia, whose business was liquidated, as this affiant is informed and believes, and so upon information and belief avers, in the year 1904, and that portion of whose assets consisting of card clothing machinery was in the process of said liquidation sold to a new corporation, organized under the laws of the Commonwealth of Massachusetts. The American Card Clothing Co. mentioned in said affidavit was a corporation entirely distinct from the present American Card Clothing Co.

I am familiar with the cost sheets of the American Card Clothing Co., West Virginia corporation, and know that the statements of Mr. Hoey as to the average cost of manufacture in 1892 at Steadman & Fuller's plant is incorrect and inaccurate. The average cost of wire at that time was never so low as 14 cents, and the average cost of foundation was never so low as 20 cents. The cost of wire varied with the size and material of which the wire was made, and the average cost of the wire used at the Steadman & Fuller plant in 1892 was, to the best of my knowledge and belief, upward of 20 cents per square foot, and the average cost of foundations used at said plant at said time was upward of 30 cents per square foot.

The average cost of labor and expense in the manufacture of card clothing at the Steadman & Fuller plant in 1892 was considerably in excess of the figures given by Mr. Hoey in his affidavit.

That said John J. Hoey was in the employ of the American Card Clothing Co. and, upon the initiative of the management of said corporation, severed his connection with that corporation about the year 1905.

This affiant is informed and believes and so, upon information and belief, avers that when the connection of said Hoey with the American Card Clothing Co. was severed, as above stated, he worked for a corporation engaged in the manufacture of card clothing, known as the Leicester Card Clothing Co., for about a year, when his connection with that corporation was severed, and since said time, so far as this affiant is informed, said John J. Hoey has not been engaged in the manufacture or sale of card clothing or connected with the business thereof.

ARTHUR L. KELLEY.

Subscribed and sworn to in the city and county of Providence, in the State of Rhode Island, this 8th day of May, A. D. 1913.

Before me,

[SEAL.] CYRUS M. VAN SLYCK, *Notary Public.*

(The original of this affidavit is filed with the Senate Finance Committee.)

Par. 128.—SPROCKET CHAINS.

DIAMOND CHAIN & MANUFACTURING CO., INDIANAPOLIS, IND., BY L. M. WAINWRIGHT, PRESIDENT.

INDIANAPOLIS, IND., *May 1, 1913.*

Hon. F. McL. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: We as manufacturers of machine-made sprocket chain, commonly called bicycle chains (roller and block), automobile chains (roller and block), and other machine-made chains for transmission of power, earnestly request that the present tariff, 45 per cent ad valorem, on our product be not reduced below 40 per cent ad valorem. The reasons for our request are as follows:

Importation of merchandise competing are from Hans Renold, Manchester, England; Brampton Bros., Birmingham, England; Coventry Chain Co., Coventry, England; Appleby, England; Perry, England; Peugeot Freres, Paris, France, and others makers in England, France, and Germany.

The American industry in block chains for bicycles is about 24 years old, and was not thoroughly developed at the time the slump came in the manufacture and sale of bicycles, which industry has not revived. The volume is not now of sufficient size to yield a living profit to the present manufacturers of this type of chain.

The manufacture of roller chains is comparatively new. The advent of same came with the automobile, which induced us, along with others, to embark in the business at great investment and expense. With the growth of the automobile industry, the automobile trade shifted extensively to gear or shaft drive before we, as makers of chains, could bring our equipment and costs to a point where we could meet foreign competitors.

The steel used by American makers of sprocket chain costs approximately 25 per cent more than the same material abroad. American skilled workmen, machinists and operators of screw machines and presses, receive from 18 cents to 40 cents per hour, and the day is usually limited to eight or nine hours. The same workmen abroad receive from 8 cents to 20 cents per hour, and the day is usually from 8 to 10 hours. Girls 17 to 20 years of age in our assembling department earn from $6 to $10 per week. Boys and girls 14 to 16 years of age in English factories doing the same class of work receive from $1 to $3.50 per week. Our pay roll per person will average over 100 per cent higher than the average in any chain factory abroad.

Taking the American cost represented by 100, the foreign maker can produce the same at approximately 55, and with the present duty, 45 per cent, this product can be offered to the United States trade at 79. Add to this 30 per cent (profit and freight), and these goods can be delivered in New York at approximately 103, depending on the percentage of profit the foreign maker is willing to accept. Under the present duty, 45 per cent, the foreign maker sells his product, with profit, delivered in New York, at prices less than our cost of production, and this condition will continue.

For many years we have not been able to sell our product in either England, France, or Germany, because our costs will not permit us to compete.

For this reason your records will show that there are actually no exports by the American makers of sprocket chains to the above countries.

On the other hand, there is now a very large quantity of sprocket chain imported from the above-named countries into the United States at a lower price than our cost of production.

A greater reduction in the duty will be disastrous to us and all other makers of sprocket chain in the United States, and will prevent the development and increase of an industry employing over 1,000 people.

Within recent months the invasion of foreign competition at extremely low prices has taken from the American makers many thousands of dollars of business, and as a result has compelled the following makers to abandon the manufacture of bicycle and machinery block chains: Lefever Arms Co., Syracuse, N. Y.; Baldwin Chain & Manufacturing Co., Worcester, Mass.; and the loss to American makers on this line of business alone amounts to over 60 per cent of the business going to foreign makers because of their low prices.

The present quantity selling prices of sprocket chains in the United States are below a safe point for the United States makers, and are established entirely by the low prices quoted by foreign makers.

All of the American makers of pitch sprocket chains are well equipped and do manufacture sprocket chains with economic, efficient, and up-to-date American methods.

Inasmuch as sprocket chains made from accurately machined parts contain in their costs a small percentage (14 to 35 per cent) in material and a larger percentage in skilled labor, depending on the size of chains, it is unfair to combine sprocket chains with iron or steel cable and coil chains, in which the material is a large item and the labor small and of unskilled class, as is done in section No. 749, under "Manufactures of iron and steel," H. R. 1438 and in H. R. 10, section 130.

This section refers to and describes the ordinary cable, coil, or link chains made from iron or steel and used for supporting weights or strains, as in hoisting or pulling, such as anchor chains, trace chains, and the like.

They embody a large percentage of material and a small percentage of unskilled labor, and the few parts are not and need not be accurate. The product covering which we desire the following paragraph written into the new law is made from many parts accurately machined to the thousandth part of an inch and carefully assembled, and are designed to transmit power by operating over accurately machined sprockets, and should have a classification of their own, as they bear no relation to the chains referred to in H. R. 1438—the present law—and again combined in H. R. 10, section 130.

Because of the large element of labor costs and expense of investment in special automatic machinery, and the usual expense of marketing sprocket chains in the United States, and because of the low

costs of foreign production, we beg that you will make a separate section covering sprocket chains of all kinds—block, roller, or silent types—made from machined parts, and give to them a protective duty of not less than 40 per cent ad valorem.

In order to separate our highly specialized product from malleable link chains, cable, coil, trace, and other chains of coarser and less refined quality and to place same in line with such highly specialized workmanship as parts of motor cycles and the like, where the labor cost is high in proportion to the cost of material, we recommend the following paragraph to be written into the new law:

Sprocket chains of all kinds—block, roller, and silent types—made from machined parts, 40 per cent ad valorem.

This separate paragraph is fair and just, regardless of the duty you decide to impose. The reduction to 20 per cent, as per H. R. 10, will give to the foreign makers all of the large volume business of the business of the manufacturers of bicycles, motor cycles, automobiles, and machinery, amounting to over $1,000,000 per year, leaving for the United States makers only the smaller business of the jobber and retailer.

This low duty will reduce our output, increase our costs, reduce our working force, and the public will not be benefited, because as at present the difference in price between our product and the foreign product is absorbed by the large manufacturer using these goods who buys in large quantity, and no reduction is made in his product to either the jobber, dealer, or consumer.

We are prepared and willingly offer to exhibit our plant, equipment, our costs, and our business methods to your committee or its representatives, in order to show we have honestly presented our case.

We have written the following chain makers for their opinion in regard to this subject, and append herewith their replies for your consideration: Whitney Manufacturing Co., Hartford, Conn.; Duckworth Chain & Manufacturing Co., Springfield, Mass.; Lefever Arms Co., Syracuse, N. Y.; Link Belt Co., Indianapolis, Ind.

Yours, very truly,

DIAMOND CHAIN & MANUFACTURING CO.,
By L. M. WAINWRIGHT, *President.*

COPIES OF REPLIES.

L. M. WAINWRIGHT,
Diamond Chain & Manufacturing Co., Indianapolis, Ind.:

Answering your letter regarding tariff on chains, we can not sell a foot of chain abroad, and on certain chains we can not meet foreign prices delivered to customers in United States. We believe our plan equal to any foreign chain plant, and feel sure the lower rates abroad on labor and material account for the condition. We have been successful on our specialties as a whole, after 16 years of hard work, but on machinery and chains our percentage of profit has been small, and on certain machines and types of chain we have made a loss. We stand ready to prove our statements.

THE WHITNEY MANUFACTURING CO.,
By C. E. WHITNEY, *President.*

HARTFORD, CONN.

The DIAMOND CHAIN & MANUFACTURING CO.,
Indianapolis, Ind.:

Thoroughly in accord with your views as per brief to Committee on Finance. Our block chain business dropped off 50 per cent this year owing to foreign competition. Earnestly hope committee will grant your request.

DUCKWORTH CHAIN & MANUFACTURING CO.,
GEO. H. EMPSALL, *Treasurer.*

SPRINGFIELD, MASS.

L. W. WAINWRIGHT,
Indianapolis, Ind.:

We heartily approve of your letter and very urgently petition for duty of 45 per cent ad valorem. Anything less means the failure and abandonment of the bicycle and automobile chain industry in the United States.

LEFEVER ARMS CO.

SYRACUSE, N. Y.

Mr. L. M. WAINWRIGHT,
President The Diamond Chain & Manufacturing Co., City.

GENTLEMEN: We have read your letter in regard to the reduction to be made in the present tariff of 45 per cent ad valorem on high-grade driver chains, and in reply we would state that your letter has our hearty approval, and we trust you will be successful in your effort to prevent the contemplated reduction. Our business to-day is affected greatly by the importation under the present tariff schedule and would be cut into much deeper were the present rates reduced.

Yours, very truly.

LINK BELT CO.,
W. A. BALLENTINE,
Superintendent.

INDIANAPOLIS, IND.

Par. 130—POCKET CUTLERY.

AMERICAN POCKETKNIFE MANUFACTURERS' ASSOCIATION, BY CHARLES F. ROCKWELL AND C. DWIGHT DIVINE, COMMITTEE.

MERIDEN, CONN., *April 15, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

SIR: The undersigned committee, on behalf of the manufacturers of 80 per cent of the pocketknives produced in the United States, earnestly protest against the acceptance by the honorable Finance Committee of the rates provided in H. R. 10, paragraph 132.

It is our sincere belief that the enactment into law of such rates would certainly work great injury to, and possibly destroy, in this country, a large industry which is essentially a handicraft, and in which keen competition, both foreign and domestic, has always prevailed.

On the ground that sufficiently thorough consideration has not been accorded the facts in establishing rates on pocketknives in H. R. 10, paragraph 132, we respectfully petition the honorable Finance Committee to allow us to be heard in relation thereto at such time as the Finance Committee may designate.

CHARLES F. ROCKWELL AND OTHERS, AS A COMMITTEE REPRESENTING AMERICAN POCKETKNIFE MANUFACTURERS.

MAY 1, 1913.

Hon. F. M. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

SIR: H. R. 3321, paragraph 130 (pocketknives), provides reductions as follows:

Knives valued at less than 40 cents per dozen, from 40 per cent to 35 per cent.
Knives valued at not more than 50 cents per dozen, from 65 per cent to 35 per cent.
Knives valued from 50 cents per dozen to $1 per dozen, from 90 per cent to 35 per cent.
Knives valued from $1 to $3 per dozen, from 91 per cent to 55 per cent.
Knives valued at over $3 per dozen, from 85 per cent to 55 per cent.

American manufacturers of pocket cutlery earnestly protest against the adoption by your honorable committee of the Underwood rates and very respectfully suggest the substitution of the rates below:

Knives valued at less than 50 cents per dozen, 35 per cent ad valorem.
Knives valued at more than 50 cents per dozen and less than $1 per dozen, 50 per cent ad valorem.
Knives valued at more than $1 per dozen, 65 per cent ad valorem.
Provided, also, that all penknives or pocketknives valued at more than $1.50 per dozen, which have pearl handles, shall pay 10 per cent additional.

The additional 10 per cent on pearl knives is needed because the Underwood bill makes a reduction of only 10 points—from 35 per cent to 25 per cent—on mother-of-pearl scales, a raw material of domestic knife manufacturers.

Even the rates suggested will compel wage reductions most unjust under the present high cost of living and a competition so keen as to at once pass fully one-half the domestic consumption over to foreign production.

We submit that the rates provided in the Underwood bill, or any rates lower than here requested, would compel a profitless struggle against German production, and in a few years lead to a complete abandonment of American production in this line of industry.

We respectfully urge that pocketknives and razors be segregated in paragraph 130, H. R. 3321, being articles radically differing in manufacture and range of commercial values; while fully one-half of the American product of pocketknives comes in direct competition with foreign knives imported at $1 per dozen and under, there are practically no razors of this range of values made in America.

We therefore most respectfully submit a substitute form of amendment separating pocketknives from razors, and as regards pocketknives and rates applying thereto request the adoption of same in lieu of paragraph 130, H. R. 3321.

Amendment to H. R. 3321, paragraph 130 (pocketknives).

130. Penknives, pocketknives, clasp knives, pruning knives, budding knives, erasers, manicure knives, and all other knives by whatever name known, including such as are denominatively mentioned in this section which have folding or other than fixed blades or attachments, all the foregoing, whether assembled

but not fully finished or finished, valued at not more than 50 cents per dozen, 35 per cent ad valorem; valued at more than 50 cents per dozen and not exceeding $1 per dozen, 50 per cent ad valorem; valued at more than $1 per dozen, 65 per cent ad valorem; and in addition thereto on all pearl-handled knives of the foregoing valued at more than $1.50 per dozen, 10 per cent ad valorem: *Provided*, That blades, handles, or other parts of any of the foregoing knives or erasers shall be dutiable at not less than the rate herein imposed upon the knives and erasers of which they are parts; razors, whether assembled but not fully finished or finished, valued at not more than $1 per dozen, 35 per cent ad valorem; valued at more than $1 per dozen, 55 per cent ad valorem: *Provided further*, That blades, handles, or other parts of any of the foregoing razors shall be dutiable at not less than the rate herein imposed upon the razors of which they are parts. Scissors and shears and blades for the same, finished or unfinished, 30 per cent ad valorem: *Provided further*, That all articles specified in this paragraph shall, when imported, have the name of the maker or purchaser, and beneath the same the name of the country of origin die-sunk conspicuously and indelibly on the blade, shank, or tang of at least one or, if practicable, each and every blade thereof.

[Schedule C.—Paragraph 152, pen and pocket knives.]

A statement by committee representing American pocket cutlery manufacturers, in protest against reduction of existing rates.

The Ways and Means Committee,
House of Representatives, Washington, D. C.

Gentlemen: In protest against a reduction in tariff rates on pocket knives, paragraph 152, Schedule C, we submit the following facts, which will show—

1. Reductions in existing tariff rates will result in great injury to a large industry and serious loss in wages to the workmen therein.
2. Radical reduction in existing rates would result in a loss of revenue.
3. Any reductions in existing tariff rates can be met only through reductions in American wages.
4. Even a large reduction in labor cost would be but a small percentage of the retail price and not sufficient to materially reduce the selling price to the consumer.

In 1889 the American production was $730,000 under the 50 per cent tariff rates then in force.

In 1892, under the 90 per cent rates of the McKinley tariff, the production was increased to $1,500,000, with an increase of revenue on importations of $148,000.

From 1893 to 1897, under the Wilson tariff of 53 per cent, the industry barely survived; American production fell to $1,100,000, wages were reduced about 25 per cent, and operatives employed but part time.

From 1897 to 1912, under present rates of duty, the American production has increased to $3,580,000.

Thirty-two factories now employ 2,893 skilled workmen, 406 boys over 16 years of age, and 352 women, a total of 3,651, at average total wages for the past three years of $2,164,766. The average weekly wage for men is $14.28, for boys $6.05, for women $6.74.

Among the new factories since 1897 are three established by German interests, employing 650 workmen, representing an investment of over $500,000.

With the varied interests engaged in the industry the keenest competition prevails and prices to the consumer were never lower than now.

Under the present tariff law importations of pocket knives are classified by value into five divisions, the specific duty varying on the several divisions. The American factories come into competition with the three higher classifications only, ranging in value from 50 cents per dozen and upward, the ad valorem of which averages 90 per cent, which rate is not higher than to equalize wages here and abroad.

It has been demonstrated that 80 per cent of the actual American factory cost is labor and that cutlery operatives in Germany, although not excelled in efficiency, do not receive wages to exceed one-third those paid in the United States.

Foreign and domestic competition has already reduced the manufacturing profit to a minimum of 6 per cent. Materials cost practically the same here and abroad, so that it is apparent that any reduction in the factory sale price compelled by a reduction in duties can only be met by corresponding reductions in the wages of the workmen employed in the industry.

Any considerable reduction in existing duties would result in no material benefit to the consumer but an increased profit to the distributor, disaster to the American factories, loss of work and reduced wages to the American workmen, and loss of revenue to the Government.

CHAS. F. ROCKWELL, *Meriden, Conn.*
C. D. DIVINE, *Ellenville, N. Y.*
TINT CHAMPLIN, *Little Valley, N. Y.*

Representing American Knife & Shear Co., Hotchkissville, Conn.; Camillus Knife Co., Camillus, N. Y.; Challenge Cutlery Corporation, Bridgeport, Conn.; Cattaraugus Cutlery Co., Little Valley, N. Y.; Empire Knife Co., Winsted, Conn.; Miller Bros. Cutlery Co., Meriden, Conn.; New York Knife Co., Walden, N. Y.; Robeson Cutlery Co., Perry, N. Y.; Schrade Cutlery Co., Walden, N. Y.; Thomaston Knife Co., Thomaston, Conn.; Ulster Knife Co., Ellenville, N. Y.; Walden Knife Co., Walden, N. Y.; Warwick Knife Co., Warwick, N. Y.; Napanoch Knife Co., Napanoch, N. Y.

Comparison of wages paid to operatives abroad and in the United States.

	Average paid weekly in Austria, Belgium, and Germany.	Average paid in United States.
Forgers	$4.30-$7.00	$15.00-$23.00
Grinders	4.50- 8.00	15.00- 27.00
Blade finishers	4.50- 6.00	12.00- 18.00
Handle finishers	4.50- 6.00	12.00- 18.00
Cutlers	5.00- 6.50	15.00- 21.00

The actual proportion of labor to factory cost of American pocket cutlery is 80 per cent.

Imports and American production.

The accompanying table indicates the effect on foreign importations and American production under the various tariff rates existing during the past 25 years, together with the revenue accruing:

Year.	Rate of duty.	Foreign value.	Duty.	Duty paid.	American production.
	Per cent.				
1887	50	$975,000	$487,000	$1,462,000	....
1889	50	1,337,000	668,000	2,005,000	$730,000
1892	90	905,000	816,000	1,721,000	1,500,000
1897	52	1,464,000	767,000	2,231,000	1,100,000
1907	78	1,008,000	788,000	1,796,000	3,000,000
1912	77½	810,000	629,000	1,439,000	3,580,000

Total pocketknife importations, 1895–1912.

Year.	Dozens.	Value.	Duty.	Unit value.	Ad valorem equivalent.	Tariff law.
					Per cent.	
1895	1,138,124	$1,130,298.00	$602,657.00	....	53¼	Wilson.
1896	1,206,882	1,300,762.00	691,032.00	....	53¾	Do.
1897	1,585,014	1,461,379.00	767,314.00	$0.076	52.40	Do.
1898	118,518	111,384.00	58,248.00	....	71.05	Dingley.
1898	457,764	333,671.00	257,933.00	....		
1899	823,020	604,372.00	467,133.00	.061	77.25	Do.
1900	1,072,995	764,448.00	588,022.00	.06	76.92	Do.
1901	934,328	741,070.00	592,702.00	.068	79.92	Do.
1902	1,014,047	846,538.00	678,261.00	.069	80.12	Do.
1903	1,146,613	818,319.00	639,864.00	.059	78.19	Do.
1904	1,156,273	896,717.00	695,147.00	.065	77.52	Do.
1905	1,091,171	835,599.00	664,348.00	.064	79.50	Do.
1906	958,515	838,129.00	651,396.00	.073	77.71	Do.
1907	1,234,007	1,007,799.00	788,386.00	.068	78.22	Do.
1908	900,282	845,553.65	673,127.42	.078	79.60	Do.
1909	827,089	709,952.09	572,457.32	.072	81.63	Do.
1910	1,053,705	789,561.90	604,223.54	.064	78.55	Payne.
1911	1,009,746	804,679.76	624,679.36	.066	77.62	Do.
1912	1,040,529	810,759.72	629,645.92	.067	77.66	Do.

CHARLES F. ROCKWELL, *Meriden, Conn.*,
C. DWIGHT DIVINE, *Ellenville, N. Y.*,
TINT CHAMPLIN, *Little Valley, N. Y.*,
Committee Representing American Pocket Cutlery Manufacturers.

JANUARY 1, 1913.

CATTARAUGUS CUTLERY CO., LITTLE VALLEY, N. Y., ON BEHALF OF THE MANUFACTURERS OF POCKET CUTLERY.

The present tariff provides that pocket cutlery imported into this country shall pay tariff duties as follows:

Pocket cutlery valued at $0.40 per dozen and less, 40 per cent ad valorem; valued at $0.40 to $0.50 per dozen, 40 per cent ad valorem and $0.12 per dozen; valued at $0.50 to $1.25 per dozen, 40 per cent ad valorem and $0.60 per dozen; valued at $1.25 to $3 per dozen, 40 per cent ad valorem and $1.20 per dozen; valued at $3 per dozen and upward, 40 per cent ad valorem and $2.40 per dozen.

The bill now pending in Congress makes but two classifications, and provides that all cutlery worth less than $1 per dozen shall pay duty at the rate of 35 per cent ad valorem; and all worth $1 per dozen and upward shall pay duty at the rate of 55 per cent ad valorem, and there is no specific duty on either classification.

The effect of the proposed change is to let in all knives that are valued at from $0.50 per dozen to $1 per dozen at 35 per cent, while the present tariff on the same goods is 40 per cent ad valorem and $0.60 per dozen, or an average of about 100 per cent tariff duties.

It reduces the tariff on the very class of goods that are most sold in this country, knives selling at retail from 25 to 50 cents each. It reduces the tariff on that class of goods from about 100 per cent down to 35 per cent.

The effect that this will have upon the American manufacturer of cutlery can be plainly seen when it is recalled that the foreign manufacturer is now supplying a very large share of the markets of this country. In fact, last year of the total quantity of pocket cutlery

sold in this country about 30 per cent of it was produced abroad and sold in this country in competition with the American manufacturer even at the present rate of duty, and it must be borne in mind in this connection that the foreign-made goods sold in this country is largely of the cheaper class of cutlery. More than 30 per cent of the pocket cutlery sold in America last year was produced abroad under a tariff which carries an average rate of about 78 per cent.

The greater bulk of the pocket cutlery manufactured abroad and sold in this country now is of the class of cutlery ranging in value from 40 cents per dozen to $1 per dozen, upon which it is now proposed to reduce the tariff from about 100 to 35 per cent. This cut is so serious that the American manufacturer can not compete with it and retain any appreciable part of the markets of this country, and the inevitable result is that in this class of pocket cutlery the American market will be delivered over to the foreign manufacturer.

The proposed tariff bill should be amended in either one of three particulars in order that the American manufacturer can retain a reasonable share of the home market:

Proposition No. 1.—Pocketknives valued at less than $0.50 per dozen, 35 per cent; valued at not less than $0.50 per dozen nor more than $1 per dozen, 50 per cent; and all valued at more than $1 per dozen, 65 per cent.

Proposition No. 2.—Pocketknives valued at less than $0.50 per dozen, 35 per cent; all above $0.50 per dozen, 65 per cent.

One or the other of the foregoing propositions should be adopted. The former of the two is much the fairer of the two to the American manufacturer.

In the event that neither of the foregoing propositions will be accepted by Congress then we respectfully submit—

Proposition No. 3.—Pocket cutlery valued at $0.50 per dozen or less, 35 per cent; and all pocket cutlery valued at $0.50 per dozen or upward, 55 per cent.

This latter proposition changes the proposed law only in making the dividing line at knives of the value of 50 cents per dozen instead of at knives of the value of $1 per dozen, as proposed in the present pending tariff bill.

It must be borne in mind that we have now in the pocket cutlery schedule what Mr. Underwood so aptly terms "a competitive tariff." That is, if we understand the phrase correctly, a tariff that permits a reasonable proportion of goods made abroad to be sold in this country and which prevents the American manufacturers from combining and causing an unreasonable increase of price on the homemade article. When we recall the fact that 30 per cent of the pocket cutlery sold in this country is manufactured abroad, we have the positive proof before us that this is a competitive tariff and that the rates are not prohibitive.

With this competitive tariff now in existence, it is proposed to reduce the rate on the class of cutlery worth 50 cents per dozen and upward from an average rate of about 100 per cent down to 35 per cent on that portion of it that is worth less than $1 per dozen, and 55 per cent on that portion of it that is worth upward of $1 per dozen.

The cheaper grades of cutlery are now made almost exclusively abroad. There is very little American pocket cutlery made which

sells for less than 50 cents per dozen. A tariff on pocket knives worth less than 50 cents per dozen is of little value to the American manufacturer. The great bulk of the American-made pocket knives are manufactured and sold at from $3 to $8 per dozen. Many knives are made and sold cheaper than the price which we have indicated, but the great bulk of them are sold at the price indicated above.

A reduction of the tariff, even as indicated in the third proposition submitted, would be as great a cut as the most pronounced reformer could ask for, and it would still permit the American manufacturer to retain a reasonable proportion of the American market and to continue to employ American labor in making the cutlery used by the Americans.

The American manufacturer is not asking too much when he is asking that the cut be not made greater than we have indicated. At the rates indicated above, the American manufacturer of cutlery will still be able to continue in the manufacturing business on a class of goods ranging in value not less than 50 cents per dozen, while on the cheap grade of goods they will have to abandon whatever little manufacturing there has been done in the past in that class of cutlery.

The effect of this will be to increase the sale of the imported article and decrease the sale of the American-made goods to some extent, but not to such an extent as to absolutely put the American manufacturer out of business.

Par. 130.—SCISSORS AND SHEARS.

J. WISS & SONS CO., NEWARK, N. J., BY FREDERICK C. J. WISS, PRESIDENT.

NEWARK, N. J., *April 23, 1913.*

HON. F. M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: A few facts for your respectful consideration:

The scissor and shear manufacturers require a protective tariff. Their average earning for 1912 (a prosperous year) was 5.3 per cent on capital employed.

The average relative component cost:

	In America.	In Europe.
Material	0.30	0.30
Productive labor	.70	.42
Overhead	[1] .30	.108
	1.30	.828

[1] 15 per cent of material and productive labor.

Our cost sheets show that on materials amounting to $4.08 we expend $12.83 in productive labor, most of which is paid at piecework rates. Please notice the productive labor amounts to more than three times the value of the materials used.

Any reduction in cost must, to the greatest extent, be borne by the item of labor.

The following table will give you an idea of changes made in cutlery tariff schedules since 1890:

	1890	1894	1897
Scissors and shears	45 per cent; under "Not otherwise provided for."	45 per cent	54 per cent; unit of value, $1.26.
Razors	68 per cent; unit of value, $2.58.	do	53 per cent; unit of value, $2.58.
Pocket knives	95 per cent; unit of value, $2.20.	59 per cent; unit of value, $2.20.	94 per cent; unit of value, $2.20.

	1909	Proposed.	Suggestion.
Scissors and shears	54 per cent; unit of value, $1.26.	30 per cent	Not over $1, 35 per cent; over $1, 55 per cent.
Razors	90 per cent; unit of value, $2.58.	Not over $1, 35 per cent; over $1, 55 per cent.	
Pocket knives	94 per cent; unit of value, $2.20.	do	

You will note that scissors and shears were never favored with a high tariff. It is a recognized fact that relatively more skilled hand labor is employed in making scissors and shears than in that of pocketknives or razors, and consequently this branch of the industry should have at least as great a protection instead of a lower rate.

In the brief submitted on behalf of the cutlery importers association, they anticipate an estimated increase of about 20 per cent in the importation of scissors at the proposed reduction of tariff. We believe this figure entirely too conservative, but whatever the increase of imports may be, that amount of business will be lost to the home manufacturer and undoubtedly force some of them out of the business. With reduced competition the consumer will certainly not pay less for these wares.

Statistics, figures, and records can be given you to substantiate our contention at any time you desire them submitted to you.

All we ask, and we think it eminently fair and reasonable, is a tariff on scissors and shears equal to that on other branches of cutlery—namely, pocketknives and razors.

We trust this will receive your careful consideration and that you will support us in our request.

We are mailing a similar letter to the other members of your committee.

We inclose copy of paragraph 132 embodying our suggestion.

132. Penknives, pocketknives, clasp knives, pruning knives, budding knives, erasers, manicure knives, and all knives by whatever name known, including such as are denominately mentioned in this section, which have folding or other than fixed blades or attachments, and razors, all the foregoing, whether assembled but not fully finished or finished, and scissors and shears and blades for the same, finished or unfinished, valued at not more than $1 per dozen, 35 per cent ad valorem; valued at more than $1 per dozen, 55 per cent ad valorem: *Provided*, That blades, handles, or other parts of any of the foregoing knives, razors, or erasers shall be dutiable at not less than the rate herein imposed upon the knives, razors, and erasers, of which they are parts: *Provided further*, That all articles specified in this paragraph shall, when imported, have the name of the maker or purchaser, and beneath the same the name of the country of origin die sunk conspicuously and indelibly on the blade, shank, or tang of at least one or, if practicable, each and every blade thereof.

NATIONAL CUTLERY CO., BY JNO. M. KENNEDY, JR., TREASURER.

Hon. F. M. Simmons,
Chairman Finance Committee, United States Senate.

Sir: The American manufacturers of steel shears and scissors beg leave to present the following facts in regard to their industry, and recommend that no reduction be made in the present rate of duty on these articles.

The total capital employed in the United States in the manufacture of steel shears and scissors is $2,335,000; there are 1,200 persons engaged in their production, and the total American output in the past two years is as follows:

1911	$1,400,000
1912	1,500,000

That the foreign manufacturers are able to pay the present rate of duty and compete in this market is shown by the steadily increasing importations, the last four years being as follows:

	Value.	Duty paid.
1909	$489,617.59	$246,467.19
1910	509,570.86	265,493.56
1911	514,983.81	270,074.93
1912	570,501.36	306,829.62

Nearly all imported cutlery sold in this country is manufactured in the Sheffield, England, or Solingen, Germany, districts; it is asserted that there are firms in Solingen who do not sell a pound of product in Germany; every item produced is for American orders. For the most part the goods are for large department stores in the United States, and comprise scissors, knives, manicure sets, and the like, which goods find ready purchase in America despite the tariff. (Report of G. L. Carden, special agent, Department of Commerce, p. 62.)

The Sheffield manufacturers can also transact business here with a profit and pay the existing rates; their earnings greatly exceed the returns of the American shears and scissors makers, struggling against keen competition, both foreign and domestic. The books of the American manufacturers show average net earnings of only 5.31 per cent on the capital employed.

The chief reason for the lower cost of production which enables the foreign manufacturer to pay the present rate of duty and sell his wares in the United States is found in the difference in the working conditions and the wages paid to the workers. To again quote Capt. Carden's report:

> It would seem that one reason for the low cost of production (in Solingen) is the fact that under the present system it is not necessary to maintain extensive works. About all that is necessary is a receiving and serving out department, assembling room, and offices for the accountants. A great deal of the work is sent to the homes of the people and is handled by women as well as men.

Practically all the work at Solingen is piecework; for this reason it is difficult to make any definite statement regarding wages, but one manufacturer informed me that 3 marks (72 cents) a day are looked upon as wages in general in the Solingen district.

Henry Studniczka, special agent, Department of Commerce, says as to like conditions in Sheffield that—

Little masters, general contractors for any of the large cutlery firms, do a certain amount of work per piece at a fixed contract price and make their own arrangements with their helpers. They furnish the tools required by their men, who receive from $6.08 to $8.52 per week, and the apprentice boys, who often work one or two grindstones, receive $1.46 per week, and are advanced 48 cents per week during their seven years of apprenticeship until they receive men's wages.

Other sources of information confirm the above statements, both as to the large amount of work done in the artisans' homes and the miserable wages paid. The Board of Trade (British) report on the cost of living in German towns (1908) quotes the wages paid in Solingen in the cutlery industry as follows:

Unskilled labor, per day	$0.84
Grinders, per week	6.00-7.20
Hammerers, per week	7.20-9.04
Hardeners, per week	5.04

The board of trade report on the cost of living of the working classes in Sheffield does not specifically state the wages paid to the different cutlery workmen, but the laborers' wages are given at $4.80 to $5.78 per week, and the very highest wages quoted are $10.08 per week.

The manufacture of scissors and shears in the United States is carried on in well-lighted and ventilated factories, under close scrutiny of State inspectors. The average wages paid are as follows:

Grinders, per week	$17.32
Polishers, per week	15.62
Forgers (hammerers), per week	17.49
Hardeners, per week	16.22
Laborers (unskilled), per day	1.72
Boys, per week	6.16

The difference between the above-quoted wages and the meager earnings of the European workmen is the chief justification of the request and recommendation that there be no reduction in the present tariff on shears and scissors.

The American manufacturer can equal the European in the quality of his goods, but not in the low cost of production, and the exports of steels scissors and shears, including those sent to Canada, amount to less than $100,000 per annum, and consist mostly of patterns which are not made by the foreign manufacturers.

An importing business which has nearly trebled in 15 years can not be said to be at a standstill.

Year ending—	Importations.	Duty paid.
June 30, 1893	$193,152.82	$99,932.49
June 30, 1912	570,501.36	306,829.62

We can not perceive the benefit to the country at large in a reduction in the rate of duty which has been advocated whereby it was estimated the importation would be doubled and the revenue remain

unchanged. This would simply remove the protection from the American workingman and of course curtail the American production without benefit to the Treasury, and only for the good of the European manufacturer.

In conclusion, we would state that a careful comparison of the reports and books of American manufacturers of shears and scissors shows that in the raw cost of their product 30 per cent is represented by material and 70 per cent by labor. To this raw cost must be added the so-called overhead expense for rent. light, heat, power, maintenance, supervision, and "unproductive" labor, amounting to about 30 per cent of the raw cost.

That an estimate that the wages paid in Sheffield and Solingen district are 60 per cent of those paid by the American manufacturers is shown to be conservative by the foregoing quotations, and that an allowance of 15 per cent for overhead cost would seem to be sufficient under the European system of manufacture.

Hence the following rough table would approximately show the relative expense of production of goods manufactured in the United States at a total cost of (for example) $1.30.

American cost.		*European cost.*	
Material	$0.30	Material	$0.30
Labor	.70	Labor	.42
Overhead	.30	Overhead	.108
Total cost	1.30	Total cost	.828

It is very apparent from this that any reduction in the existing rate of duty would result either in a corresponding reduction of the working people employed toward European wages and conditions or the withdrawal of the American manufacturers from the business. If it is considered advisable to make any alteration whatever and eliminate the specific duty, an ad valorem rate of 55 per cent would be necessary to maintain the present condition of the workers and permit reasonable competition by the foreign makers. In any event, without doubt, an ad valorem rate for scissors and shears should not be less than for any other class of cutlery.

Respectfully submitted.

SUNDRY MANUFACTURERS, BY BERRIDGE SHEAR CO., STURGIS, MICH., AND OTHERS.

Hon. Charles F. Johnson.

Sir: The American manufacturers of steel shears and scissors beg leave to present the following facts in regard to their industry and recommend that no reduction be made in the present rate of duty on these articles.

The total capital employed in the United States in the manufacture of steel shears and scissors is $2,335,000; there are 1,200 persons engaged in their production, and the total American output in the past two years is as follows:

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The Sheffield manufacturers can also transact business here with a profit and pay the existing rates; their earnings greatly exceed the returns of the American shears and scissors makers, struggling against keen competition, both foreign and domestic. The books of the American manufacturers show average net earnings of only 5.31 per cent on the capital employed.

The chief reason for the lower cost of production which enables the foreign manufacturer to pay the present rate of duty and sell his wares in the United States is found in the difference in the working conditions and the wages paid to workers. To again quote Capt. Carden's report:

It would seem that one reason for the low cost of production (in Solingen) is the fact that under the present system it is not necessary to maintain extensive works. About all that is necessary is a receiving and serving-out department, assembling room, and offices for the accountants. A great deal of the work is sent to the homes of the people and is handled by women as well as men. Practically all the work at Solingen is piecework; for this reason it is difficult to make any definite statement regarding wages, but one manufacturer informed me that 3 marks (72 cents) a day are looked upon as wages in general in the Solingen district.

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Other sources of information confirm the above statements both as to the large amount of work done in the artisans' homes and the miserable wages paid. The board of trade (British) report on the cost of living in German towns (1908) quotes the wages paid in Solingen, in the cutlery industry, as follows:

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The manufacture of scissors and shears in the United States is carried on in well lighted and ventilated factories under close scrutiny of State inspectors. The average wages paid, on the basis of a 54-hour week, are as follows:

Grinders, per week	$17.32
Polishers, per week	15.62
Forgers (hammerers), per week	17.49
Hardeners, per week	16.22
Laborers (unskilled), per day	1.72
Boys, per week	6.10

The difference between the above-quoted wages and the meager earnings of the European workman is the chief justification of the request and recommendation that there be no reduction in the present tariff on shears and scissors.

The American manufacturer can equal the European in the quality of his goods, but not in the low cost of production, and the exports of steel scissors and shears, including those sent to Canada, amount to less than $100,000 per annum and consist mostly of patterns which are not made by the foreign manufacturers.

An importing business which has nearly trebled in 15 years can not be said to be at a standstill.

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We can not perceive the benefit to the country at large in a reduction in the rate of duty which has been advocated, whereby it was estimated the importation would be doubled and the revenue remain unchanged. This would simply remove the protection from the American workingman and, of course, curtail the American production without benefit to the Treasury and only for the good of the European manufacturer.

In conclusion we would state that a careful comparison of the reports and books of American manufacturers of shears and scissors shows that in the raw cost of their product 30 per cent is represented by material and 70 per cent by labor; to this raw cost must be added the so-called overhead expense for rent, light, heat, power, maintenance, supervision, and "unproductive" labor, amounting to about 30 per cent of the raw cost.

That an estimate that the wages paid in Sheffield and Solingen districts is 60 per cent of those paid by the American manufacturers is shown to be conservative by the foregoing quotations, and that an allowance of 15 per cent for overhead cost would seem to be sufficient under the European system of manufacture.

Hence the following rough table would approximately show the relative expense of production of goods manufactured in the United States at a total cost of (for example) $1.30.

American Cost.		*European Cost.*	
Material	$0.30	Material	$0.30
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Overhead	.30	Overhead	.108
Total cost	1.30	Total cost	.828

It is very apparent from this that any reduction in the existing rate of duty would result either in a corresponding reduction of the working people employed toward European wages and conditions, or the withdrawal of the American manufacturers from the business. If it is considered advisable to make any alteration whatever, and eliminate the specific duty, an ad valorem rate of 55 per cent would be necessary to maintain the present condition of the workers and permit reasonable competition by the foreign makers. In any event, without doubt, an ad valorem rate for scissors and shears should not be less than for any other class of cutlery.

ACME SHEAR CO., BY DWIGHT C. WHEELER, SECRETARY, BRIDGEPORT, CONN.

BRIDGEPORT, CONN., *April 14, 1913.*

Senator SIMMONS,
Chairman United States Senate Committee on Finance,
Washington, D. C.

DEAR SIR: We desire to place before you certain facts about scissors and shears for your consideration (Schedule C, item No. 132, Underwood bill).

There are two classes of shears and scissors manufactured in the United States.

First. "Laid steel" shears, which retail at from 65 cents to $2 per pair.

Second. "Cast-iron" shears, which retail at from 5 cents to 25 cents per pair. The manufacturers of cast-iron shears in the United States are: The Acme Shear Co., Bridgeport, Conn.; the Atlas Shear Co., Bridgeport, Conn.; the Bridgeport Hardware Manufacturing Corporation, Bridgeport, Conn.; Clayton Bros. (Inc.), Bristol, Conn.; the Ansonia Novelty Co., Ansonia, Conn.

We submit the following figures as substantially correct for the manufacture of cast-iron shears and scissors in the United States, viz:

Number of employees	933
Pay roll for the year 1912	$570,167.00
Average weekly wages (59½ hours)	$11.75
Investment in business	$1,160,000.00
Gross sales for year 1912	$824,380.00
Net profit for year 1912	$74,160.00
Percentage of profit on sales ....per cent	8.4-9.0

Distribution.—Eighty-nine per cent of all cast shears manufactured in the United States in 1912 were sold for consumption in the United States and 11 per cent were exported.

Of the quantity used in the United States, over 80 per cent were sold to 5 and 10 cent stores, the other 20 per cent being sold to hardware and department stores, retailing at from 10 cents to 25 cents per pair.

Of the quantity exported not one pair was sold in Germany, and but few in England and Continental Europe. Most of the cast-iron shears exported were shipped into Canada and Mexico, where quickness of delivery offset to some degree the lower prices of German competition. The prices for export and domestic trade were and still are equal.

Practically all the competition to American cast shears and scissors is from German factories in the Solingen district. According to the British Board of Trade reports, the wages of cutlery workers in Solingen range from $5.10 to $8.64 per week, or an average of $6.88 per week. The wages of American cast-shear workmen, averaging $11.75 per week, are over 70 per cent higher than the wages paid in Solingen.

The cost of manufacturing American cast shears is proportioned 24 per cent material and 76 per cent labor, as every operation in their manufacture has to be performed by hand.

Bearing in mind the 70 per cent higher wages paid American workmen and the 76 per cent percentage of labor cost, it is shown that the German factories have an advantage of 53 per cent over American factories.

Shears and scissors to the value of over $570,000 were imported into the United States during 1912, this being a greater amount than in any previous year and an amount nearly as large as the combined yearly sales of American cast-shear factories.

Believing that the broad aim of tariff revision is to lessen the cost of articles and materials to the American consumer, we wish to strongly emphasize the fact that over 71 per cent of all American cast-iron shears and scissors are retailed in the United States at 5 cents and 10 cents per pair. The proposed duty of 30 per cent on scissors (Schedule C) in place of the present average of 53.77 per cent (specific and ad valorem) will simply mean a greater profit to importers and retailers, as the prices of 5 cents and 10 cents per pair will remain unchanged.

We therefore respectfully urge you to differentiate between the two classes of scissors manufactured, and respectfully ask that a duty of 45 per cent to 50 per cent be placed on all shears and scissors costing 75 cents per dozen or less.

ALFRED FIELD & CO., 93 CHAMBERS AND 75 READE STREETS, NEW YORK, N. Y., BY W. J. CORBET.

NEW YORK, *June 2, 1913.*

The FINANCE COMMITTEE OF THE SENATE,
Washington, D. C.

GENTLEMEN: We desire to make a most earnest and emphatic protest in opposition to the proposed amendment to H. R. 3321, viz:

> On page 35, in paragraph 130, after the word "razors," in line 7, insert "scissors and shears, and blades for the same," and strike out all of line 14 following the period, all of line 15, and line 16 to and including the word "valorem." In line 12, after the word "razors," insert "shears, scissors." In line 13, after the word "razors," insert "shears, scissors."

From 1864 to 1890 the rate on scissors and shears was 35 per cent; from 1890 to 1894 the rate on scissors and shears was 45 per cent, and since then the Dingley and Payne mixed rates. So you will see that scissors and shears never paid a higher rate than 35 per cent until the McKinley bill, and under this rate of 35 per cent the American manufacturers completely captured the market on shears, and large quantities are exported, some domestic manufacturers having their own agents and places of business abroad for the sale of their goods.

There is no warrant upon any ground for change from the rates as scheduled in the Wilson-Underwood bill H. R. 3321, viz., 30 per cent. This will give ample protection to all American industries, and is really more than they need, since under a 35 per cent rate over 20 years ago, they were able not only to compete with foreign makes in the American market, but also to establish their trade abroad.

The only good that can accrue from the proposed amendment is that some American manufacturers might reap a larger profit at the expense of the people at large, the proposed amendment increasing the duty on a large number of articles coming under this schedule. Not only some scissors and shears, but take for instance sheep shears; they come under this schedule and now pay a duty of 25 per cent and 75 cents a dozen, which equals about 38 per cent ad valorem for the class of goods used by the woolgrowers generally. Under the Wilson and Underwood bill the duty would be 30 per cent; under the amendment, 55 per cent, or an advance of about 17 per cent over the present rate. If wool is to be on the free list, the duty on the tools used by the shearers ought certainly to be reduced rather than increased.

[Inclosures.]

Comparison of the ad valorem rate of duty on scissors and shears, under the present tarriff, the Wilson-Underwood bill, and the proposed amendment.

Customs value.	Payne bill.	Underwood bill.	Proposed amendment.
15 per cent ad valorem and 15 cents per dozen.	*Per cent.*	*Per cent.*	*Per cent.*
25 cents per dozen	75	30	35
50 cents per dozen	45	30	35
15 per cent ad valorem and 50 cents per dozen.			
75 cents per dozen	81 2/3	30	35
$1 per dozen	65	30	35
$1.25 per dozen	55	30	55
$1.50 per dozen	48 1/3	30	55
$1.75 per dozen	43 4/7	30	55
25 per cent ad valorem and 75 cents per dozen.			
$2 per dozen	62 1/2	30	55
$2.25 per dozen	58 1/3	30	55
$2.50 per dozen	55	30	55
$2.75 per dozen	52 3/11	30	55
$3 per dozen	50	30	55
$3.25 per dozen	48 1/13	30	55
$3.50 per dozen	46 3/7	30	55
$3.75 per dozen	45	30	55
$4 per dozen	43 3/4	30	55

Under the proposed amendment there would be a slight reduction on goods costing over $1.75 per dozen up to $2.50 per dozen. Goods costing more than $2.50 per dozen, as well as goods costing over $1.25 up to $1.75 would pay an advance. Goods costing $1 and less per dozen, on which the duty under the present tariff is extremely high, ought to be materially reduced.

Comparison of the ad valorem rate of duty on hedge and garden shears under the present tariff, the Underwood bill, and the proposed amendment.

Take, for instance, an actual shipment we received consisting of 50½ dozen hedge and garden shears of assorted styles and sizes. Under the present tariff these goods pay a duty of 25 per cent ad valorem and 75 cents per dozen. The customs value of this shipment was $315. This works out as follows:

Customs value.	Present duty.	Underwood bill.	Proposed amendment.
25 per cent ad valorem and 75 cents per dozen. $315	*Per cent.* About 37	*Per cent.* 30	*Per cent.* 55

Take another shipment consisting of 236¾ dozen assorted hedge and garden shears, the customs value of which was about $1,370.

Customs value.	Present duty.	Underwood bill.	Proposed amendment.
25 per cent ad valorem and 75 cents per dozen. $1,370	*Per cent.* About 38.	*Per cent.* 30	*Per cent.* 55

Under the proposed amendment, therefore, the rate would be 55 per cent ad valorem instead of the present rate of 37 to 38 per cent ad valorem, making the duty 45 per cent more than the present duty on these goods.

Comparison of the ad valorem rate of duty on German pruning shears, under the present tariff, the Underwood bill, and the proposed amendment.

Take, for instance, a shipment of 149¼ dozen pruning shears, which under the present tariff pay a duty of 15 per cent ad valorem and 50 cents per dozen, but none of which have a customs value of $1 or less. The customs value of this shipment was about $183. This works out as follows:

Customs value.	Present duty.	Under-wood bill.	Proposed amend-ment.
15 per cent ad valorem and 50 cents per dozen.	*Per cent.*	*Per cent.*	*Per cent.*
$183	56	30	55

Now, take an invoice consisting of 72 dozen higher priced German pruning shears, which under the present tariff pay a duty of 25 per cent ad valorem and 75 cents per dozen. The customs value of this shipment was about $195.

Customs value.	Present duty.	Under-wood bill.	Proposed amend-ment.
25 per cent ad valorem and 75 cents per dozen.	*Per cent.*	*Per cent.*	*Per cent.*
$195	52¾	30	55

Under the proposed amendment, therefore, on the cheaper line of pruning shears there would be practically no reduction, while the better line would pay an advance over the present rate.

Par. 130.—TABLE CUTLERY.

AMERICAN CUTLERY CO., CHICAGO, ILL., AND OTHERS.

The Ways and Means Committee,
House of Representatives, United States of America:

The manufacturers of the articles included under the heading "Table cutlery" submit the following statistics of their industry:

The total capital employed is $5,286,603.30, of which $3.188,452.65 is invested in the plants, the balance in merchandise and open accounts.

The value of the average annual production for the last four years was $3,386,203.16; for the year 1911, $3,472,416.44.

The average annual net earnings on this business for the past four years was $229,302.36; in 1911 the net profit was $234,143.99, or about 4.43 per cent on the capital employed.

There are at present 2,929 men, 443 women, and 55 boys employed in the manufacture of table cutlery; in all, 3,427 persons.

The average daily earnings of the workmen are as follows:

Stone grinders	10-hour day	$3.15
Handle grinders and finishers	do	2.72
Forgers, hardeners, and temperers	do	2.56
Polishers	do	2.62
Burnishers	do	3.02
Platers	do	4.42
Machinists	do	3.12
Unskilled laborers	do	1.80
Women	9-hour day	1.22

In 1908, at the instance of the manufacturers, the tariff on these products was reduced to the lowest figure at which foreign competition could be met and the standard of wages and working conditions maintained. That the rate is by no means prohibitive is shown by the following table of imports:

	Value of imports.	Duty paid.	Remarks.
Year ending—			
June 30, 1909	$94,619.75	$48,496.90	51¼ per cent (old tariff).
June 30, 1910	192,971.44	83,486.75	43¼+per cent (present tariff).
June 30, 1911	198,915.42	86,394.38	43⅜+per cent (present tariff).
June 30, 1912	247,531.45	103,914.23	42−per cent (present tariff).

This decease in the rate of duty, amounting to between 8 and 9 per cent, was suggested by the parties most affected, in perfect good faith, as the most that could be borne without curtailment of wages and leave any profit whatever for themselves. It has resulted in a steadily increasing importation and keen competition with foreign-made goods, and probably as small net earnings as for any other industry in the United States.

Nearly all European-made cutlery is manufactured in Sheffield, England, and Solingen, Germany.

The British Board of Trade reports on the cost of living and wages and conditions of workers, both in Germany and England, published in 1908, and those of the special agents of our own Department of Commerce and Labor show the reasons for the low cost of production, which enables these Sheffield and Solingen concerns to pay the present rate of duty and sell their merchandise in this country. Much of the work is done in the homes of the men under conditions which in the United States would be impossible or intolerable, and the wage earners receive but from 30 to 55 per cent of the amounts paid for like services in the United States. Two examples will suffice:

	Sheffield.	Solingen.	United States average.
Stone grinders ... per day	$1.02-$1.42	$1.22	$3.15
Unskilled labor ... do	.80- .96	$0.60- .85	1.80

The Bureau of Labor reported that the average rate of wages of unskilled laborers was $0.0797 in Germany and $0.1019 in Great Britain per hour. (Bulletin No. 54, 1904.)

The British Board of Trade Reports (1908), which are very exhaustive and carefully compiled publications, make the following statements:

In Solingen unskilled laborers receive 21s. per week ($5.10); forgers, 30s. to 36s. per week ($7.20 to $8.64); stone grinders, 30s. per week ($7.29); hardeners, 24s. to 25s. per week ($5.85 to $6.04).

Many of these workers supply their own tools, power, and working space. In such instances it is estimated that a reduction of 30 per cent should be made from these weekly earnings. The item of factory overhead cost to the proprietor is thus greatly diminished.

In Sheffield platers may earn 40 shillings ($9.72) per week; laborers, 20 to 24 shillings per week (about $4.86 to $5.84).

Capt. G. L. Carden, special agent of the Department of Commerce and Labor, in his report (1909, p. 63) states that one reason for the low cost of production (in the Solingen district) is the fact that under the present system it is not necessary to maintain extensive works; about all that is necessary is a receiving and serving-out department, assembling room, and offices for accountants. He further states that he was informed that 3 marks a day (about 69 cents) are looked upon as wages in general in the Solingen district. (In the United States no cutlery is manufactured in the homes of the workers.)

Special Agent Henry Studniczka in his report (1910) states that the grinders in Sheffield earn $6.08 to $8.52 per week and that much of the work is done by apprentice boys, who receive from $1.46 to $4.86 per week (p. 17).

Inasmuch as the larger part of the table-cutlery cost is represented by the labor therein and the factory expense, it is evident from the foregoing facts and figures that a further decrease in the tariff rate can only result either in a serious reduction in the wages paid or withdrawal from the business by the American manufacturers. We respectfully ask that the present tariff rates on table cutlery remain unchanged.

Par. 130—CUTLERY.

GENEVA CUTLERY CO., GENEVA, N. Y., BY H. L. HENRY, SECRETARY-TREASURER AND MANAGER.

GENEVA, N. Y., *May 5, 1913.*

Senator F. M. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: Referring to your kind favor of the 3d just at hand, I take this opportunity of correcting my statement of May 2 to you in the paragraph which reads, "valued $1 and under $2." This is a clerical error and should read, "valued $1 and under $1.50." Please therefore destroy my communication of the 2d and substitute letter inclosed. As the heading of the proposed amendment sent with first letter reads, "H. R. 10, paragraph 132," I am also inclosing amendment with proper heading, namely, "paragraph 130, H. R. 3321" (razors).

If you will kindly at proper time give this particular paragraph with reference to razors your attention, you will have the heartfelt gratitude of the various companies interested in the manufacture of these goods.

Both Mr. Turner, of the Torrey Razor Co., and myself hold ourselves at your command to furnish any information your honorable committee may wish at any time on the subject of razors.

WASHINGTON, D. C., *May 2, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate.

SIR: We respectfully submit attached amended paragraph arranged to allow by rigid economy in labor and management the life of the razor industry in this country.

First, Senator, you will note that as razors and pocketknives are of necessity made by totally different methods of construction and go to the trade with different comparative values, they should be separate and classed by themselves in order to do justice both to the pocketknife manufacturres and razor manufacturers. Therefore the razor rates only are touched on in this amended paragraph.

Please note that no razors under $1 per dozen can be made in this country with living wages, while over 1,000,000 per year are imported. Therefore, comparing (Government records for year ending June 30, 1912) the razors imported under the Payne law we have:

Valued at—	Average ad valorem duty.
$1 and under $1.50	0.8841
$1.50 and under $2	.9829
$2 and under $3	.8804
$3 and over	.8041
Blades, etc., less than $3	1.0710
Blades, etc., over $3	.8710
Total average ad valorem	.9157
H. R. 3321, $1 and over	.5500
Total reduction	.3657

Bear in mind, please, Senator, that Germany imports now two and one-half times each year the total production of the American factory. We simply can not survive this drastic cut even with severe labor reductions and economy in management.

Still not considering the cheap razor our request amounts to an increase of only 10 per cent on the higher grade razors, which we pray your honorable committee will see fit to grant.

Please command us at any time for a personal appearance before your committee or call upon us for written facts, if desired.

Respectfully, ——— ———.

[Inclosure.]

Proposed Senate amendment to H. R. 3321, paragraph 130.

130. Penknives, pocketknives, clasp knives, pruning knives, budding knives, erasers, manicure knives, and all knives by whatever name known, including such as are denominatively mentioned in this section, which have folding or other than fixed blades or attachments, all the foregoing whether assembled but not fully finished or finished, valued at not more than $1 per dozen, 35 per cent ad valorem; valued at more than $1 per dozen, 55 per cent ad valorem: *Provided*, That all blades, handles, or other parts of any of the foregoing knives or erasers shall be dutiable at not less than the rate herein imposed upon the knives and erasers of which they are parts. Razors, whether assembled but not fully finished or finished, valued at not more than 50 cents per dozen, 35 per cent ad valorem; valued at more than 50 cents per dozen, 65 per cent ad valorem: *Provided*, That blades, handles, or other parts of any of the foregoing razors shall be dutiable at not less than the rate herein imposed upon the razors of which they are parts. Scissors and shears, and blades for the same, finished or unfinished, 30 per cent ad valorem: *Provided further*, That all articles specified in this paragraph shall, when imported, have the name of the maker or purchaser, and beneath the same the name of the country of origin die sunk conspicuously and indelibly on the blade, shank, or tang of at least one or, if practicable, each and every blade thereof.

Par. 133.—FILES.

NICHOLSON FILE CO., PROVIDENCE, R. I.

May 1, 1913.

The Committee on Finance,
United States Senate, Washington, D. C.:

The undersigned, the Nicholson File Co., of Providence, R. I., being a manufacturer in the United States of files and rasps (here-

inafter included in the general term of files), respectfully request a continuation of the present rates of duty on their product, and submit for your consideration the following facts to reasonably justify their request:

DISTRIBUTION OF FILE INDUSTRY IN UNITED STATES.

There are in the United States some 25 to 30 makers of machine-cut files, with plants located in Illinois, Indiana, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, and Wisconsin, employing about 6,000 hands, besides from 30 to 40 smaller concerns scattered throughout the country.

There exists, and has always existed, between the file makers of this country actual and active competition of the keenest kind. These file makers are—at least in so far as this company is or has been concerned, or is aware—entirely independent of each other in the conduct of their business, with no trade agreements or relations of any character, either directly or indirectly, affecting their affairs.

THE MANUFACTURE OF FILES.

The manufacture of files is a complex process and one which can be undertaken successfully only by workmen long skilled in the industry. Each file, from the time when it is cut from a bar of specially rolled steel until the time when it is placed in our finished stock ready for shipment, must pass through from 20 to 26 processes or operations and must be handled from 75 to 90 times.

The making of files is not in any sense of the word an automatic process. While machinery is used to perform the principal operations, each machine requires one, and in many cases two, attendants, and in the great majority of cases the operation includes only one file at a time.

No less than 6,000 varieties of files are regularly made by this company. Every one of these files is a fine-edged tool, and after passing the cut stage is a very delicate tool and easily ruined or damaged if not handled with the utmost care.

In this industry only skilled workmen, together with a small number of helpers and laborers, are employed. This skilled class of labor, having been trained for many months before becoming proficient, is invaluable to the industry and commands extremely good wages—wages far in excess of those paid in any other country in the world for the same class of labor.

LABOR COST.

In the manufacture of files the percentage of labor cost is very high, in many cases as high as from 80 to 90 per cent of their total cost.

We present herewith (marked "Exhibit A") a 2-inch round file. In producing these files 1 pound of steel, costing 25 cents, will make 83 dozen files, having a net value of $68.06. The labor expended on this pound of steel enchances its value two hundred and seventy-two times its cost.

We also present herewith (marked "Exhibit B") a 5½-inch needle file. One pound of this steel, costing 19 cents, will make 8 dozen files,

having a net value of $6.72, the labor enhancing the value of the steel thirty-five and one-third times.

We also present (marked "Exhibit C") a 14-inch flat bastard file. One dozen of these files requires 21 pounds of steel, at a cost of 3½ cents per pound, or 73½ cents for the dozen files. These files have a net value of $2.91 per dozen, the labor enhancing the value of the steel three and eight-tenths times.

A casual examination of the samples shown will, we believe, demonstrate the reason for the great comparative cost of labor in the cost of any finished file.

PRICES.

The Nicholson File Co. has made no advance in prices in the past 13 years, but year by year has constantly and continuously lowered its price in competition with other makers, a decrease which has been effected in spite of the fact that the manufacturing cost has greatly increased, due to the advance in rates of wages paid, cost of materials, fuel, and supplies. All fixed charges have also increased through the reduction in operating time enforced by State legislation.

A reduction of the tariff on files, with the consequent reduction in price enforced upon the American manufacturer, would not, we believe, result in lower prices to the ultimate consumer of this commodity; that is, the large number of consumers who buy files from the retail hardware store. Although our average prices to the jobbers have declined each year, the retail price of files has been practically stationary for many years, and would not vary even were the manufacturers' selling prices to be lowered by a considerable amount.

Within the past few weeks we have purchased in a dozen or more retail hardware stores, scattered through several different cities, an assortment of 20 different files commonly in use throughout the country. A comparison of our net selling prices on these files with prices actually paid in these retail stores shows an increase over the manufacturers' price of from 94.4 per cent to 257.1 per cent.

EXPORT BUSINESS.

Among the 57 file makers in the United States only 4, to the best of our knowledge, do any export business. Our purpose in developing an export trade has been to secure an outlet for our product in depressed seasons, a policy which enabled us, in 1908, when many manufacturers were forced to close their factories or greatly reduce their working forces, to keep our hands steadily employed without any reduction in wages, a system which at such periods of depression is a great benefit to the country.

When we started our export business we were substantially aided in entering foreign markets because our files were carefully wrapped, neatly boxed, and plainly labeled, these features being peculiar to the American-made product, thus making an attractive package on the dealers' shelves. This advantage has, however, disappeared, because our foreign competitors have very largely copied and duplicated our methods of packing and boxing.

In none of the manufacturing countries of Europe do we get more than a very small share of the total file business, and what we do get

is because we have succeeded in interesting certain dealers to stock and push the sale of our particular brands of files by making them a special feature. We can not on a strictly competitive basis obtain much of the file trade of these countries.

In such progressive countries as Sweden and Japan the domestic manufacturers have almost entirely forced us out of the market.

Without the advantages derived from our export trade our unit cost and consequently our selling prices would necessarily be much higher to-day than is the case, and we fail to see how a reduction of the tariff will enable us to exploit our export trade any more persistently or successfully than we have done for years.

Were it possible for us to extend our foreign markets, still retaining our home market, we could to-day give employment to fully 25 per cent more help without increasing our capacity.

REVENUE FROM FILE IMPORTS.

The present revenue derived from the duty on file imports is approximately $40,000 per year. If the present Underwood bill is adopted it will result, in accordance with the committee's own estimate, in the importations being increased nearly threefold, and yet in yielding a revenue of only $3,000 more than at present.

This change, therefore, will result in only a very slight increase of revenue to the country at the customhouse. It will also result in reduced profit to the American file makers, and thereby a net loss to the Government because of the shrinkage of the amount of the excise tax collected from the industry. And, more serious still, the loss of employment to American labor by just the amount of product represented by the increased importations.

AD VALOREM VERSUS SPECIFIC DUTY.

For over 35 years the duty on files has been specific as opposed to ad valorem. We would greatly regret any change from this specific type of duty because—

First. The fair determination of an ad valorem duty in the case of files would be a very difficult process.

Second. The actual duty would become uncertain and subject the American manufacturer to the vagaries and fluctuations of the foreign market—always at the mercy of that foreign country which is at the particular time most depressed.

DANGER OF CHANGE FROM SPECIFIC TO AD VALOREM DUTY.

We are advised that it is a common practice among some European file makers now to undervalue invoices of files going into several South American countries where there is at present an ad valorem duty. In fact we have received orders for these markets, placed with the conditions that we also undervalue our invoices when making shipments. Never, have we, however, consented to do so.

There would surely be great undervaluation of imports entering the United States under the proposed Underwood tariff bill, notwithstanding the administrative features of the bill, which we have carefully examined. Such undervaulation would be practically im-

possible to detect at the customhouse, except by a file expert, especially in the case of a shipment of high grade files being received and billed for customs purposes at the value of low or medium grade files. For example, see samples shown:

10-inch mill bastard—	
Highest grade, value for 100 dozen	$122.47
Medium grade, value for 100 dozen	80.18
Low grade, value for 100 dozen	07.28

No one by looking at these files could tell, unless perfectly familiar with the marks on them, the difference in quality and value between them, especially the first two. Therefore, who could place a proper value on them to check the invoice value submitted to the customhouse for payment of duty?

RESULTS OF LOWER TARIFF ON FILES.

If the tariff on files is reduced as proposed, one of two things will result:

First. Either the increased importations will cause us to reduce our prices to at least a level with the imported article in order to retain the balance of the trade; or,

Second. In order to prevent an increase of importations we will have the same conditions to meet and be forced to combat them by greatly reducing our prices.

In either case the earning power of labor will be diminished and the ultimate purchase price of this article will remain unchanged.

If files are imported to a much larger extent than at present the result will be that American makers can not run their factories at their present capacity. Every dollar's worth of files imported in excess of the present rate means one dollar's worth less of files made in this country—a loss directly to labor. And, furthermore, each dollar which leaves this country to pay for goods manufactured abroad supports labor abroad rather than here, and reduces the national wealth by exactly that amount; whereas if the same dollar was spent for goods manufactured in this country, we would have the same commodity and the dollar would support American and not foreign labor.

EXISTING DUTY.

The present tariff on files, as established by the act of 1909, provides specific duties as follows:

		Cents.
Class 1, 2½ inches and under	Per dozen	25
Class 2, over 2½ inches and under 4½ inches	do	47½
Class 3, over 4½ inches and under 7 inches	do	62½
Class 4, 7 inches and over	do	77½

These specific duties are approximately 15 per cent below the rates of the act of 1897, and are lower than ever before.

Any reduction of the existing tariff, which experience shows is by no means prohibitive, will seriously affect this industry, except by a most radical cheapening of labor.

We therefore, for the reasons hereinbefore set forth, respectfully petition that the existing r[illegible] of duty on files, as provided by the act of 1909, be maintained unc[illegible]ed.

ALTERNATIVE.

If, however, the Congress of the United States should decide that a reduction of the tariff on files be imperative, we then submit the following recommendations:

First. That the duty on files be assessed on the basis of specific and not ad valorem rates;

Second. That the same classification of sizes be maintained as in the present tariff; and

Third. That rates no lower than as follows be adopted:

		Cents.
Files 2½ inches and under	per dozen	22½
Files over 2½ inches and under 4½ inches	do	42½
Files over 4½ inches and under 7 inches	do	55
Files 7 inches and over	do	70

which would result in an average reduction of 10½ per cent below the existing rates, and approximately 25 per cent below the rates in force under the tariff law of 1897.

MURCOTT & CAMPBELL, 296-300 UNION AVENUE, BROOKLYN, N. Y., BY THOMAS MURCOTT.

BROOKLYN, N. Y., *May 26, 1913.*

Hon. F. McL. SIMMONS,
Washington, D. C.

DEAR SIR: We would respectfully call your attention to the proposed tariff schedule on files. We manufacture hand-cut files and employ about 150 men and operate the largest hand-cutting file factory in the United States. We are an independent concern and have been in this business in Brooklyn, N. Y., for over 45 years.

The cost of the labor in producing our files is about 65 per cent of the total cost, and we pay 117 per cent more for this labor than that which is paid in Europe for the same kind of labor.

Nearly all of the files now imported are of the higher grade, or hand cut, because the labor is so great a factor in the production of these files and the foreign labor is obtained at so low a cost. Consequently our labor and wage scale costs more and there is absolutely no doubt that we could not compete against the foreign made, should the proposed tariff rate on files of 25 per cent ad valorem be confirmed to cover also on hand-cut files. We have gone over the matter carefully and find that the duty on hand-cut files in order to be just should be at least 40 per cent ad valorem. Otherwise it would just mean that we would have to stop making hand-cut files or the cutting down of the price of labor which is hardly to be considered at this time.

We have thus far abstained from troubling you in a matter affecting our business interests, but on calculating the effect of a 25 per cent ad valorem duty on files, as proposed in the pending tariff bill, section 133, we have come to the conclusion that it is our duty to ourselves and to 150 of our employees, whose petition is herewith transmitted, to request your attention to our particular branch of

the file industry, namely, the making of hand-cut files, which could not survive the disastrous competition with foreign makers of hand-cut files if the proposed tariff rate of 25 per cent ad valorem on files should go into effect and also cover hand-cut files. As far as files in general are concerned, hand-cut files are a specialty (an entirely different article than machine-cut files), and, in our opinion, to obtain the results which we understand you desire—namely, even competition with European manufacturers—should be so treated and a duty to that effect imposed.

Files cut by hand are superior to the ordinary machine-cut files, which are made and sold in enormous quantities. There is, however, a fair demand for hand-cut files, and some of the very largest users purchase them exclusively and prefer them, as they find them better files and more suitable for their requirements.

The smaller independent manufacturers of files make the best files in this country. They take a pride in their work, give their personal attention to it, bring up their workmen to the highest state of efficiency, and offer the consumers the best value for their money that can be produced.

Both here and in Europe hand-cut files are made exactly in the same way, mainly cut by hand, and the proficiency of the foreign workmen can not be said to be inferior in productive capacity to the workmen we employ or can obtain. Hence, the wage scale, which is piecework on all hand cutting of files, affects our branch of the file industry much more and in a different way than it does the manufacturer of machine cut files, and the labor cost is so much greater, being, as previously stated, about 65 per cent of the entire cost of production, that a 25 per cent duty will not enable us to meet foreign competition.

This is shown by the comparative statement of piecework wages paid per dozen here and in Europe, herewith transmitted, showing an average difference of about 117 per cent more wages paid in this country, and while we have some advantages in methods of manufacture over the European file makers generally, and hence do not claim that it is necessary to give us the full duty required to equalize labor costs, we find a duty of at least 40 per cent ad valorem instead of 25 per cent necessary to compete with foreign makers of hand-cut files.

The large manufacturers, by supplying the great bulk of machine-cut files used, have checked the growth of smaller manufacturers of hand-cut files, and if we are to meet the additional competition of European labor costing half as much per dozen to make as we pay, and producing the same high quality of files we produce, it would be equivalent to turning over the market for hand-cut and other high-grade files to the European manufacturer.

This difference in the labor cost of high and lower grade work seems to have been realized by the Ways and Means Committee of the House of Representatives when it proposed a tariff of 35 per cent per dozen on penknives and other cutlery costing $1 per dozen and 55 per cent on knives costing over $1 per dozen (sec. 130 of the pending bill), thus distinctly recognizing the need of a higher rate of duty on high-grade products than is necessary to put on low-grade products of the same kind.

We therefore hope you will find it consistent with your own views to give the petition of our workmen and this letter the consideration which we feel it deserves. if the principle underlying the present revision is, as we understand it to be, to enact a fair competitive instead of a protective tariff, giving the American producer at least an equal chance in our market as is accorded to his foreign competitor.

We would appreciate very much your kind and favorable consideration of this matter.

P. S.—We also inclose letter from C. B. Wheeler, lieutenant colonel, Ordnance Department, United States Army, at the Watertown Arsenal. This letter shows that the War Department of the Government recognizes the distinction between hand-cut and machine-cut files.

[Inclosure.]

Schedule of prices paid for cutting files by hand in Murcott & Campbell's factory, 296 Union Avenue, Brooklyn, N. Y. (where part of the cutting is done by machinery, we pay an even greater difference in price for the proportion of handwork on our files than is shown in this schedule); also net prices paid for cutting files by hand at Yupfre Pommig, Germany.

SCHEDULE OF PRICES PAID FOR LABOR OF CUTTING.

	Murcott & Campbell, Brooklyn, N. Y.	Yupfre Pommig, Germany.
Flat bastard files:		
1 dozen 4-inch	$0.35	$0.21
1 dozen 6-inch	.46	.26
1 dozen 8-inch	.53	.31
1 dozen 10-inch	.73	.36
1 dozen 12-inch	.91	.47
1 dozen 14-inch	1.17	.62
1 dozen 16-inch	1.53	.75
1 dozen 18-inch	2.11	.99
1 dozen 20-inch	2.84	1.30
	10.51	5.27
Flat second-cut files:		
1 dozen 4-inch	.44	.23
1 dozen 6-inch	.54	.28
1 dozen 8-inch	.70	.36
1 dozen 10-inch	.88	.49
1 dozen 12-inch	1.10	.62
1 dozen 14-inch	1.40	.73
1 dozen 16-inch	1.92	.93
1 dozen 18-inch	2.65	1.14
1 dozen 20-inch	3.54	1.45
	13.23	6.23
Flat smooth files:		
1 dozen 4-inch	.61	.23
1 dozen 6-inch	.70	.34
1 dozen 8-inch	.91	.47
1 dozen 10-inch	1.12	.60
1 dozen 12-inch	1.35	.73
1 dozen 14-inch	1.77	.94
1 dozen 16-inch	2.34	1.14
1 dozen 18-inch	3.43	1.35
1 dozen 20-inch	4.68	1.87
	16.91	7.09

Schedule of prices paid for cutting files by hand in Murcott & Campbell's factory, 296 Union Avenue, Brooklyn, N. Y., etc.—Continued.

SCHEDULE OF PRICES PAID FOR LABOR OF CUTTING—Continued.

	Murcott & Campbell, Brooklyn, N. Y.	Yupfre Pommig, Germany.
Half-round bastard files:		
1 dozen 4-inch	$0.51	$0.23
1 dozen 6-inch	.62	.28
1 dozen 8-inch	.86	.39
1 dozen 10-inch	.94	.49
1 dozen 12-inch	1.09	.63
1 dozen 14-inch	1.40	.75
1 dozen 16-inch	1.87	.94
1 dozen 18-inch	2.70	1.17
1 dozen 20-inch	3.27	1.40
	13.06	6.28
Square second-cut files:		
1 dozen 4-inch	44	.23
1 dozen 6-inch	.54	.28
1 dozen 8-inch	.70	.36
1 dozen 10-inch	.88	.49
1 dozen 12-inch	1.11	.62
1 dozen 14-inch	1.46	.73
1 dozen 16-inch	1.92	.93
1 dozen 18-inch	2.65	1.14
1 dozen 20-inch	3.54	1.45
	13.24	6.23
Square smooth files:		
1 dozen 4-inch	.64	.28
1 dozen 6-inch	.82	.34
1 dozen 8-inch	1.05	.47
1 dozen 10-inch	1.26	.60
1 dozen 12-inch	1.52	.75
1 dozen 14-inch	1.98	.91
1 dozen 16-inch	2.62	1.14
1 dozen 18-inch	3.80	1.35
1 dozen 20-inch	5.12	1.87
	18.81	7.69

This list shows the comparative cost of cutting by hand 54 dozen of standard sizes, cuts, and shapes of files used more than others by mechanics in general; in other words, they are the files most commonly used.

We pay our men to cut these 54 dozen files, if entirely hand cut, $85.79; Yupfre Pommig pays his men to cut these 54 dozen, if entirely hand cut: $39.39; difference, $46.40.

NOTE.—We inclose their price list; also our list.

Our cost of 1 dozen 14-inch flat bastard hand-cut files:

Forging	$0.10
Annealing and pickeling	.12
Grinding	.10
Stripping	.03
Cutting	1.17
Hardening	.25
Packing, test, etc	.15
Overhead labor	.29
Total labor	2.21
Management, labor, and expenses	.38
Steel	.70
Total	3.29

This shows the labor cost of our files to be about 67 per cent of the entire cost of their production.

Assuming that the European manufacturers of hand-cut files have the same management, overhead expenses, and pay as much for steel as we do (which they do not),

1 dozen 14-inch flat bastard files, the labor costs us $2.31 and the total cost of producing our files is $3.29, whereas to the German firm the labor costs them $1.02, which is 117 per cent less than it costs us.

General agreement of the file workers of Vienna, Austria, made between the representatives of the file cutters belonging to the (Feinzeug Schmiede) Union of Vienna, on one part, and the representatives of the journeymen's union in presence of the delegate of the said union and the representatives of the Association of the Iron and Metal Workers of Austria, on the other part.

Working hours.—The working hours are set at 54 hours per week. Special arrangements in regard to the division of this time are left to the individual factories, and are to be announced by display signs in the respective shops.

Overtime.—For overtime 10 hellers (2 cents) more are paid per hour. Overtime counts all time which is made over and above the daily nine-hour time.

Schedule of wages based on crowns and hellers per piece.

[This list is made up in hellers: 5 hellers equal 1 American cent, 50 hellers equal 10 American cents, 500 hellers equal 1 American dollar.]

Length.	Rough, flat, square, 3-inch.	Bastard.		Second cut.		Smooth.		Horseshoe rasps.
		Flat, square, 3-inch.	Round, ½-inch, crossing.	Flat, square, crossing.	Round, ½-inch, crossing.	Flat, square, 3-inch.	Round, ½-inch, crossing.	
3 inches (75 mm.)	4	7	7	8	11	8	12	....
4 inches (100 mm.)	6	8	9	9	12	9	13	....
5 inches (125 mm.)	7	9	10	10	13	10	15	....
6 inches (150 mm.)	8	10	11	11	16	13	17	....
7 inches (175 mm.)	9	11	13	12	19	15	19	....
8 inches (200 mm.)	11	12	15	14	22	18	22	....
9 inches (225 mm.)	12	13	17	16	24	20	25	....
10 inches (250 mm.)	13	14	19	19	27	23	29	24
11 inches (275 mm.)	14	16	21	21	30	26	33	26
12 inches (300 mm.)	16	18	24	24	33	29	37	28
13 inches (325 mm.)	18	21	26	26	37	33	42	30
14 inches (350 mm.)	20	24	29	28	42	36	48	32
15 inches (375 mm.)	23	26	32	32	48	40	55	35
16 inches (400 mm.)	27	29	36	36	52	44	62	37
17 inches (425 mm.)	30	33	41	40	56	48	68	40
18 inches (450 mm.)	34	38	45	44	59	52	76	....
19 inches (475 mm.)	38	44	49	50	66	62	84	....
20 inches (500 mm.)	44	50	54	56	70	72	94	....

Over 500 mm. (20 inches) per 25 mm. (1 inch), 8 hellers (1.6 American cents) is paid more.

JOSEF GLIKNER.
KARL GOLL.
CARL SCHWEIGER.

I certify that the above is a correct translation both as to text and figures.

P. DONAFICO,
Notary Public, Kings County, N. Y.

AFFIDAVIT.

MAY 6, 1913.

I, Karl Goll, being duly sworn, propose and say that I am a file cutter, employed by Murcott & Campbell, of Brooklyn Borough, N. Y.; that I came to this country from Vienna, Austria, where I worked at my trade in the file works of Franz Anders; that practically the same processes and working methods are used here as in Vienna, and that the productive capacity per man is not materially larger here, if any at all, in making hand-cut files; that the scale of wages paid in the Austrian factory, which is hereto attached, was hung up in that factory when I worked there, and that all workmen engaged in file cutting were paid by that scale; that I have carefully compared the translation of said scale with the original printed in German, and find that the translation hereto attached is correct and shows the identical wages I received

per dozen files when working in the Austrian shop; and to the best of my knowledge all workers in all file shops in Vienna were paid according to the same scale of wages for each dozen files made.

I further declare that from recent information received by me the same wage scale is still used in Austrian shops and is a fair average of the wages paid in Europe for this kind of work.

JOSEF GLIKNER.
KARL GOLL.
CARL SCHWEIGER.

Sworn and subscribed to before me, 6th day of May, 1913.

P. DONAFICO,
Notary Public, Kings County, N. Y.

WATERTOWN ARSENAL,
Watertown, Mass., January 11, 1913.

MURCOTT & CAMPBELL,
File Manufacturers, Brooklyn, N. Y.

GENTLEMEN: I have the honor to request that you furnish this arsenal with your discounts from the standard list on hand-cut and machine-cut files; also, for recutting by hand and machine.

The discounts quoted on hand cut should be f. o. b. Watertown Arsenal, Mass., and the discounts on recutting should include transportation charges both from and to this arsenal.

Respectfully,

C. B. WHEELER,
Lieutenant Colonel, Ordnance Department,
United States Army, Commanding.

Par. 135.—BREECH-LOADING RIFLES.

SCHOVERLING, DALY & GALES. BY JOSEPH GALES, PRESIDENT.

NEW YORK, *April 14, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: I desire to call your attention to one paragraph in the new tariff bill as published, which is certainly very surprising, unreasonable, and unwise; the item breech-loading rifles, these are placed in schedule 137, House bill, whereas they have always heretofore been classed with goods named in schedule 136.

The tariff on these goods in 1909 bill was 25 per cent; the tariff on the other items of this class, namely, in schedule 136, have been reduced to 15 per cent, whereas breech-loading rifles have been taken out of this schedule and advanced to 35 per cent for no reason whatever that the merchants handling these goods can discover, except that it is done in the interest of a very small number of rifle makers, all of whom are doing a large, successful, and profitable business. Referring to one of those most directly affected, the writer was offered, as a special opportunity, certain shares of the stock at $1,200 per hundred-dollar share; naturally being an importer he did not have the money to make the purchase.

This item is simply mentioned to show the trend of the business and how much or how little the manufacturers require this protection.

The proposed rate, you will see, advancing from 25 per cent to 35 per cent is really an advance of 40 per cent in the duty, whereas on

muskets and muzzle-loading rifles the rate was reduced from 25 to 15 per cent.

From a long and large experience in handling breech-loading rifles I am entirely positive that the advanced rate will not only reduce the import, but will largely reduce the net amount of duty received from this class of goods.

I therefore urge that, while it is only a small item comparatively, the Finance Committee will not permit this unwise and unjust schedule to stand.

Par. 136.—ALUMINUM UTENSILS.

ROTHSCHILD, MEYER & CO., NEW YORK, N. Y.

NEW YORK, *May 2, 1913.*

[Schedule C, paragraph 136.]

Table, kitchen, and hospital utensils, or other similar hollow ware of aluminum or of iron or steel, enameled or glazed with vitreous glasses, but not ornamented or decorated with lithographic or other printing, 25 per cent ad valorem.

We have to suggest that the wording of the above paragraph be changed to read as follows:

Table, kitchen, and hospital utensils, or other similar hollow ware of iron or steel, enameled or glazed with vitreous glasses, 25 per cent ad valorem.

The reason for the omission of the word "aluminum" is that articles made of aluminum are not enameled with vitreous glasses and can not be enameled. The rate of duty of aluminum ware is covered, anyway, by paragraph 169 at 25 per cent ad valorem.

If the sentence "but not ornamented or decorated with lithographic or other printing" (which applies to enameled ware) is left to read as at present, there will be complications. Since ornamented or decorated goods are not dutiable at 25 per cent, and there being no rate provided, such goods may be assessed under paragraph 86 as chief value "glass" and carrying a duty of 45 per cent. We therefore suggest that the sentence relating to ornamented or decorated goods be entirely stricken out, or else it should be specifically stated what rate of duty ornamented or decorated enameled ware should pay.

In connection with such decorated enameled ware we wish to say that of the total importations of enameled ware into this country not more than a very small fraction, probably not 1 per cent, is ornamented or decorated. Furthermore, the value of decorated goods being from 25 to 50 per cent higher than the ordinary enameled ware, a rate of duty of 25 per cent should be sufficient. The rate of duty, however, to be fixed is not so important, the important thing being that it be clearly defined in the tariff bill what rate of duty the decorated enameled ware shall be assessed at.

The reason we take the liberty of calling the committee's attention to these errors is because we know that the paragraph as it now stands will surely lead to uncertainties on the part of the importers as well as of the appraisers, and we respectfully suggest that the appraisers of this department be consulted in regard to the wording of this paragraph.

Par. 137.—LATCH-NEEDLES.

FRANKLIN NEEDLE CO., FRANKLIN, N. H., BY GEORGE L. HANCOCK, TREASURER.

FRANKLIN, N. H., *May 13, 1913.*

Hon. F. McL. SIMMONS,
Chairman of Finance Committee, Washington, D. C.

DEAR SIR: We wish to impress you with the necessity for an increase, rather than a decrease, in the tariff on latch needles.

The inclosed copy of a letter, sent Hon. Nelson W. Aldrich at the time the Payne-Aldrich bill was under consideration, explains the comparative cost of labor in the manufacture of latch needles in this country and Germany.

Latch needles which the American manufacturer sells at $9 per 1,000 can be and are being purchased from the German agents at $7.50 per 1,000. The American needle maker can not live and sell needles at such a low price.

Fully 85 per cent of the cost of manufacturing latch needless is in labor, and there is a steady demand for increased wages. Since 1909 our wages have been increased between 6 and 7 per cent and the cost of material has increased in a greater proportion. With this steady increase in the cost of wages and material and a reduction in the tariff on latch needles that is already too low, the American needle maker will have to shut down his factory and turn the whole business over to the German competitor. There are several small needle makers in German to-day that are not importing into this country at the present time. With a reduction in the tariff these small needle makers will increase their capacity and establish agencies in this country, undersell the American manufacturer, and take away what trade there is that the present importers can not supply.

We earnestly hope that no steps will be taken in the new tariff that will prove detrimental to the latch-needle business of the American needle makers.

[Inclosure.]

Hon. NELSON W. ALDRICH,
Chairman Committee on Finance, Washington, D. C.

DEAR SIR: The undersigned manufacturers of latch needles, representing fully 90 per cent of all the latch needles manufactured in America, most respectfully beg to submit for your consideration the following facts to substantiate their claim for an increase in the present tariff.

We earnestly urge that section 163 of the bill introduced by you March 17, 1909, be amended to read:

"Needles for knitting called latch needles $1.50 per thousand and 50 per cent ad valorem."

As evidence of the needs of the manufacturers of latch needles for additional protection we would submit for your consideration the following comparative costs:

	Per week.
In Germany, men, skilled (old hands)	$7.00-$8.00
Young men, skilled	3.60- 5.00
Boys, unskilled	2.12- 3.00
Women, skilled (old hands)	2.75- 4.00
Young girls, unskilled	1.75- 2.50

In America we are paying—not including foremen or superintendents:

	Per week.
Men, skilled (old hands)	$9.00-$10.50
Boys, skilled	6.00- 10.00
Boys, unskilled	4.50- 6.00
Women, skilled (old hands)	6.00- 10.00
Girls, unskilled	4.50- 6.00

The price for which the bulk of latch needles used are selling in this country is from $8 to $11 per thousand. The same needles are sold in Germany for from $4 to $5 per thousand.

Fully 85 per cent of the cost of latch needles is paid for labor.

In estimating the German wages we have considered all the reports we could get as well as confidential figures from responsible and reliable sources.

The product per man and machine is fully equal in Germany to what it is in this country, and we are satisfied that a fair comparison will show the average weekly wages paid in Germany in the manufacture of latch needles is not more than 40 per cent of the wages paid in America.

In Germany there are no restrictions as to hours of labor or age of the workers, and parts of the work is taken to the homes, where each member of the family assists, and the wages paid under this arrangement are incredibly low.

The sale of German latch needles in this country has increased rapidly for the past eight years.

When the tariff of 1897 went into operation wages were low. The rates given in the tariff were not sufficient at that time to afford protection against the cheap labor of Germany.

With the constantly increasing cost of living during the past 10 years labor has demanded and received material increase in wages until the manufacturers of latch needles are paying to-day fully 20 per cent more than 11 years ago. Our operatives will compare with those of any industry in intelligence.

The cost of equipping the different plants is fully 40 per cent more in America than in Germany. The wire used in making latch needles is, much of it, made in Germany and England; we pay 40 per cent ad valorem on this stock. The mill expenses in this country, on account of higher salaries paid foremen and superintendents, higher cost of power and machinery, and a great annual depreciation on account of such high values are more Our interest rate, insurance, and taxes are all higher.

The latch needle business in this country is in the hands of separate and distinct manufacturers. It is thoroughly competitive; no trusts and no "gentlemen's agreement" are known. The competition in the industry is keen and the margin of profit small, and competition for the best help is sharp.

The increase of wages paid has placed American manufacturers of latch needles in a most serious position, making it impossible for them to continue the operation of their plants under present conditions and at present rate of wages.

It is also evident, from the fact that our home needle shops have not been much enlarged in late years, while the number of knitting machines has very largely increased, that the sale of German needles is very rapidly increasing in this country, which would not be the case if our home needle makers had adequate protection.

In the report entitled "Estimated revenue, 1909," from the Government Printing Office, the amount of needles reported to have been imported for the year ending June, 1908, is much smaller than present importations, and the average cost is lower than the lowest priced needles made in the United States.

It is only a question of time and adequate advertising by German needle makers to enable them to furnish the greater part of all the needles being used in the United States. The German needle maker is at present very canny and is not advertising his wares freely for fear of the detrimental opposition of our home makers, but the home maker finds he is not able to increase his product in any fair proportionate degree to the greatly increased number of knitting machines built and sold to new knitting mills in this country.

Needle making is one of the branches of manufacturing in which wages are necessarily high by reason of the qualification needed in the help employed.

It also has a peculiarly high proportion of wages in the cost of the product. Very few industries show so large a labor cost in the total cost of product. All the needles needed in this country can be made here with the aid of adequate protective rates.

They are confronted with the proposition either of receiving more protection, measured by the cost of manufacturing in Germany and in this country, or of reducing wages, which are none too high when cost of living is taken into consideration, or of giving the business over to Germany.

Most respectfully submitted.

E. H. Sturtevant, treasurer Franklin Needle Co., Franklin, N. H.; W. F. Duffy, treasurer Mayo Machine & Needle Co., Franklin, N. H.; C. J. Darrah, treasurer Wm. Corey Needle Co., Manchester, N. H.; A. Currier, treasurer Dodge Needle Co., Manchester, N. H.; J. E. Wilson, treasurer Wardwell Needle Co., Laconia, N. H.; John T. Busiell, president Laconia Needle Co., Laconia, N. H.; J. F. Alvord, president Excelsior Needle Co., Torrington, Conn.; W. S. Page, Page Needle Co., Chicopee Falls, Mass.; C. E. Kehoe, Charles Cooper Machine & Needle Works, Bennington, Vt.; E. E. Sawyer, president Contoocook Needle Co., Contoocook, N. H.; J. M. Shaw, treasurer George H. Adams Needle Co., Hill, N. H.

Par. 138.—FISHHOOKS AND TACKLES.

ENTERPRISE MANUFACTURING CO., AKRON, OHIO, BY J. E. PFLUEGER, VICE PRESIDENT.

The Committee on Finance,
United States Senate.

Gentlemen: Paragraph 165 of the present tariff law imposes a duty of 45 per cent on fishhooks and fishing tackle. The House bill under consideration (H. R. 18642) reduces the duty on fishhooks to 10 per cent and on all the other kinds of fishing tackle named in the paragraph to 30 per cent, paragraph 34.

Your petitioner, the Enterprise Manufacturing Co., of Akron, Ohio, protests against the proposed reduction on the ground that it would benefit neither the Government nor the consumer, but will work serious damage to the American manufacturers, and in the case of fishhooks will entirely destroy the present domestic industry and prevent their further manufacture in this country.

HISTORY OF THE PRESENT LAW.

The present tariff law is the first American tariff act which collected into one paragraph with a single rate of duty and specifically named the principal articles known to the public as fishing tackle. The necessity of such paragraph was urgent and it was demanded alike by the domestic manufacturers and the customs administrative officers. Not a single article of fishing paraphernalia was named in prior tariff laws in terms with which fishermen were familiar. Great confusion and uncertainty prevailed in the enforcement of these tariff laws with reference to such articles and different rates of duty were imposed at different customhouses on the same kind of goods.

For several years after the tariff act of 1897 was passed the bulk of the fishhooks imported was assessed the average rate of duty charged by that law and furnished adequate protection. Then came an administrative ruling by which fishhooks were changed to another classification, which made them practically duty free, contrary to the evident intent of the framers of the law.

The tariff act of 1909 put an end to all this confusion and uncertainty. Paragraph 165 named the principal articles commonly known as fishing tackle and fixed a uniform rate of 45 per cent. The former rates varied from 25 to 60 per cent, and the new rate was very little, if any, increase over the average of the rate intended to be charged in the prior law.

OPERATION OF PARAGRAPH 165.

It is impossible to secure any figures as to the importations of fishing tackle under former laws. The volume of the importations of fishing tackle and the

duties paid are available for the period covered by the present law and are as follows:

Year.	Importations.	Duties paid.
1910	$152,921.76	$68,816.43
1911	170,755.77	76,810.09

The importations of fishing tackle the past year practically equaled the sales of fishing-tackle goods made by your petitioner in the same period, and the undersigned is the largest manufacturer of such goods in the United States. There are several other concerns making various kinds of fishing tackle, but very few which manufacture a complete line of such goods. Your petitioner is the largest domestic manufacturer of fishhooks.

WHY THE PRESENT DUTY SHOULD BE RETAINED.

A box of samples is herewith submitted containing various kinds of fishhooks, artificial flies, fishing baits and lures, swivels, snelled hooks, sinkers, and sundry other articles of fishing tackle; also a box containing 1,000 fishhooks put up in 10 boxes of 100 hooks each, which is sold to the jobber, freight prepaid, for 25 cents.

The manufacture of this line of goods is of comparative recent origin in this country. The market was controlled by the foreigner for so many years that his goods had acquired a reputation and a prestige it is hard to overcome. In the case particularly of fishhooks many jobbers report a prejudice against the domestic product. This can only be overcome in time.

If the domestic manufacturer can continue to enjoy the protection afforded by the present law, he can maintain a market, although the competition from abroad is keener now than before the act of 1909 was passed. In addition to English competition we are now feeling severely the effect of Norwegian competition. The domestic product is fully as good as the foreign, but we have the active opposition of the largest jobbers, who can make more money handling English hooks and who only buy of us when they have a demand for fishhooks which must be filled immediately.

We have advanced the prices of none of our goods since the present law was enacted, but, on the other hand, some prices have been reduced owing both to domestic and foreign competition. The cost of some of the foreign goods has decreased since 1909. Every domestic manufacturer is a keen competitor of every other domestic manufacturer and there has never been any combination among us.

There is even greater reason now for imposing a tariff of 45 per cent on all these goods than there was in 1909. While the wire for fishhooks costs about the same now as then, some of the material we use is much higher now, while wages have steadily increased and the cost of the labor is greater. Since 1909 Ohio has passed a law prohibiting girls 18 years of age and under from working over 8 hours a day, and the workday for women has been limited to 9 hours. Before that law was passed their workday was 10 hours. We employ female labor to wind the artificial flies and to make much of the tackle you see before you, and it is all high-priced labor, earning from $1.50 to $1.75 a day on piecework. Inexperienced girls we hire to learn the trade were formerly paid 75 cents a day while learning. At present we have to pay from 85 cents to $1 a day. In England the same labor is paid 72 cents a week. Two years ago we paid the forewoman in our fly-making department $10 a week. At present we pay her $50 a month.

The following table gives a comparison of the wages paid American and English labor engaged in making various kinds of fishing tackle. It illustrates the severe handicap under which the domestic manufacturer suffers, because the labor cost of some of his goods runs as high as 50 per cent. The English wage scale for 1909, which is given below, was obtained from sources that can be considered reliable. We are advised by the same authority that there has been no increase since then in the wages paid English operatives. On the other hand, it will be noted that there has been a considerable increase in the American wage scale since 1909.

Comparison of wages between English and American work people in the manufacture of fishhooks and tackle.

	English wages per day, 1909.	American wages per day.	
		1909	1912
Gut leaders:			
Forelady of tying leaders	$0.50	$1.25	$1.50
Tying of gut leaders (expert)	.35	1.00	1.35
Packing gut leaders (expert)	.35	1.00	1.25
Snelled hooks:			
Forelady of snelled hook department	.50	1.35	1.50
Tying snells, girls (expert)	.40	1.00	1.45
Forelady for packing snells	.50	1.25	1.35
Packers, girls (expert)	.35	1.00	1.25
Fishing flies:			
Forelady fly-tying department	.83	2.00	2.00
Fly tyers (expert)	.50	1.50	1.65
Forelady of packing department	.50	1.35	1.50
Packers, sewing flies on cards, etc. (expert)	.50	1.25	1.25
Fishhooks:			
Foreman of hook-making department	1.75	4.00	4.00
Workman, hook-making department	1.25	2.50	3.00
Foreman of tempering department	1.75	2.50	2.75
Workman, tempering department	1.25	2.25	2.50
Foreman of tumbling department	1.25	2.00	2.25
Workman, tumbling department	1.00	1.75	2.00
Foreman of japanning department	1.25	2.50	2.50
Workman, japanning department	.75	1.75	2.00
Forelady of packing department	.48	1.25	1.50
Girls, packing department	.33	1.25	1.35

The kinds of fishing tackle you see displayed here can hardly be called necessities. They are luxuries, and those who buy can easily afford to contribute what little they do to the United States Treasury. The margin of profit to us on the box of plain hooks you see here is less than 1 cent a box, and over one-half the cost is labor.

The English manufacturer can turn out the same goods at 19½ cents a box. Reduce the tariff to 10 per cent and the foreign hooks can be sold here at 21½ cents a box, or 2½ cents a box less than they cost us.

The same argument can apply with equal force to the proposed reduction of tariff on all articles in the paragraph except fishhooks. These goods are luxuries and are not consumed by the poor. The present rate of duty is a good revenue producer. Lowering the duty might not increase the revenue, but certainly would cripple the American manufacturer and lower the scale of wages paid the American laborer.

We therefore respectfully petition for the retention of the present rate of duty set forth in paragraph 165 of the tariff law.

Par. 139.—STEEL-ENGRAVED PLATES.

JOHN C. POWERS, REPRESENTATIVE OF THE BRITISH-AMERICAN BANK NOTE CO., BY HERBERT J. LYALL, COUNSELOR AT LAW, NEW YORK, N. Y.

MAY 9, 1913.

Hon. CHARLES F. JOHNSON,
Senate Office Building, Washington, D. C.

DEAR SIR: I inclose herewith a memorandum of four pages only which, I believe, clearly shows that the business of making steel-engraved securities is a practical monopoly in the hands of the American Bank Note Co. This condition makes high prices for consumers and yields the Government practically no revenue. We ask that these goods be put on the free list, and believe that the result will be a material reduction in the price of steel-engraved securities and the breaking up of the present monopoly.

When Mr. Powers and myself were in Washington last week we presented the matter to Mr. Redfield, Secretary of Commerce, and he sent us to Senator Simmons, with his approval of our suggestion, but we were unfortunately unable to see him.

Senator Shively, of Indiana, also gave his consideration and approval of the amendment contained in this brief, suggesting a slight change in its language, which has been duly noted. I believe, also, that Senator Hughes is favorably inclined to the amendment, and that if the Senate Finance Committee suggest this amendment to the House it will be favorably received by Mr. Underwood and his fellow members on the Ways and Means Committee.

I trust that you will find opportunity to read the inclosed memorandum, and if the matter meets your approval will give it your valuable support.

If any further information is desired, or any corroboration of the statements contained in our brief, I shall be glad to supply it, if possible.

[Inclosure.]

Monopoly of steel-engraved securities and the tariff.

TARIFF GIVES MONOPOLY TO AMERICAN BANK NOTE CO.

The business of making steel-engraved securities in this country is at present a practical monopoly in the hands of the American Bank Note Co., of New York City. This monopoly is realized and maintained by means of two special privileges—first, the tariff duty of 25 per cent ad valorem on such engravings and 20 per cent on "steel plates engraved," and, second, the privilege granted by the New York Stock Exchange of engraving the securities listed on that exchange, which carries with it very much work not intended to be listed at the time of issuance.

STOCK EXCHANGE LISTING PRIVILEGE.

In answer to the assertion that the American Bank Note Co. has a monopoly of the engraving of securities listed on the New York Stock Exchange, the exchange (which must of necessity assume a proper position of guardianship regarding quality of work and reliability of the manufacturer) has recently published a pamphlet which contains the following statement:

"The statement that the American Bank Note Co. has a monopoly of the engraving of securities admitted to the stock list is not true. In 1892, when the New York Bank Note Co. was organized, and for many years thereafter, there were, besides the American Bank Note Co., several engraving companies entirely independent of the American whose work was admitted to the stock list. *These companies were eventually acquired by the American.*[1] Since they were so acquired the stock-list committee has been authorized to pass upon the work of the other companies which are entirely independent of the American, and there are now four such companies whose work is admitted to the stock list. One of these is located in Brooklyn, one in Pittsburgh, one in Canada, and one in London."

In this connection, however, it is important to know that of the four companies mentioned, the Brooklyn and Pittsburgh companies are both of such limited capacity that they can turn out only a small fraction of the work of this kind that is needed year by year, and the London and Canadian companies are barred from this market by the tariff of 25 per cent on the engraved securities and 20 per cent on the steel plates. Thus, while the American Bank Note Co. has no exclusive privilege of engraving securities it does have a very effectual monopoly of this business, *and this monopoly is protected and fostered by the tariff.*

[1] Italics are ours.

LARGE BUSINESS.

That this business is of large volume and value is evidenced by the annual report of the American Bank Note Co., published in New York papers of March 5, showing that the company is a $10,000,000 company, and that "the most important part of our business is unquestionably our security department."

DUTY AIDS MONOPOLY.

The duty on these goods is doing nobody any good, except the American Bank Note Co., whose monopoly it aids.

NO IMPORTS.

The Government is not benefited, since importations are negligible.

NO BENEFIT TO LABOR.

The American workmen are not benefited, since this work requires highly skilled and technical labor, and the amount of such labor is so limited that it commands a uniform price.

The consumer is not benefited, but is distinctly harmed, because of the higher price maintained by the protective tariff.

LARGE EXPORT BUSINESS.

That this is true and that the business needs no protection is plainly apparent from the fact that there is a large export business in these goods. The Government statistics for exports are not well classified, since shippers are not obliged to make detailed classifications, and goods of this sort would probably be labeled merely "printed matter."

The annual report of the American Bank Note Co., however, gives some inkling of the extent of the exportations of that company at least. This shows that:

"The American Bank Note Co. has supplied securities for over 30 of the world's Governments, covering 51 per cent of the world's area and 81 per cent of the world's population.

"Of the world's population, 554,000,000 use the dollar as a unit, and of these 438,000,000, or 78 per cent, use currency bearing our imprint."

TARIFF FOSTERS MONOPOLY.

It can not be denied that the tariff on these goods accomplishes what the tariff is so often accused of doing, namely, fostering monopoly and raising the price of the goods to the consumer.

The Underwood bill (H. R. 10) proposes a duty of 15 per cent on all engravings, and also on steel-engraved plates. (See secs. 341 and 141.) This reduction is not, in our opinion, sufficient to make an impression upon the present monopoly or do much in the way of reducing prices. Moreover, the Underwood bill continues engraved securities (under the word "engravings") in the same paragraph with ordinary printed matter and other articles which do need protection, while engraved securities surely do not.

SUGGEST BE PUT ON FREE LIST.

We therefore suggest that engraved securities and steel-engraved plates be placed on the free list without otherwise changing the paragraphs (Nos. 341 and 141, H. R. 10) where they are now included.

This, we believe, can be accomplished by leaving said paragraphs unchanged, but adding to the free list the following words:

"Steel-engraved forms for bonds, debentures, stock certificates, negotiable receipts, notes, and other securities." And also, "Engraved steel plates, dies, and rolls, suitable for use in engraving or printing bonds, stock certificates, and other securities."

This industry presents an ideal case for the application of tariff-reform principles.

SUMMARY.

In a word, here is a business which, under a protective tariff, has developed into an effectual monopoly in the hands of one large company, maintaining high prices, yet keeping out importations, while doing a large export business.

We have not the slightest doubt that if these goods are put on the free list, a breach will be made in this monopoly and the price of goods to the consumer reduced, while no workingman in the United States will be injured in the slightest. No valid objection of any sort to this change has ever been brought to our attention.

Respectfully submitted.

JOHN C. POWERS,
65 Duane Street,
New York Representative of the British-American Bank Note Co.

Par. 144.—IRON AND STEEL WHEELS AND WHEEL TIRES.

RAILWAY STEEL SPRING CO., 30 CHURCH STREET, NEW YORK, N. Y., BY H. W. RANDOLPH, ATTORNEY AT LAW, ATLANTA, GA.

ATLANTA, GA., *May 1, 1913.*

The honorable COMMITTEE:

The present tariffs on the products under discussion, to wit, iron and steel wheels for railway purposes and wheel tires, are as follows:

[Extract from customs tariff act of Aug. 5, 1909.]

Paragraph 171. Wheels for railway purposes, or parts thereof, made of iron or steel, and steel-tired wheels for railway purposes, whether wholly or partly finished, and iron or steel locomotive, car, or other railway tires, or parts thereof, wholly or partly manufactured, 1½ cents per pound; ingots, cogged ingots, blooms, or blanks for the same, without regard to the degree of manufacture, 1 cent per pound: *Provided,* That when wheels for railway purposes, or parts thereof, of iron or steel, are imported with iron or steel axles fitted in them the wheels and axles together shall be dutiable at the same rate as is provided for the wheels when imported separately.

The new schedule proposed by the House Ways and Means Committee is as follows:

Wheels for railway purposes, or parts thereof, made of iron or steel, and steel-tired wheels for railway purposes, whether wholly or partly finished, and iron or steel locomotive, car, or other railway tires, or parts thereof, wholly or partly manufactured, 25 per centum ad valorem; ingots, cogged ingots, blooms, or blanks for the same, without regard to the degree of manufacture, 10 per centum ad valorem: *Provided,* That when wheels for railway purposes, or parts thereof, of iron or steel, are imported with iron or steel axles fitted in them the wheels and axles together shall be dutiable at the same rate as is provided for the wheels when imported separately.

(See tariff handbook prepared by Hon. Daniel C. Roper, p. 105, par. 146.)

The investment in this business in the United States is approximately $25,000,000. The plants are located in the States of Illinois, Missouri, Pennsylvania, New York, and Colorado. It is estimated that employment is given to 8,000 men in this industry.

If any change is made in the existing tariff of a material nature, it would not be possible for the manufacturers of these products in the United States to compete with importations of similar products

from Europe. This is proven by the fact that they are now unable to successfully compete with the European manufacturers for the exportation of these articles to Canada, where the opportunities for securing this business are equal and the deciding factor should be one of price only. At the present time the United States manufacturers are unable to secure any business except when the demand is urgent and it is impossible to await delivery from Europe.

Investigation will show that prices for home consumption of these products in Europe are higher than the prices charged by American manufacturers of these same products to home consumers. In England and Germany tires are sold at upward of 4 cents per pound; in the United States at from 3 to 3½ cents per pound, and in no case as high as 4 cents per pound. Canada and Mexico are practically the dumping grounds of Europe for the excess production of these materials by European manufacturers, and it is certain that the United States would likewise become the dumping ground of these same products from the same sources if any material reduction were made in the duties. England protects its industry by compulsory use of British tires manufactured in England or its colonies, and Germany by high tariff. At the present time the production of these materials from the plants in the United States is largely in excess of the American demands. This fact has already reduced the price which these manufacturers can obtain for their goods to a much lower basis than the importance of the business demands and would justify; and if, in addition to this, they were confronted with the surplus products of the European manufacturers, it would have a very disastrous effect on the business and capital invested in these plants, particularly so when England has shut off any possibility of competition in the British Isles and her colonies, and Germany by high tariff.

We feel that we have a right to request simply a retention of the present duties on these materials for the purpose of conserving to this country the manufacture and sale of products for which, as above stated, this country is already oversupplied at the present time with producing capacity, with consequent low prices to the consumers, due to competitive conditions.

The foreign plants manufacturing these materials are located principally in Germany and England, there being but 3 plants in France as against 8 in Germany, 10 in England; and 3 in Belgium. Thus, it will be seen that the greater majority of the foreign manufacturers are protected from importations from this country, or practically so, and if these duties were reduced they could send their surplus products here with practically no chance of retaliation by the home manufacturer.

If competition is a desirable thing to bring about, it certainly should be reciprocal, and a one-sided competition, where the American manufacturers have no chance to get into the foreign markets on account of the facts above stated, certainly ought not to be desired. Moreover, as stated, these products are already selling in this country, due to local competition, for considerably less than these same products sell in foreign markets, and naturally the foreign manufacturer does not desire to reduce the price in this country any lower than prevailing prices, because he can sell his products already for a higher price at home, and he would only avail himself of our

markets with his surplus product or when there is a dullness in his home market.

Here we have a case, therefore, of an American industry in which a very considerable amount of capital is already invested and one in which the business has been created in various parts of the country by the ingenuity and ability of our people, and a large number of our citizens obtain employment and a livelihood, where if any material changes are made in the tariffs it would probably result in the partial destruction, if not the very material impairment, of the entire business.

For these reasons it is earnestly asked that no change be made in the duties on these specific items.

The facts above stated can and will be verified by the testimony of competent witnesses, if oral hearings and argument are permitted, and witnesses who are thoroughly familiar with this business in all its details.

All of which is respectfully submitted.

RAILWAY STEEL SPRING CO., ATLANTA, GA., BY W. W. RANDOLPH.

ATLANTA, GA., *June 2, 1913.*

The honorable COMMITTEE:

I have the honor to submit for your attention and consideration some additional facts in the above matter, as follows:

I am advised that under the McKinley bill the rates of duty on these products were 2½ cents per pound.

These duties were reduced by what is known as the Wilson Tariff Act of 1894 to 1¼ cents per pound. (See Wilson bill, par. 156.)

The same rates of duty were maintained in the Dingley bill of 1897. (See tariff act of 1897, par. 171.)

The same rates were maintained in the Payne-Aldrich bill of 1909. (See tariff act of 1909, par. 171.)

Thus, you will perceive that the tariff acts passed by both the Republican and the Democratic Parties have placed the same duties on these products, said duties being also much in excess of the rates proposed in the pending measure. I respectfully submit that thus far no satisfactory facts or arguments have been advanced requiring or justifying any change to be made, and certainly none which would justify such a radical reduction as is proposed in the pending measure.

In the original brief filed by the writer in this matter it was stated that the Underwood bill proposes to make these articles dutiable at 25 per cent ad valorem, which is a percentage reduction of 64 per cent. I respectfully submit that before such a radical alteration is made, very clear and convincing evidence ought to be brought forward to establish two propositions: First, that such a rate of duty would be fair and just to the American manufacturers, to the consumers, and to the Government; and, second, that these industries could continue to operate with a fair and just ratio of profit upon that basis of tariff duties.

It is believed by those best posted on the subject, viz, the manufacturers themselves, that the industry can not survive such a radical

reduction in the rates of duty, and for the following cogent and convincing reasons:

Investigation will disclose that in England and its colonies compulsory use of British tires is required by law.

In Germany the same condition of affairs exists in actual practice—compulsory use of German-made tires is the invariable rule.

France: Custom law of January 11, 1892, revised August, 1910. Schedule No. 214:

Rate.	Maximum.	Minimum.
	Francs.	*Francs.*
Rough, per 100 kilograms, net	12	8
Worked, per 100 kilograms, gross	15	10
For locomotives:		
Rough, per 100 kilograms, gross	12	8
Worked, per 100 kilograms, net	18	12

The United States comes under maximum tariff and, worked out, these rates are as follows:

	Maximum.	Minimum.
Cars and carriages:		
Rough, per 100 pounds	$1.05	$0.70
Worked, per 100 pounds	1.31	.88
For locomotives:		
Rough, per 100 pounds	1.05	.70
Worked, per 100 pounds	1.58	1.05

Authority: Tariff Series No. 25, issued by Department of Commerce and Labor, Bureau of Manufactures, p. 59, Tariff No. 214 for France, and also Journal of the International Custom Union for France, Schedule No. 214.

Austria-Hungary: Schedule 448, railway axles and wheel iron (hubs, tires, wheel-bearing parts, wheel disks), whether turned, smoothed or not. Rate: Per 100 kilograms gross, 14.50 kronen maximum; 12 kronen, minimum. (1 kronen equals 20.3 cents United States); has minimum rate, or $1.10 per 100 pounds.

Authority: Page 68, International Customs Union Bulletin, Schedule 448, Austria-Hungary.

These are the principal competing countries.

In the light of the foregoing you can easily preceive why and how it is the foreign manufacturer obtains a higher price for his products at home than can be obtained by the American manufacturer at home. They practically have us excluded from their markets entirely, and for the foregoing reasons.

The above facts also clearly demonstrate why the policy of both the Republican and Democratic Parties in fixing identical rates of duty on these commodities has been the same, at least since 1894.

The additional information above set forth having been brought to my attention, I respectfully submit the same to you to the end that you may have before you all the facts which I have been able to obtain. The writer is convinced that when all the facts are brought properly and clearly before your honorable committee with reference to any particular phase of the tariff act that your final judgment and decision will be based thereon and a just and proper conclusion reached and the interest of all parties concerned properly conserved.

Par. 145.—ALUMINUM.

THE GEORGE C. CLARK METAL LAST CO., OF MISHAWAKA, IND., ET AL., BY G. A. FARABAUGH, SOUTH BEND, IND.

Subject.—Aluminum, Schedule C, paragraph No. 147, H. R. 3321:

Aluminum, aluminum scrap, and alloys of any kind in which aluminum is the component material of chief value, in crude form: aluminum in plates, sheets, bars, and rods; barium, calcium, magnesium, sodium, and potassium, and alloys of which said metals are the component material of chief value, 25 per cent ad valorem.

Recommendation.—That aluminum, aluminum scrap, and alloys of any kind in which aluminum is the component material of chief value, in crude form, aluminum in plates, sheets, bars, and rods, be admitted free of duty.

The Finance Committee of the United States Senate, Sixty-third Congress.

GENTLEMEN: The undersigned, independent users of aluminum, on behalf of their customers, on behalf of independent manufacturers and fabricators of aluminum, and on behalf of the American consumers of aluminum goods and wares, make the following statement and recommendation in reference to the tariff on aluminum ingot, aluminum scrap, aluminum plates, sheets, bars, and rods.

The Payne-Aldrich tariff bill of 1909 provided for a specific duty of 7 cents per pound on aluminum ingot, aluminum scrap and alloys in crude form, and 11 cents per pound on aluminum plates, sheets, bars, and rods. The proposed Underwood tariff bill (H. R. 10) provides for 25 per cent ad valorem duty on aluminum, aluminum scrap, and alloys in crude form, and on aluminum plates, sheets, bars, and rods.

We recommend that this duty be entirely removed and that all of above-named articles be admitted into the United States free from duty.

TWELVE REASONS WHY ALUMINUM SHOULD BE ON THE FREE LIST.

(1) The aluminum raw-material industry in the United States is under the control of one corporation, the Aluminum Co. of America.

(2) The price of aluminum in the United States, with few exceptions, has always been the price of aluminum in Europe, plus the duty.

(3) The Aluminum Co. of America not only is the sole producer, but, through its subsidiary companies, has made itself the largest user.

(4) That company, because of contracts in restraint of trade, was adjudged guilty of violations of the Sherman Antitrust Act, and perpetually enjoined by the United States Government from carrying out the terms and provisions of said illegal contracts.

(5) Said injunction, however, did not relieve conditions in this industry, because of the absolute monopoly that had grown up under patents and the protective tariff.

(6) The Aluminum Co. of America, through its Canadian branch, the Northern Aluminum Co., entered into a contract with the largest European producer of aluminum, by the terms of which contract said European company was restricted in its sales in the United States, and restrained and prevented from selling aluminum to the United States Government.

(7) The industrial welfare and progress of the United States demand that trade and commerce in such a useful metal shall be unrestrained, so that its use may become as general and extensive as possible.

(8) Said company can not and does not produce enough aluminum to supply the domestic demand. Hence independent fabricators are forced to buy in a foreign market.

(9) Without substantially decreasing the Government revenue, and without imperiling any infant industry, the duty may be removed from aluminum and a strong impetus given to manufacturers of aluminum cooking utensils, castings, wires, cables, sheet and tube aluminum, aluminum articles, useful and novel, to the direct benefit of an increasingly large purchasing public.

(10) The metal aluminum, though more practical, has been discarded in many industries and other metals substituted because of inability to purchase ample supplies at reasonable prices.

(11) Aluminum on the free list would open up the foreign export trade and induce American manufacturers and fabricators to expand and successfully compete in the markets of the world.

(12) The small loss in Government revenue due to free aluminum could, more surely and more justly, be supplied by a tariff on articles not controlled by an absolute monopoly.

STATEMENT OF FACTS.

ALUMINUM.

Aluminum of recent years has come to be a very useful and practical metal. For many purposes it is better adapted than tin, zinc, nickel, steel, copper, or lead, its chief industrial competitors. It is light, strong, durable, and of high electric conductivity. Aluminum is made from oxide of alumina, which is bauxite, refined and calcined. Bauxite is a crude ore or clay, found, like limestone, in natural deposits. The chief materials used in making aluminum are bauxite, coal, limestone, petroleum coke, and soda ash, all very cheap raw materials, which, refined into alumina and treated with electrical processes, make the so-called aluminum metal.

DEMAND AND USES FOR ALUMINUM.

First. For sheet and tube aluminum in the manufacture of stamped and spun cooking utensils, for which the metal is especially well adapted because of its lightness, noncorrosive quality, and durability.

Second. For castings of all kinds used in a great number of industries, where, combined with other metals, it has added strength and lightness.

Third. For wire and cable purposes, because of its lightness, coupled with strength and conductivity, it being a better conductor, pound for pound, than copper.

Fourth. In the manufacture of useful articles and novelties of every description, for which it is particularly well adapted because of its lightness, noncorrosiveness, and durability.

Fifth. In the manufacture of steel, where in the open-hearth process it is used for dioxidizing the molten metal.

COST OF PRODUCTION AND MARKET PRICE.

The Aluminum Co. of America has not made public its cost-of-production figures. From investigations made by the Department of Justice prior to the injunction suit in the United States district court, hereinafter referred to, we are informed that the cost of production of aluminum in the United States does not exceed by one-half cent per pound the cost of production in Europe. It is a notorious fact that the Aluminum Co. of America, through its subsidiary company the Northern Aluminum Co., of Canada, has for a number of years manufactured aluminum in Canada, where the costs of labor and electrical power are on a parity with similar costs in the United States, and said company sells this Canadian-manufactured aluminum in the markets of Canada and in the markets of Europe in direct competition with European-produced aluminum.

For further information on this subject we refer your honorable committee to the Department of Justice.

For the last five years the Aluminum Co. of America, the sole producer of aluminum in this country, has held the American price of aluminum, without reference to cost, at a point just a little above or a little below the European price of aluminum plus the duty. This can be verified from the following table of prices taken from the American Metal Market, a trade publication of New York City:

	Average price in Europe (per pound).	Duty.	Average price in Europe plus duty (per pound).	Average price in United States (per pound).
	Cents.	*Cents.*	*Cents.*	*Cents.*
1908	18.80	8	26.80	30.50
1909	14.56	7	21.56	23.00
1910	15.05	7	22.05	22.25
1911	12.95	7	19.95	20.31
1912	15.25	7	22.25	21.00

PROFITS AND GROWTH OF ALUMINUM CO. OF AMERICA.

The Aluminum Co. of America, under its original name, the Pittsburg Reduction Co., was organized in 1888 with a capital stock of $20,000. Its capital stock was increased in 1889 to $1,000,000. The president of the company himself could not state before the Ways and Means Committee of the House in January, 1913, just what portion of this $1,000,000 of capital was paid in cash, what portion represented patent values, and what portion was subscribed but never paid in. (See tariff hearings, Schedule C, before Ways and Means Committee, p. 1192.)

The present capitalization of the Aluminum Co. of America is $30,000,000. The company declared a stock dividend of 100 per cent in 1908, when its capital was $3,200,000 and its profit and loss account $6,500,000.

During the consideration of the Payne-Aldrich bill the Aluminum Co. of America stated to the Ways and Means Committee of the House that it was enjoying only adequate protection. Yet in November, 1909, three months after the Payne-Aldrich tariff bill

became operative, reducing the tariff on aluminum ingot from 8 to 7 cents per pound and on sheets, bars, and rods from 13 to 11 cents per pound the Aluminum Co. of America declared a stock dividend of 500 per cent. This dividend of 500 per cent in 1909, on a capitalization of $3,200,000, represents a dividend of $16,000,000.

Mr. A. V. Davis, president of the Aluminum Co. of America, admitted in his testimony before the Ways and Means Committee of the House in January, 1913 (see Tariff Hearings, Schedule C, p. 1494), that his company in the year 1912 made from 15 to 18 per cent on its capital stock of $30,000,000, or about $5,000,000. The total production of the company for the year 1912 was 40,000,000 pounds. This gives a clear profit of 10½ cents per pound on the total production of the Aluminum Co. of America for 1912.

THE ALUMINUM CO. OF AMERICA A MONOPOLY.

The Aluminum Co. of America has an iron-bound, steel-riveted monopoly of production and control in aluminum in the United States.

The Aluminum Co. of America owns and controls more than 90 per cent of the known deposits of bauxite in the United States suitable for the manufacture of aluminum.

It produces practically 80 per cent and consumes substantially 100 per cent of the alumina used in the manufacture of aluminum.

It manufactures substantially 100 per cent of the crude and semifinished aluminum manufactured in the United States and Canada.

It manufactures and sells more than 70 per cent of aluminum cooking utensils made in the United States.

It controls the manufacture and sale of more than 50 per cent of all of the aluminum castings manufactured and sold in the United States.

It controls the manufacture and sale of over 70 per cent of all aluminum goods and novelties of general make manufactured and sold in the United States.

(For detailed information and verification of the above see bill in equity, answer, and decree in the case of United States of America *v.* Aluminum Co. of America, filed in the United States District Court for the Western District of Pennsylvania, November term, 1912. Copy of bill and decree is on file in the Hearings on Tariff, Schedule C, before Ways and Means Committee in January, 1913, pp. 1519 to 1537, inclusive.)

INJUNCTION.

The United States Government obtained an injunction against the Aluminum Co. of America for violations of the Sherman Antitrust Act and perpetually enjoined and restrained said company from carrying out the terms and provisions of certain contracts adjudged by the court to be in restraint of trade. (See copy of decree above referred to, pp. 1519 to 1537, inclusive.)

PREVENTED SALES TO UNITED STATES GOVERNMENT.

The Aluminium Co. of America entered into a contract with the largest European manufacturer of aluminum, by the terms of which contract said European company was restricted in its sales in the United States and restrained and prevented from selling aluminum to the United States Government. (See copy of the A. J. A. G. contract in tariff hearings on Schedule C, p. 1520.)

TREATMENT OF INDEPENDENT CONSUMERS.

The duty on aluminum has been used, is now being used, and, if continued, will in the future be used to oppress and crush out of business the independent users of aluminum and make the Aluminum Co. of America, through its control of the raw material and through its control of subsidiary companies, the sole producer of the products of aluminum. (See form of contract submitted by Aluminum Co. of America to its customers, copy of which appears in the hearings on tariff, Schedule C, before Ways and Means Committee, p. 1558.)

The great number of independent fabricators of aluminum have not come out in the open in their fight for free aluminum against the Aluminum Co. of America for the reason that they are absolutely and hopelessly, under the present conditions, at the mercy of that company, the sole producer. Since they must depend upon that company for their raw material or buy at a greater price at greater inconvenience in a foreign market, they fear to antagonize that company by airing their grievances before your committee. (But see letters of certain independent users on file in tariff hearings on Schedule C, pp. 1543 to 1549.)

GOVERNMENT REVENUE.

Any reduction of the duty on aluminum will help, but so distinctly promotive of monopoly in favor of the Aluminum Co. of America and so injurious to hundreds of modest business enterprises throughout the country is any duty on aluminum that this article should go on the free list. * * * The imports of aluminum are not great. The Government revenue under the proposed 25 per cent ad valorem duty would not be a very considerable item. We feel that the injury a tariff on imported aluminum is now imposing, and would continue to impose if the same were allowed to remain, on the many independent aluminum industries and on the consuming public at large, should be a strong incentive for the Government to lose this small income on aluminum and make it up on articles that are not controlled by an absolute monopoly.

AD VALOREM OR SPECIFIC DUTY.

The Payne-Aldrich tariff bill now in force provides for 7 cents per pound specific duty on aluminum ingot and 11 cents per pound specific duty on aluminum sheets, bars, and rods. The proposed Underwood bill, H. R. 10, provides for a 25 per cent ad valorem duty on all of these articles. The present foreign price on aluminum ingot outside the customhouse is about 20 cents per pound. At this price

a 25 per cent ad valorem duty would mean a tax of 5 cents specific on aluminum ingot. This reduction is very small, and under monopoly-controlled conditions at present existing would grant no relief to the independent fabricators of aluminum.

Aluminum ingot is produced in practically only one grade, 98 to 99 per cent pure. The history of the metal market unmistakably shows that the foreign price on aluminum fluctuates suddenly and to marked degrees. The fluctuation during the year 1912 was 70 per cent. Under these conditions an ad valorem duty on this metal renders the independent purchaser in a foreign market unable with any degree of accuracy to figure his cost price on contracts for future delivery. Hence he is handicapped, seriously handicapped, in bidding for his raw material, which, after fabricating, he must sell in competition in the open market with the subsidiary companies of the Aluminum Co. of America.

We recommend, therefore, that no tariff be imposed upon imported aluminum, aluminum scrap, and alloys of any kind in which aluminum is the component material of chief value, in crude form, aluminum plates, sheets, bars, and rods; that the same be admitted free of duty, and that the Government supply the deficiency in its revenue by taxing articles that are not controlled in production and sale by an absolute monopoly.

The above was submitted May 14, 1913, by G. A. Farabaugh, South Bend, Ind., on behalf of the George C. Clark Metal Last Co., of Mishawaka, Ind.; the Michigan Stove Co. of Detroit, Mich.; the Malleable Steel Range Co., of South Bend, Ind.: the Fulton Harwood Brass Foundry Co., of South Bend, Ind.; the Wheeling Stamping Co., Wheeling, W. Va.; the Buckeye Iron & Brass Works, Dayton, Ohio; the Regal Motor Car Co., of Detroit, Mich.; the Clayton & Lambert Manufacturing Co., of Detroit, Mich.; the Murphy & Potter Co., of Detroit, Mich.; the Diller Manufacturing Co., of Bluffton, Ohio; the Sterling Aluminum Co., of Erie. Pa.: and the Edwin J. Blake Brass Foundry, of Hartford, Conn.

NOTE.—This is but a synopsis of full brief now on file before the Finance Committee. For detailed information see same.

POPE METALS CO.

APRIL 24, 1913.

JOHN J. HANNAN, Esq.,
Secretary to Senator Robert M. La Follette,
United States Senate Committee on Corporations,
Washington, D. C.

MY DEAR MR. HANNAN: I have your letter of the 19th instant, and was sorry to learn therefrom that you did not meet Mr. Waltz. I asked Mr. Milton Lissberger, of New York, to call upon you when in Washington, where he expected to be on Monday and Tuesday of this week. I hope you have seen him.

Following up the idea which I desired Mr. Milton Lissberger to convey to Senator La Follette in regard to the proposed duties under the Underwood tariff bill on lead and aluminum, also upon antimony, I am inclosing you herewith extracts from recent circulars wherein I

have called attention to the ad valorem feature, particularly as it applies to lead, but the same conditions prevail on antimony and aluminum.

I give you herewith also a table showing the comparison of domestic and foreign lead prices since 1899. The table shows (1) the average New York price for each year, (2) the average London price for each year, (3) the difference between the two, (4) the London price plus ad valorem price at 25 per cent, (5) the previous amount plus bare cost of freight from London to New York.

The latter figure, however, does not include (first) the cost of marine insurance, about one-fourth of 1 per cent; (second) the cost of financing the lead while en route from London to New York, amounting to one-half of 1 per cent, and (third) the cost of delivering in New York Harbor (which is included in the domestic price) and which would amount to about 60 cents per ton. It will be seen from the table that in the year 1899 an ad valorem duty of 25 per cent would have resulted in competition between foreign and American lead on the seaboard, but not in the interior. In the year 1900 the cost of foreign lead would have been above the average price of domestic lead, even on the seaboard, by about $9 per ton. In 1901 foreign lead could have been brought into competition not only on the seaboard, but at interior points. The same is true of 1902, 1903, 1904, 1905, and 1906. In 1907 competition at best would have only been at occasional intervals. The same is true of 1908, 1909, 1910, and 1911, but during the year 1912 at only the briefest intervals, if at all, foreign lead could have been brought into competition with the domestic product and then only on the seaboard. There is a fact which must also be borne in mind, that in the event of a 25 per cent ad valorem duty existing during all of the years in question the foreign market, owing to American demand, would have undoubtedly advanced corresponding to the intensity of that demand: therefore, the costs of laying down which I have figured, plus duty and freight, should also take into consideration such a factor and its tending to equalize the price between European and domestic products in this country.

Another point which should be borne in mind is that by the system of the American Smelting & Refining Co. of charging the producers of lead bullion or miners of lead ore a freight on all lead delivered to the American Smelting & Refining Co. from the mines to New York City of 1.35 cents per pound. Now, I believe that at least two-thirds of all refined lead on which this charge of 1.35 cents per pound is deducted is not delivered at New York, but to more western points where the freight should be, on a proper adjustment of tariffs, not over 65 cents per 100 pounds. Under the system, to which I believe careful investigation would show the railroad interests are a party, if my theory be correct, the western miner pays a tribute to the American Smelting & Refining Co. amounting to the difference between $1.35 per 100 pounds and 65 cents per 100 pounds, or 70 cents per 100 pounds. The testimony before the Payne committee of the House four years ago also indicates that there is an exorbitant charge by the smelting company for loss in smelting. In the two items above referred to I believe that there is at least 1 cent per pound taken by the American Smelting & Refining Co. from the producers and probably as much more is taken from them by their system of paying the miners for lead delivered by those producers to them on their smelting

contracts which are made on the basis of an alleged New York market price. The quotation or New York market price, you will recollect, is fixed by the American Smelting & Refining Co. arbitrarily.

I desire especially to call attention to the fact that under the system of an ad valorem duty the relief which the domestic consumers of lead or any other metal may obtain as well as the revenue from imports seems to me entirely theoretical. I have endeavored to explain this in recent letters on this subject, copies of which are inclosed.

Attention should be called to the fact that immediately after the Payne-Aldrich tariff was agreed upon the public press of this country published details of a meeting which was then held at Paris, France, in which an international price and production agreement amongst lead producers of the world was made, there being present at that meeting, so the article in question stated, representatives of the American Smelting & Refining Co. If there be an international agreement amongst the lead producers of the world you will readily understand how simple a matter it is for the American Smelting & Refining Co., under the ad valorem system of duties, to raise or lower at their pleasure the amount of duty which must be paid on foreign lead imported into this country.

It seems to me to be unjust and wrongful to place in the hands of any person or corporation the power which properly belongs to the Government of fixing or changing the amount of duty or tax which citizens of this country are obliged to pay on merchandise. To all intents and purposes this is what is done by placing an ad valorem duty on lead, aluminum, antimony, and spelter. These metals, being subject to high speculative influences as well as rapid variations in price due to changing trade conditions, should be subject to a specific duty, if it is found that a duty be needed.

It seems to me that a good method of obtaining what the specific duty should be would be to take the average foreign price of lead and of the other metals for the past 10 years, and, in framing the present tariff, if it be agreed that an ad valorem of 25 per cent is the proper rate of duty, to fix the specific rate by taking 25 per cent of the ad valorem price of all those years and make therefrom the specific rate.

Aluminum.—I am inclosing herewith a copy of a letter, received this morning, relative to the situation in this metal. The letter is but a sample of various letters which we have received upon this subject from consumers of the metal in this country. We know and can prove the statements of fact to be correct. A careful comparison of the testimony of Mr. Arthur V. Davis, vice president Aluminum Co. of America, before the Payne committee (see vol. 3, Tariff Hearings, Committee on Ways and Means, 60th Cong.) with testimony brought forth from the same witness in case of The United States of America *v.* Aluminum Co. of America, as well as the "decree" of that court in the said case. (See Tariff Hearings, Committee on Ways and Means, House of Representatives, Jan. 10, 11, and 14, 1913, p. 1519.) Also letters, briefs, and testimony found in same publications on pages 1487 to 1509, and then the bill of complaint in the case of The United States *v.* Aluminum Co. of America on page 1524.

[Inclosure.]

Average New York price.	Average London price.	Difference.	London price plus ad valorem price at 25 per cent.	Previous amount plus bare cost of freight from London to New York.	Average New York price.	Average London price.	Difference.	London price plus ad valorem price at 25 per cent.	Previous amount plus bare cost of freight from London to New York.
4.47	3.22	1.25	4.02	4.27	5.06	3.77	1.29	4.71	4.96
4.41	3.69	.42	4.61	4.86	5.35	4.15	1.20	5.18	5.43
4.36	2.72	1.64	3.40	3.65	4.28	2.58	1.70	3.66	3.91
4.10	2.45	1.65	4.06	3.31	4.30	2.83	1.47	3.53	3.78
4.26	2.51	1.75	3.13	3.38	4.49	2.80	1.69	3.50	3.75
4.32	2.60	1.72	3.25	3.50	4.46	3.01	1.45	3.76	4.01
4.70	2.98	1.72	3.72	3.97	4.48	3.89	.59	4.86	5.11

[Extracts from letters.]

APRIL 12.

Lead.—The market continues dull at unchanged prices. St. Louis at 4.20 cents, New York at 4.35 cents. The Underwood tariff bill makes the duty on the metal 25 per cent ad valorem, which is equivalent at the present price of foreign lead to a duty of 88 cents per 100 pounds. The cost of foreign lead laid down plus duty on to-day's price would be 4.40 cents. It is regrettable that an ad valorem duty should have been decided upon. In the first place it opens the door of temptation to those who are dishonest, inciting them to have goods invoiced at a lower price than that ruling at time of export; secondly, it prevents the importers from naming any "duty paid" price on futures, since the ad valorem is fixed by the Government, not on the cost price but on the market value at time of export. Thirdly, when prices are forced unduly high in this country those who put the pressure on here usually put it on in Europe; so European prices at such times, considered as making the ad valorem duty, cause us to raise against our own people a tariff wall higher at the very time when they most need lead than at other times when they do not need it. It is like giving a thirsty hen a little water in the bottom of a long-necked bottle.

Iron.—The adoption of an ad valorem duty on some forms of raw and scrap iron is equivalent to an advance in the specific duty; in other cases to a reduction. Thus, on ferromanganese the European price is £12 per ton ($58.44); the present duty is $2.50 per ton; the "Underwood tariff," 8 per cent ad valorem, makes the duty $4.68. The chief beneficiary of such an advance would be the United States Steel Co. The duty on pig iron, at 65s. 9d. under the present tariff is $2.50 per ton; on an ad valorem basis of 8 per cent it would be $127. The small merchant furnaces of the East making pig iron from 40 per cent ores would be the only ones affected by this reduction. "To him that hath shall be given; from him that hath not shall be taken away even that which he hath."

Lead.—The ad valorem feature of the tariff at 25 per cent is featured in the London rise. There is no fear of imports under ad valorem rate of duty, for under it the rate of duty which the consumer pays is advanced by manipulation to suit the peculiar desires of the interests which control American lead markets.

APRIL 10, 1913.

Lead.—The rise abroad of 10s. per ton is doubtless due to manipulation. It is interesting to note that the foreign market has advanced from £15 8s. 9d. (3.34 cents) on the 10th of March to £17 17s. 6d. (3.90 cents) to-day. If the Underwood 25 per cent ad valorem rate were in force, the consumer who on March 10 had purchased lead for shipment from Europe during the second half of April, basing its cost to him on the purchase price of £15 8s. 9d. (3.34 cents per pound) plus the ad valorem duty thereon of 25 per cent on that cost, to wit, 83½ cents per 100 pounds, would, under that beneficent form of tariff, now be obliged to pay an ad valorem of 25 per cent on to-day's market price of £17 17s. 6d., or 3.90 cents, which is 97½ cents per 100 pounds, 14 cents per 100 pounds, or $2.80 per ton would by such a tariff law be abstracted from the law-abiding citizen of this country, or an amount probably equal to more than 50 per cent of his manufacturing profit. It must be apparent that this ad valorem system of duties upon "trust"-made products places in the hand of the paternal "trusts" a scourge by which they can at opportune times chastise those who buy foreign lead. For what easier process to a $100,000,000 corporation controlling 70 per cent of the domestic production at times when orders for foreign metal have been placed in

quantity by consuming buyers than by manipulation of the foreign market to advance it, and thus through the legal machinery instituted by the Government raise the specific rate of duty which the small fellow must pay the Government under such ad valorem tariff?

ALUMINUM CO. OF AMERICA, PITTSBURGH, PA.

PITTSBURGH, PA., *April 22, 1913.*

Hon. F. M. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: The rate provided for aluminum (sec. 147, Schedule C) in H. R. 10 now pending before the House of Representatives is 25 per cent ad valorem on aluminum in all forms as compared with 7 cents per pound on aluminum ingot and 11 cents per pound on aluminum sheets, rods, etc., in the Payne-Aldrich bill. The Bureau of Statistics of the Department of Commerce and Labor gives the total imports of aluminum for 1912 as shown in the following:

Total imports.

	Pounds.	Amount duty paid.
First quarter, 1912:		
Ingot	6,112,314	$427,861.98
Plates, sheets, etc	249,105	27,401.55
Second quarter, 1912:		
Ingot	4,379,535	306,567.45
Plates, sheets, etc	182,470	20,071.70
Third quarter, 1912:		
Ingot	3,020,700	211,449.00
Plates, sheets, etc	118,962	13,085.82
Fourth quarter, 1912:		
Ingot	9,373,776	656,164.32
Plates, sheets, etc	343,023	37,732.53
Total, 1912	23,779,885	1,700,334.35

	Total imports.	Exported and drawback claimed.	Net imports.	Net duty paid.
INGOT.	*Pounds.*	*Pounds.*	*Pounds.*	
First quarter, 1912	6,112,314	261,248	5,851,066	
Second quarter, 1912	4,379,535	1,433,569	2,945,966	
Third quarter, 1912	3,020,700	955,549	2,065,151	
Fourth quarter, 1912	9,373,776	1,432,901	7,940,875	
Total, 1912	22,886,325	4,083,267	18,803,058	$1,316,214.06
PLATES, SHEETS, ETC.				
First quarter, 1912	249,105	1,392	247,713	
Second quarter, 1912	182,470	3,873	178,597	
Third quarter, 1912	118,962	1,644	117,318	
Fourth quarter, 1912	343,023	499	342,524	
Total, 1912	893,560	7,408	886,152	97,476.72
Total			19,689,210	1,413,690.78

Assuming a European market price of 12 cents per pound, which is higher than the average of the last five years, 25 per cent ad valorem will be a duty of 3 cents per pound on ingot aluminum, or a 60 per cent reduction from the present 7-cent rate. The United

States Government would have obtained a revenue on the 18,803,058 pounds of aluminum imported in 1912 of $564,091.74 at 3 cents per pound, as compared with $1,316,214.06 which it did actually receive, or $752,122.32 net loss in revenue.

In addition to this there would have been a corresponding reduction from the $97,476.72 actually received on sheet aluminum.

The Bureau of Statistics gives the import price of aluminum for 1912 as follows:

	Cents.
First quarter	11.81
Second quarter	11.22
Third quarter	12.21
Average	11.72

It is true that just at present, due to the temporary condition of the market, the European price of aluminum is considerably in advance of the average of the last five years, but the average of the last five years represents the future average price far closer than does the present market price. It is unfair and unwise to argue that a rate of 25 per cent ad valorem will afford the Government a revenue or the United States manufacturer a profit per pound based upon the present temporary price of aluminum when we have the record of five consecutive years, fluctuating from 10 cents to 12½ cents per pound, to compare and place against the present temporary European price.

The result upon the aluminum producer in this country of a 25 per cent ad valorem duty will be disastrous. The output of aluminum in the United States in 1912 was 40,354,989 pounds, so that the net imports into the United States which paid the present duty amounted to 49 per cent of the domestic production. It needs no argument that if the duty is reduced 60 per cent, as is proposed, the importations will increase to such an extent as to paralyze the United States industry and without a corresponding increase in revenue to the Government.

In times of depression, however, when protection is most needed, the protection afforded by 25 per cent will not exceed 2½ cents per pound. Frequently during the last five years the European price of aluminum has been 10 cents.

We therefore respectfully ask your committee to take these facts into consideration and to afford us the protection which so highly finished a product as aluminum deserves.

SOUTHERN ALUMINUM CO., WHITNEY, N. C.; W. P. MARSEILLES, GENERAL MANAGER.

The Southern Aluminum Co. is starting construction of a plant for the manufacture of aluminum at Whitney, N. C., utilizing the water power of the Yadkin River. The building of the plant and the development of the water power will cost, approximately, $10,000,000. The plant when completed will offer employment to approximately 1,500 workmen, which will in turn necessitate the building of an industrial town.

The consumption of aluminum in the United States has been growing constantly. The United States Geological Survey figures of consumption in the last eight calendar years are as follows:

	Pounds.		Pounds.
1904	8,600,000	1908	11,152,000
1905	11,347,000	1909	34,210,000
1906	14,910,000	1910	47,734,000
1907	17,211,000	1911	46,125,000

For 1912 the consumption is estimated to have been over 55,000,000 pounds.

The present rate of duty has not been prohibitive. On the contrary, it has been highly competitive and revenue producing. The following Government figures, showing the amounts entered for home consumption in the given calendar years and the revenue collected therefrom, clearly demonstrate this:

Year.	Quantity entered, in pounds.	Revenue collected, in dollars.
1909	5,109,843	381,858.57
1910	12,271,276	856,989.36
1911	7,315,106	511,357.43
1912 (first nine months)	13,512,558	945,919.07

For 1912 the total amount entered for home consumption is estimated to have been over 17,000,000 pounds. These figures show that during 1912 over 30 per cent of the American consumption was supplied from abroad. During 1911, 15 per cent; during 1910, 25 per cent; during 1909, 15 per cent. Prior to 1909 the foreign production was barely able to take care of European demands, but during 1909 there came into being a large increase in capacity of the European works, which has resulted in a very large surplus production abroad.

Aluminum is used largely for automobiles, electrical conductors, and aluminum castings. The manufacture of automobiles alone consumes the greater portion of the metal produced in this country. Cooking utensils take a small percentage of the domestic production, and it may be noted in this connection that a cooking utensil using, say, one-half pound of aluminum sheet and selling for about 50 cents, a difference of about 4 cents per pound on the duty of the metal, would reduce the cost of this article only about 2 cents. And it should be borne in mind that good cooking utensils of other materials can be bought for about a quarter of this price, so that aluminum utensils, even if the duty on the metal were entirely removed can not compete in price. We therefore submit that the present rate of duty on aluminum is a revenue-producing, competitive rate, and that it falls upon those best able to pay a duty.

By virtue of patents a monopoly existed in the manufacture of aluminum in this country up to 1909. It has been continued since the expiration of the United States patents, because it is generally known and understood that it costs much less to produce aluminum in Europe than in this country. The European bauxite is richer and is available close to cheaper water power. As the production of aluminum is absolutely fixed and is limited both here and abroad by the amount of power available, the higher efficiency of American

labor is lost, as labor consists chiefly in watching the operations of the reducing furnaces, this operation being nothing more than a passive process of electrolysis entirely unaided by the skill or efficiency of the operator. It is estimated that the present duty about covers this difference in cost between the United States and Europe.

Under these circumstances, recognizing that the rate of duty is not prohibitive, but also that the consumption in this country was growing along healthy lines, and that it would continue to grow and absorb the productions that might become available through competition, capitalists now engaged in the aluminum business in France were willing to embark in this enterprise, expecting that under the above circumstances the policy of the United States Government with respect to the tariff on this particular article would not change, and would continue to remain in substantial agreement with the policy which the French Government has fixed as a proper duty on this metal, and that competition in the United States in this industry at the hands of an active and substantial manufacturer would be greatly welcomed.

It has been proposed to change the specific rate to an ad valorem rate. This is most undesirable, for the reason that it is impossible by any commercial method to distinguish between virgin and remelted aluminum. Remelted or scrap aluminum is worth about 60 to 75 per cent of the price of virgin aluminum in Europe, and under these circumstances the ad valorem rate would make this country the dumping ground for metal remelted abroad and masquerading as virgin metal when once in the United States, and would also open the door for the introduction of virgin aluminum under the guise of remelted. It is therefore highly necessary, if the Government desires to protect its revenue in this case and the manufacturers of virgin aluminum in the United States, that a specific rate of duty be laid.

ARTHUR SELIGMANN, 165 BROADWAY, NEW YORK, N. Y.

NEW YORK, *May 8, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: We are interested in the tariff on the above article as incorporated under Schedule C of the proposed Underwood law.

It has been customary for years to pay specific duties on metals which are sold at so much per pound, and experience has taught other countries that ad valorem duties are a big mistake, particularly if such duties are based upon the market price at time of shipment instead of the actual sales price as shown by sworn copies of invoices. We believe it to be the honest intention of both Houses to reduce the tariff on aluminum, which article has enjoyed a very high rate of protection which benefited the only producer in this country, but is against the interests of the thousands of users of aluminum in crude, semimanufactured, and manufactured form.

The present tariff provides for a duty of 7 cents per pound on the raw material—that is, ingot and alloy—and 11 cents per pound on semimanufactured products such as sheets, rods, bars, plates, etc.

This duty should be reduced to about 2 to 3 cents per pound—the most—on crude material, and 5 to 6 cents per pound on sheets, rods, etc.

Ad valorem tariff based on market prices at time of shipment is "in restraint of trade," for the simple reason that consumers can not and will not buy material for delivery later on in the year, as they are compelled to do in order to cover their requirements, if they do not know what the cost price will be. The outcome, therefore, would be that buyers, rather than take chances of guessing at the market price at time of shipment later in the year, will buy their supply locally, and thus the Government will be deprived of the revenue to a large extent, and at the same time the purpose of the entire tariff will be defeated.

While this article may look comparatively small to you, who have very important matters to consider, still there have been thousands of tons of aluminum imported during the last few years and consumers depend upon this supply to a large extent, particularly as they have had a good deal to contend with in the way of delivery by the domestic producers.

I respectfully suggest your insisting upon specific duties on Schedule C, which includes aluminum, and, if we can not have specific rates, the ad valorem rate should apply to actual sales price whenever goods are sold and only if material is consigned the market price at date of shipment may be taken as basis.

AMERICAN DURALUMIN CO., HANOVER BANK BUILDING, NASSAU AND PINE STREETS, NEW YORK, N. Y., BY THOMAS C. DAWSON, VICE PRESIDENT.

NEW YORK, *April 24, 1913.*

Hon. F. M. SIMMONS,

Chairman of the Committee on Finance,

United States Senate, Washington, D. C.

DEAR SIR: We are importers of a new alloy of aluminum called duralumin, composed of about 95 per cent aluminum and the remaining 5 per cent being copper, manganese, and magnesium. This alloy is being imported by us principally in sheets, rods, and bars.

On account of the difficulty and expense of manufacture duralumin is being invoiced to us at from 60 to 68 cents per pound, the price varying according to gauges; hitherto we have been paying a duty of 11 cents per pound on these forms of duralumin, but should the proposed duty of 25 per cent ad valorem take effect it would mean the raising of a duty from 11 cents to from 15 to 17 cents per pound, which would make the price we should have to charge for duralumin practically prohibitive.

We would draw your attention to the fact that this alloy is beginning to be used extensively in this country for othopedic purposes (leg braces, supports, etc.), for which on account of its lightness and great tensile strength it is peculiarly adapted; therefore on humanitarian lines alone we think that this communication should receive consideration at the hands of the Tariff Commission.

Duralumin is also beginning to be used in this country for aeronautics, and we have within the last few days received orders for

duralumin for the United States Government to be used for this purpose.

We would point out that it would seem the intention of the Government is to lower the duty on aluminum and its alloys instead of raising it, and we would respectfully suggest that the hardship of an ad valorem duty, so far as duralumin and other aluminum alloys are concerned, could be met by the insertion of a clause limiting the amount payable in respect of an ad valorem duty of 25 per cent to that charged on the maximum market price of ordinary aluminum in sheets, rods, and bar form.

Trusting you will give this matter your kind attention and that we and others may obtain some relief in the premises.

FORD MOTOR CO., DETROIT, MICH., BY F. B. ROBERTSON.

MAY 9, 1913.

Hon. F. M. SIMMONS, *United States Senate.*

DEAR SIR: We are very much interested in the pending tariff bill, and especially in the proposed revision of the aluminum schedule, and as we understand no public hearings will be held by the Senate Finance Committee, we are presuming to take the matter up with you direct.

We have read very carefully the brief of the George C. Clark Metal Last Co., of Mishawaka, and others, which we understand will be filed with you and your committee, and while we agree fully with same and should very much like to see the entire tariff removed from aluminum, still as it seems to be determined that this will not be done, we believe that the duty proposed should be made specific and not ad valorem, and that there are many reasons why such method should be used and that only such specific rate should be levied as may be deemed necessary for revenue purposes and not for protection.

We have read carefully the statements made by Arthur V. Davis, president of the Aluminum Co. of America, in the tariff hearings before the House committee, commencing on page 1480 of Schedule C, and as he states in his opening paragraph, "that the aluminum business is not coming before your committee to-day asking for a tariff, etc.," and as his company has an actual monopoly, except, as stated, for purposes of revenue only, we do not see why any tariff should be levied under the pending bill. This position is supported by nearly all of the testimony introduced during such hearings.

The apparent reason for the change from a specific to an ad valorem basis is that the cheaper or common grades of an article will have a less tax to bear than the more expensive or better grades of articles. However, as aluminum is mostly produced in one grade only this reason would not apply. If, on the other hand, a duty is intended to be for protection purposes, foreign metals should be required to meet a fixed duty at all times, and especially in hard times, when prices are low.

If the duty is intended simply as a revenue producer an ad valorem duty would necessarily be fluctuating and the revenue produced would vary greatly. The prices fluctuate constantly and the collection of an ad valorem duty would be attended with greatly increased

difficulties and expense and would tend to hinder and delay importations and hamper and annoy the importer in obtaining prompt delivery.

Ingot aluminum is an absolute raw material, and being used in fabricating industries, the price should be stable so that selling prices could be made with an absolute knowledge as to the cost of raw material. This could not be done with an ad valorem duty based not on the contract price but on the price of aluminum at the time of import instead of at the time of purchase, and the finished product would be increased in cost to the extent of an increased price of the raw material made between the date of its purchase and actual importation. This would very much hamper all fabricators of aluminum in the making of prices to their customers, as the price made would be dependent entirely on the fluctuating cost of raw material.

It is customary as well as necessary that all users of aluminum make contracts many months in advance of their actual requirements in order to be assured of an adequate supply, and our company has been obliged since October 1 to import upward of 2,000,000 pounds of aluminum, owing to the inability of the Aluminum Co. of America to supply our wants, and this at a present price of $0.2685 per pound f. o. b. Detroit.

In the matter of aluminum an ad valorem duty will permit the Aluminum Co. of America and its subsidiaries to manipulate the market, fix prices, and compel producers to pay a fictitious price for their raw material. This might be somewhat controlled if there was an open market, but the testimony of Mr. Davis admits that that company, together with its subsidiary, the Northern Aluminum Co. of Canada, actually controls, directly or indirectly, the world's market on aluminum. These facts were further admitted in the suit of the United States Government against the Aluminum Co. of America in the United States District Court for the Western District of Pennsylvania.

We have conferred with several of the automobile companies who are large users of aluminum and who have evidenced their intention of also taking this matter up with you direct, and we respectfully request that upon the hearing of the bill before the Senate Finance Committee, if it is impossible to eliminate the duty entirely, that it at least be made specific as under the present law and in such an amount as may in the wisdom of that committee produce the required revenue.

We will be pleased to furnish any desired information in our power, and assure you of our appreciation of your efforts in behalf of ourselves and other large users of aluminum.

Par. 145.—ALLOYS AND CRUCIBLE STEEL.

B. M. JONES & CO (INC.), 141 MILK STREET, BOSTON, MASS., JAMES A. WARREN, VICE PRESIDENT AND GENERAL MANAGER.

BOSTON, *April 9, 1913.*

Senator F. M. SIMMONS,
Washington, D. C.

SIR: We beg to call your attention to what has the appearance of being a "joker" in the tariff bill introduced in the House April 7 and occurring in Schedule C, under "Metals and manufacturers of."

Paragraph 131 of the Payne tariff covers bars, etc., "by whatever process made," and also "Alloys used as substitutes for steel in the manufacture of tools," and we may mention in passing that the Payne tariff increased the duties on the alloy steels nearly 50 per cent over the Dingley tariff.

Please understand that these alloy steels include high-speed tool steel, which are extensively used in metal-working industries.

The proposed tariff has been radically changed from the Payne tariff because the former provides only for bar steels "made by the Bessemer, Siemens-Martin open hearth, or similar processes, not containing alloys."

As no specification whatever is made which will include the extensively used steels made by the crucible process (tool steels) or of the alloy tool steels, these must inevitably become dutiable under the two "blanket" clauses at the end of the schedule, viz:

> Articles or wares not specially provided for in this section. * * * If composed wholly or in chief value of iron, steel, lead, copper ,nickel, pewter, zinc, aluminum, or other metal, 25 per cent.

The highest rate of duty in the Payne tariff on such material was 20 per cent.

In the hearings before the Payne committee we submitted a brief proving by tenders to the navy yard, also by foreign sales of the American manufacturer, that he was able to undersell the importer even if no duty was imposed. (See pp. 2016, 2017, and 2025, etc., Vol. II, of Tariff Hearings of 60th Cong.) Yet the largest of the American manufacturers asked the Payne committee to increase the duty on such steels from $4\frac{7}{10}$ cents per pound up to 25 cents, the latter an increase of over 500 per cent. (See p. 7925, Vol. VIII, Tariff Hearings, 60th Cong.)

We believe that such a request had no foundation on a reasonable protection for American manufacturers or workmen, but was simply an attempt to exterminate all foreign business of this kind in the United States. The metal schedule of the Underwood tariff presented early in 1912 openly reduced the duty on these steels to 10 per cent ad valorem. (See par. 9, Underwood bill, metal schedule.)

The obscure method and indirection by which duties have been largely increased on material which the Democratic leaders had previously openly indicated was a fit subject for reduced duties seems to us to be at variance with the spirit of present tariff legislation. It savors so strongly of the practices of our monopolistic American opponent that we can only believe that the present situation is a deliberately planned "joker," against which we emphatically protest, and further urge that a paragraph be inserted covering crucible and alloy steels, and the duties on such be reduced to 10 per sent; and we might express our belief that even this is not needed.

Par. 148.—METAL LEAF.

LEO UHLFELDER CO., 185 SIXTH AVENUE, NEW YORK, N. Y., BY LEO UHLFELDER, PRESIDENT.

NEW YORK, *May 14, 1913.*

Hon. Mr. SIMMONS,
Chairman of Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: We respectfully call your attention to the new proposed schedule on metal leaf on which duty is proposed at 25 per cent. This would make the metal leaf, which we are importing right along and which is used mostly on cheap books, about 500 per cent higher than the present duty of 6 cents per 100 sheets, which is 60 cents per thousand. At the new rate our metal leaf, which is called gubinol, would cost per 1,000 sheets $4 duty instead of 60 cents.

As there is not one sheet of metal leaf made in this country, it would work hardship on the users of this leaf, as it is used a great deal for school books, memorandum books, etc.; and as there is no such industry in the United States, have this rate of duty, if possible, amended. The ad valorem duty on metal leaf will also probably cause undervaluation by unscrupulous dealers.

If it is necessary to come to Washington to explain things further, kindly let us know about it.

Par. 148.—BRONZE POWDER.

GERMAN-AMERICAN BRONZE POWDER MANUFACTURING CO., 99 CHAMBERS STREET, NEW YORK, N. Y.

NEW YORK, *May 1, 1913.*

The CHAIRMAN, FINANCE COMMITTEE,
United States Senate, Washington, D. C.

DEAR SIR: We have before us the report of hearings on Schedule C and beg to refer to paragraph 175.

We find that while interesting from a detailed point of view in giving the costs of the various processes of manufacture the total cost which they give is apparently based on the use only of new metal, metal clippings, or schroted metal, which is imported into this country free of duty. They do not make mention of the fact that a very large percentage of their output is made from a raw material composed of scrap, brass, and copper, which is conveniently purchased in this country in form practically ready to use, and of which the cost is practically only one-half of that which they give as their cost of raw material.

On account of the large production required to serve the American market, the American manufacturers are at least in as good a position as the German manufacturers so far as labor costs are concerned. The process of making bronze powder is largely automatic, and the labor cost is comparatively of no importance when they are able to bring in so-called clippings or schrote free of duty.

These clippings or schrote go a long way toward the manufacture of bronze powder and may be considered as representing actually 65 per cent, if not 70 per cent, of the total process of production.

The American manufacturers have, in fact, been merely finishing an almost completely finished article, and for this reason require no protection in this country, as the labor element involved is merely a nominal one.

If the desideratum in respect to prescribing duties on an article of this kind is to safeguard the interests of labor as well as to reduce the cost of the finished article to the consumer, it would, in our opinion, be desirable to put a duty on the clippings or so-called schrot which have heretofore been admitted free, and which could be just as well made in this country by American labor, the more especially as the raw material, copper and zinc, is here at hand, whereas in Germany it must be largely imported.

In one respect we are, however, heartily in accord with the brief of the domestic bronze-powder manufacturers; and that is in continuing to provide a specific rate of duty instead of an ad valorem rate of duty. A specific rate of duty—if there must be a duty—of 4, 5 or 6 cents per pound would be far preferable to any ad valorem schedule that might bring about the same result, for the reason that the various grades of bronze powder are, to the inexperienced eye, very difficult to differentiate.

With the fullest confidence in the skill of the appraisers who pass on the material, it is nevertheless a fact that only a very long and constant experience in matching up the various qualities of bronze powder will enable anyone to determine a correct valuation.

HARWICK BRONZE POWDER CO., 261 BROADWAY, NEW YORK, N. Y., BY M. A. HARWICK, PRESIDENT.

NEW YORK, N. Y., *May 31, 1913.*

STATEMENT.

The undersigned, Maurice A. Harwick, president of the Harwick Bronze Powder Co., of New York City, appeared before subcommittee No. 1 of the Committee on Finance of the United States Senate, on May 26, 1913, Senator Stone presiding, and made a statement before said committee concerning the proposed tariff on bronze powder, as set forth in paragraph 148 of the Underwood bill, and protesting against the unjust free admission of bronze stamped metal, bronze cast metal, bronze clippings, and schrote made from the three aforesaid metals as raw material, pursuant to sections 440 and 469 of the said bill.

At the conclusion of the aforesaid statement and at the request of the undersigned permission was granted by Senator Stone to file this brief.

Briefly stated the contention of the undersigned is as follows: That since bronze stamped metal, bronze clippings, and bronze cast metal in original or schroted form, from which bronze powder is made, are to be admitted, under sections 440 and 469 of the Underwood bill, free of duty, that to impose an ad valorem duty of 25 per cent on bronze powder itself would be a manifest injustice; that in order to enable the American importer of bronze powder in any way to compete with the American manufacturer on a half equal basis,

to prevent the American manufacturers from maintaining their present, and continuing to maintain, an absolute monopoly of this article, that the same duty that is imposed upon bronze powder shall be imposed upon these three metals.

In any event it is maintained that a specific rate of duty be imposed rather than an ad valorem. No expert can tell the value of bronze powder unless he knows from what material and how it is made; besides, a specific rate would tend to prevent fraud and undervaluation. An ad valorem rate would compel the importer to pay a prohibitive rate on the higher grades of bronze powder while the American manufacturer would be permitted to import free the three metals from which high-grade bronze powder is made in an already 75 per cent manufactured form.

In order to conduce to a proper understanding of this matter, there is herewith submitted three exhibits, as follows:

Exhibit A: Bronze stamped metal, which is a manufactured article, the process of which manufacture is fully set forth in paper herewith submitted and marked Exhibit A 1.

Exhibit B: Bronze cast metal, which is produced by a process of manufacture similar to the foregoing.

Exhibit C: Schrote, which is made from either cast metal or clippings, by a manufacturing process.

These three exhibits are admitted free of duty under the Payne law, and it is proposed to continue to admit them free under paragraphs 440 and 469 of the Underwood bill.

It is a fact that the Exhibits A, B, and C, as they come in free of duty into this country, actually represent from 65 to 75 per cent already manufactured bronze powder.

The exhibits referred to in this memorandum have been sent to Senator Stone, chairman of subcommittee No. 1.

ARGUMENT.

Since the three exhibits herewith submitted, from which high-grade bronze powder is made, are permitted to come into this country as raw material duty free, it is evident that the American manufacturer is given an undue advantage, to such an extent that with his tremendous facilities of production in the United States that he actually finishes these materials into bronze powder cheaper than the Germans.

Hence, by permitting these materials to come in free it will be utterly impossible for the American importer to compete on an anywhere near equal basis with the domestic manufacturer, and will result in their maintaining their present monopoly and prevent all possible competition. Therefore, it is just and desirable that a corresponding duty shall be imposed upon stamped metal, cast metal, and schrote.

There is at present no competition whatsoever between the foreign and American manufacturer arising out of the existing Payne law, as is evident by the small quantity of foreign goods now imported into this country. The fact is that the facilities of the five large American manufacturers are twofold in size, as compared with the German manufacturers; besides, it must be borne in mind, that bronze powder is produced in this country principally by automatic

machinery, and these five American manufacturers employ no more than a handful of men.

They are actually in position to and are producing in this country bronze powder at a lesser cost than the German manufacturer is able to produce, on account of the latter's smaller facilities.

To confirm the statement herein made, that the importation of bronze powder is insignificant as compared to the amount manufactured in this country, reference might be made to the testimony taken on the question of bronze powder before the Ways and Means Committee of the House, at page 1563, where it appears that for the year ending June 30, 1912, the importation of foreign bronze amounted to 1,454,153.50 pounds, and whereas it appears by a statement herein submitted and marked "Exhibit D" that one manufacturer, who is the smallest one in the United States, has an annual output of 1,500,000 pounds, and there are besides the said manufacturer five other domestic manufacturers whose individual output is much larger.

At page 1562 of the testimony taken before the Ways and Means Committee of the House, it appears that the domestic manufacturers submitted a table showing that the cost of producing bronze powder in this country amounts to 37.801 cents per pound. This statement is untrue and grossly misrepresented by the fact that 80 per cent of the American manufacture of bronze powder is sold at prices ranging from 28 to 33 cents per pound; and it is not to be presumed that the American manufacturer is conducting his business at a great loss.

To illustrate how grossly the cost of production as contained in the said testimony is greatly exaggerated, may be shown by the fact that in said estimate of cost, submitted on page 1562, they include a charge for schroting, cutting, etc., of the raw material, which, in fact, is imported to this country in an already schroted form.

In order to substantiate the statement herein made, that 80 per cent of the bronze powder in this country is sold at much lower prices than the American manufacturers claim it cost them to produce, the undersigned is ready to submit duly receipted bills from the American manufacturers, attesting to the truth of the above statement.

Bronze powder is used principally in making imitation brass beds, gilding of frames in the place of gold leaf: decorating of radiators and the manufacture of cheap wall paper, furniture, etc. The character of such goods is such that it is used throughout the country by the lower wage earners, to whom bronze powder is in reality "the poor man's gold leaf."

It is a matter of interest to know that the high protective Aldrich bill in the last Senate fixed a rate of 5 cents per pound on bronze powder, which, however, was increased, in conference, through the influence of the American manufacturer, to the present rate.

There would be no injustice done to the American manufacturer by the imposition of a like duty on stamped metal, cast metal, and schrote as that imposed on bronze powder. The net result would be, firstly, that while the American manufacturer would still retain a decided advantage over the American importer, yet the latter would be placed on a nearer competitive basis so as to enable him to bring his

goods into the market; and, secondly, a fair revenue would accrue to the Government, which at present it does not enjoy.

To impose a duty on bronze powder and to admit the manufactured articles, Exhibits A, B, and C, free of duty, as raw material, appears on its face, a genuine "joker" and un-American.

It is respectfully submitted, and seriously requested that due consideration be given to the above true statements of facts when framing schedule.

EDWARD M. CLEARY, REPRESENTING IMPORTERS AND USERS OF BRONZE POWDER.

WASHINGTON, D. C., *May 23, 1913.*

The SENATE FINANCE COMMITTEE:

The American manufacturers have requested a specific in place of an ad valorem rate of duty, and in this the representative and reputable foreign manufacturers of bronze powder desire to join. Their interests are naturally antagonistic, but being familiar with the effect of an ad valorem as compared with a specific duty, appreciate that because of the peculiarity and difficulties in the valuation of bronze powder, an ad valorem rate will inure only to the benefit of dishonest foreign exporters. The reason for this is the quality of the goods can, with any certainty, only be determined by the materials from which they are made, which varies, and is known only to the manufacturers thereof, and to the users through their finished product and after the consumption of the bronze powder.

There is no competition at present, because of the existing tariff rate, between the American manufacturer and the foreign producer, and the little quantity of foreign goods now sold is only possible because of their quality and not where the price is material. They are purchased solely because of the faith of the user in the representations of the exporter or his agents.

Annexed hereto is a paid advertisement of the Bronze Powder Works Co.,[1] which states its annual output is a million and a half pounds, and which alone is greater than the total exportation. This manufacturer is not the largest in the business by any means, and its output alone shows the relative small part the total present importations bear to the consumption of bronze powder in this country.

The manufacture of bronze powder is almost entirely automatic employing probably less than 200 men entirely in its production, and these are imported workmen. The owners of the factory are principally foreign manufacturers, who because of the present rate of duty are able to reap vast profits and make the American consumer pay the same in its purchasing of lithographing material, brass beds, picture frame gilding, and, in fact, the poor man's gold leaf.

Bronze powder is used principally in making brass beds and gilt frames, and in the latter use has taken the place of gold leaf in the cheaper varieties of picture frames, and it is this character of such goods that are used throughout the country by the lower wage earners.

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[1] Not printed.

Even Senator Aldrich, in the last Senate bill, fixed a rate of 5 cents per pound on bronze powder. This was increased in conference to 12 cents per pound through the influence of the American manufacturers. A rate of 4 cents or possibly 5 cents a pound will produce some competition, and which does not exist at the present time.

Clippings are permitted in the Underwood bill to be imported free of duty, though they are a manufacture of metal, 66 per cent of the manufacture of bronze powder. They are imported free and used by the American manufacturers, and which has given a further assistance to them to prevent any competition in the sale of their product, and which prohibits such sale for less than 40 or 42 cents a pound, when the American manufacturers can sell the same class of goods for 28 cents per pound, and in large quantities very much lower. To equalize competition a rate of duty should be placed upon these clippings, or the duty taken off or reduced more upon bronze powder than is even here suggested.

In view of the fact that both interests desire a specific rate on this particular article, and these interests are antagonistic and will be competitive as well under a reduction of the duty, regardless of the propriety of an ad valorem basis of taxation as a general rule, it is earnestly requested that it be made specific in paragraph 150; and certainly should not exceed the amount suggested by Senator Aldrich, to wit: Five cents per pound.

T. RIESSNER, 57 GOLD STREET, NEW YORK, N. Y.

NEW YORK, *June 2, 1913.*

Hon. F. M. SIMMONS,
Washington, D. C.

DEAR SIR: In reference to a letter sent to you by the Leo Uhlfelder Co. dated May 14, 1913.

I respectfully call your attention that the Leo Uhlfelder Co. is the sole agent in the United States of the Gubinol Co. of Wien, Austria, the only manufacturers of this prepared metal leaf.

There should be no reason why a paragraph in the proposed tariff bill should be framed to meet the desires of any single company that represents the only manufacturer of the article who is in Austria.

It is stated that the proposed duty of 25 per cent would work hardships on the users of the leaf that only the Leo Uhlfelder Co. import and control.

The class of metal leaf which is in universal use and which is imported by all importers is dutiable under tariff at 6 cents each 100 leaves. This is equal to 60 to 65 per cent ad valorem.

There is no metal leaf made in this country. Any duty assessed is not protecting any industry. The duty of 25 per cent on metal leaf is a fair duty for revenue.

A new paragraph should be inserted in the interest of the aluminum-leaf manufacturers of the United States to protect them, as a 25 per cent duty on aluminum leaf is not sufficient.

In a letter sent to Washington by the Julius Hess Co., of Chicago, they state that it cost them 74 cents to manufacture aluminum leaf 5½ by 5½ inches; this is wrong, as they are selling it at 60 to 65 cents

per pack. The parties are not sincere, as they would not sell at 60 to 65 cents if it cost 74 cents.

Suggest that the paragraph be divided to read as follows:

PAR. 148. Bronze powders, brocades, flitters, metallics, metal clippings, shroth, composition metal clippings from brass or Dutch metal for the manufacture of bronze powder, 25 per cent ad valorem or a specific duty of 4 cents per pound.

A new paragraph for bronze or Dutch metal leaf, 25 per cent ad valorem or a specific duty of 2 cents for each 100 leaves.

A new paragraph for aluminum leaf, 40 per cent ad valorem or 4 cents for each 100 leaves.

Paragraphs 521 and 545, Payne bill, is a joker; it permits the importation free of duty of a manufactured article, composition metal, called metal clippings or shroth. This material is a nearly completed product in an advanced state, about 70 per cent finished bronze powder. The finishing of it in this country is done by machine, and does not employ but few workmen.

Put a duty on composition metal clippings and shroth and it will employ labor in the United States. This article should pay the same rate of duty as bronze powder.

If this composition metal shroth or metal clippings is permitted to come in free, then bronze powder should come in free.

If there is a duty on bronze powder, then metal clippings, composition metal, and shroth should pay the same rate of duty.

These are honest facts: no juggling, no joker, but the plain business facts.

Par. 150.—GOLD LEAF.

MICHAEL SCHULTZ'S SONS, NEW YORK, N. Y., BY FREDERICK SCHULTZ.

NEW YORK, *May 3, 1913.*

Senator F. M. SIMMONS,
Washington, D. C.

DEAR SIR: I have been referred to you by Senator Martine, of New Jersey, who requested me to present our appeal to you in behalf of our industry.

I therefore accept the opportunity to respectfully request your kind indulgence.

Paragraph 152, gold leaf, reported now at an ad valorem duty of 35 per cent, reduces said article about 6.18 per cent from present tariff rate, whereas paragraph 171, of which articles composed wholly or in part of gold, carries a duty of 50 per cent.

I respectfully submit that as the imported gold leaf consists wholly or in part of gold that its proper classification should apply to paragraph 171.

In the present construction of the bill discrimination exists in classification of articles composed wholly or in part of gold.

Such being the case, we contend that paragraph 152, gold leaf, should not be specialized, but eliminated from said pending bill, which will allow said article, gold leaf, to be classified under paragraph 171, and show an impartial classification with goods of similar character.

Gold leaf, as well as articles under paragraph 171, are a luxury and will not affect the community at large.

As it is the purpose of your committee to reduce only such articles that are a necessity we feel that in justice to our industry, which has largely been affected by importation so that workmen are receiving only $12 to $15 per week for this skilled work, that this change be made.

It is evident that the committee followed a precedent heretofore established by retaining paragraph 152, which now conflicts with paragraph 171.

I therefore appeal to you, at the request of the men and women in our employ, that you cause to have stricken out paragraph 152 allowing gold leaf to be classified under paragraph 171, believing you will see the justice of our appeal and the discrepancy that exists and that you will lend every effort to have this change made.

UNITED STATES GOLD-LEAF MANUFACTURERS' ASSOCIATION, NEW YORK, BY FRANK H. SCARDEFIELD, SECRETARY, 28-30 MARCY AVENUE, BROOKLYN, N. Y.

NEW YORK, *April 11, 1913.*

Hon. F. M. SIMMONS,
Senate, Washington, D. C.

DEAR SIR: Would you kindly permit us to ask your attention to paragraph 152, H. R. 10, in regard to gold leaf being placed at 35 per cent duty? We do not wish to be unreasonable, but desire to show you that there was an error made in calculating the ad valorem duty equal to the present duty of $1.75 for 500 leaves, the committee making it equal to 38.77 per cent. To do this the importing price must have been taken at $1.50 per 500 leaves, whereas the price is $1.20 to $1.25, which was the price given to the committee in our brief in paragraph—

(c) The cost of delivering German gold leaf in this country is very small, owing to the small bulk of a package: for example, 500 leaves measure only 4 by 4 by 1½ inches, valued at $1.25 without duty and $6 with duty, and costing only 3 cents in charges from Germany to the office of the buyer—

And we are at loss to know where the price $1.50 was obtained. At $1.25, the proper price, the present duty of $1.75 is equal to 41.18 per cent, in place of 38.77, so that the reduction is 6.18 per cent in place of 3.77 per cent, and as this article is absolutely a luxury, we trust you can see your way clear to make the new ad valorem duty 40 per cent, which would be a reduction of 1.18 per cent. No person cares about a reduction on gold leaf, as it is used only on work for those indulging in luxuries.

It might be easier at the present time to have gold leaf as a separate paragraph eliminated and permit it to come under paragraph 171 as an article composed wholly or in part of gold, which carries in the bill 50 per cent duty. If left as at present—35 per cent—it means a reduction of $3 to $3.50 on the wages of every skilled workman in this industry now receiving $12 to $15, and we therefore hope to interest you in preventing the necessity for this sacrifice.

THE UNITED STATES GOLD LEAF MANUFACTURERS ASSOCIATION, NEW YORK, BY FRANK H. SCARDEFIELD, 28-30 MARCY AVENUE, BROOKLYN, N. Y.

NEW YORK, *May 16, 1913.*

Hon. F. M. SIMMONS, *Chairman,*
United States Senate, Washington, D. C.

MY DEAR SENATOR: Would you kindly permit us to ask your attention to paragraph 150, H. R. 3321, in regard to gold leaf being placed at 35 per cent duty? We do not wish to be unreasonable, but desire to explain that an error was made in calculating the ad valorem duty equal to the present duty of 35 cents per 100 leaves, the committee making it equal to 38.77 per cent. by taking the unit (100 leaves) as 90 cents, whereas the proper unit, as proven by copies of foreign bills attached and sworn to, should be 85 cents; that is, 500 leaves at $4.25 (actual $4.20) is 85 cents per 100 leaves, which is the unit used. This makes the present duty of 35 cents per unit equal to a duty of 41.18 per cent. and makes the reduction in duty 6.18 per cent in place of 2.88 per cent as proposed, which means a reduction of about $3 per week to each employee in order to keep the German importation where it now is. In 1907 there was imported from Germany gold leaf valued at $167,263, worth with duty added $231,168.20. To meet this very serious situation the employees gradually reduced their wages from $20 per week to $12 to $15, which they are now receiving, and at present the importations are about $60,000 per year, duty added. The employees would leave the business rather than take less wages, which are already very small compared with other skilled trades.

In contrast with every other article the price of gold leaf has not been advanced in price for the past 10 years, and therefore does not come under the criticism of having been overprotected, so with the present duty it is almost the ideal tariff being sought for. There is no combination among the manufacturers and the market is open and free.

We therefore trust you will correct the error in the unit from 90 cents to 85 cents, and place the duty at 40 per cent in place of the proposed 35 per cent, as everything sought for in the new tariff bill has already been accomplished in this industry.

P. S.—Inclosed please find brief furnished the Ways and Means Committee, House of Representatives.

[Inclosure.]

COPIES OF BILLS OF GOLD LEAF IMPORTED IN 1912 AND 1913.

NURNBERG, *September 13, 1912.*

Gg. Ernst Schaetzler, Rechnung, für Herren Hastings & Co. Philadelphia, Pa.

	Marks.
H. No. 1288; 100 packs of 500 leaves each; real gold leaf, 3⅜ by 3⅜, at 17.50 marks	1,750.00
Attesting of invoice	10.60
Total	1,750.60

Net check on Germany on receipt of goods.

NURNBERG, *March 8, 1913.*

Gg. Ernst Schaetzler, Rechnung, für Herren Hastings & Co., Philadelphia, Pa.

	Marks.
50 packs, each 500 leaves; real gold leaf, 3⅜ by 3⅜, at 17.50 marks	875.00
Postage and packing	5.00
Total	880.00

Payable net cash on receipt of goods.

This is an accurate copy of the above invoices which were paid as rendered, subject to no discount whatsoever.

HASTINGS & CO.,
By ROBERT E. HASTINGS,
Member of the Firm.

Five hundred leaves, at 17.50 marks, at 24 cents a mark, equals $4.20.
One hundred leaves (unit used), equals 84 cents.
Sworn to and subscribed by Robert E. Hastings before me this 12th day of May, A. D. 1913.

DAVID GOODBREAD,
Notary Public of the Commonwealth of Pennsylvania.

Commission expires January 6, 1917.

Par. 152.—METAL THREAD.

THE SUTRO BROS. BRAID CO., 222 FOURTH AVENUE, NEW YORK, N. Y., BY FREDERICK C. SUTRO, SECRETARY.

NEW YORK, N. Y., *May 13, 1913.*

We ask that the duty on bullion and metal threads, made wholly or in chief value of tinsel wire, lame or lahn, be reduced from 30 to 15 per cent.

1. Metal thread, as used in the manufacture of braids and trimmings, is a raw material.

Almost every other textile industry is affected by the rates specified in only one or possibly two schedules. The yarns made use of in the braid industry, however, and the products of the industry also, enter into four or five, viz: C, metals; I, cotton; K, wool; L, silk; and sometimes N, sundries. To show the various materials used in the manufacture of braids, see samples submitted with this brief, of which they form a part. These are all made in about the same length of time, on the same machine, tended by the same operative.

2. As it is one of a number of different kinds of raw materials used in the manufacture of braids, the duty on metal thread should be reduced proportionately to the reduction proposed on braids, which are the finished product.

The present duty on metal braids is 60 per cent ad valorem, plus 15 cents a pound, which is equivalent to 64.09 per cent ad valorem. The new tariff is designed to establish a uniform rate of duty of 50 per cent on all braids (par. 342). This is a reduction of 14.09 per cent in the duty on metal braids. The present rate on tinsel thread is 30 per cent ad valorem, plus 5 cents a pound, which is equivalent to 34.86 per cent ad valorem. The proposed rate (par. 152) is to be 30 per cent. This is a reduction of duty on the raw material of

only 4.86 per cent, as against the reduction of 14.09 per cent in the duty on the finished product. Obviously the duty on metal threads should, therefore, be substantially reduced.

3. Since the new tariff is aiming to establish a uniform rate of duty on all braids, viz, 50 per cent (par. 342), a uniform rate should, as far as possible, be made also for the raw materials.

The duty on natural (thrown) silk (par. 321) is to be 15 per cent. Owing to the similitude to natural silk of artificial silk yarn (par. 327), we are asking that the duty on artificial silk yarn be reduced from 35 to 15 per cent. To place metal thread upon the same basis with natural and artificial silk and, pari passu, place the duty on each of these raw materials in the same relation with the duty on the finished product, the duty on metal thread should also be reduced from 30 to 15 per cent.

4. Metal thread is an article of European manufacture. The amount of domestic manufacture is infinitesimal. The value of the importations in the fiscal year ending June 30, 1912, was $149,786. The domestic manufacture is not listed by the Census Bureau for statistical purposes because of the small amount manufactured in this country.

Par. 153.—HOOKS AND EYES.

AMERICAN PIN CO., WATERBURY, CONN., BY GEO. A. DRIGGS, PRESIDENT.

WATERBURY, CONN., *April 30, 1913.*

Hon. CHARLES F. JOHNSON,
Finance Committee of the Senate, Washington, D. C.

DEAR SIR: We can not imagine that it is the intention of the Congress to so fix a duty as to make it impossible to manufacture any given product in this country and assume that if this can be actually established the Finance Committee of the Senate will correct what may seem to have been an error of the Ways and Means Committee, due either to lack of time, consideration, or knowledge of the industry to be affected.

It is easy to understand that the larger things would overshadow so small an industry as hooks and eyes. Nevertheless, hooks and eyes are just as important to those of us who make them, and we naturally think should receive due consideration. The many people employed in this industry might find other means of support, but it does not seem fair to those who have large investments in plants for the production of this line of goods to cause them to be idle or move them to a foreign country to operate. The fear that this condition will obtain can not be called supposition or unnecessary anxiety, as it did practically occur in 1893, during the time of the Wilson bill, when the duty was 20 per cent ad valorem, and the cost of labor and material is a larger percentage higher now than it was at that time.

The proposed duty of 15 per cent, less 5 per cent for goods brought in by American ships, will absolutely prevent our entering into successful competition with England and Germany in this industry. The results of the Wilson bill are easily obtainable by reference to statistics in the Treasury Department showing importations and following them as the duties changed.

We are makers of pins, safety pins, and many other lines that are seriously affected by the change in tariff. Our hope here, however, is that some of the expectation of lower cost of living will enable our employees to accept a less wage and permit us to nearer meet conditions, but with hooks and eyes this seems impossible, as the figures that follow will show.

Anticipating a possible revision of the tariff, we twice sent abroad men of practical experience to gather facts as to the manufacture of hooks and eyes in foreign countries; also to make connection, either by becoming financially interested in a plant or by contracting with a responsible maker, so that in case we could not be protected up to the difference between the cost of labor here and abroad we could have our hooks and eyes made in England and hold our trade until conditions were so changed as to allow us to again manufacture here. The results are that we have the itemized costs of the English manufacturer, also the prices at which we could lay goods down in New York, and it is these figures that we use in the following comparison:

LABOR CONDITIONS.

Our women earn from $7.50 to $9 per week.
English women earn $2.50 per week.
Our men earn from $21 to $30 per week.
English men earn from $8 to $10 per week.

The claim that the efficiency of our employees more than offsets the cost of labor may, to a certain extent, prove true where the product depends upon the actual movements or motions of the individual, but this theory does not hold good when the product is made on automatic machinery and the machine does the work only attended by the individual, which is proven as follows:

In one department where our hooks and eyes are made on automatic machinery we paid for labor alone in the year of 1912 for the entire production $12,876.24. We would have paid in England under contract for the same quantity of goods $4,867.30, a difference of 62.2 per cent. The proposed duty is 15 per cent less 5 per cent for goods sent in American ships.

PLACING GOODS UPON CARDS.

This is a serious question and one that takes hooks and eyes out of the class of pins and safety pins and other articles in the notion line. In England and Germany it is done by what is called "cottage labor," and in England has been a subject of investigation by the Government, as is shown by the attached pamphlet, which I have compiled from publications bearing upon the subject.

Hooks and eyes are counted throughout the manufacture and sale as "great gross," or 1,728 hooks, 1,728 eyes, and, when loops are used, 1,728 loops, making in one great gross 5,184 pieces, which are placed upon 72 cards. Each piece has two eyelets for the thread to pass through, so that in foreign countries a woman or child passes her needle through cards and eyelets 10,368 times for the magnificent sum of 4½ to 6 cents. It is my belief that there is not a manufacturer in New England that would not rather go out of business than to impose such conditions, even if it were possible.

The actual cash that we pay for this operation is 49¼ cents per great gross against the highest price paid by foreigners of 6 cents, showing a difference of 43¼ cents per great gross. This applies to hook, eye, and loop. For the carding of hooks and eyes only—no loop—we pay in cash 32½ cents, the foreigners' price being 4½ cents, a difference of 28 cents per great gross.

The proposed duty of 15 per cent less 5 per cent for goods sent in American ships equals on the average between 11 and 15 cents per great gross for goods mounted upon cards and less than 3 cents per great gross for goods in bulk. The above facts are for carding operation only.

BOXES AND BOXING.

In this department women earn $1.50 per day. It takes 12 small and 1 large container for each great gross. The labor alone equals 4¼ cents per great gross. A recent law passed by the English Government to better the conditions of those employed in the making of boxes states that a woman should not be paid less than $2.50 per week. Copy of the law is attached.

No material has been considered in the figures above given. The goods are made of both brass and steel wire, the price of which is practically the same here and abroad; sometimes it is slightly cheaper abroad. The brass is worth approximately 17 cents per pound; the steel, 3 cents per pound. The labor to produce a great gross of hooks and eyes of either material is the same, so it is obvious what an ad valorem duty will do to us.

It was so plain to the Finance Committee of 1897 that they took hooks and eyes from the saving clause, specifically mentioned them, and established a duty of 5½ cents per pound plus 15 per cent ad valorem, instead of 45 per cent, which prevented undervaluation and corrected the difference between the goods made of brass and steel. This was done only after a most thorough investigation of conditions prevailing at that time and upon the statement of the writer that he would be glad to have the duty reduced if it were changed from 45 per cent ad valorem to a specific duty.

COMPLETED ARTICLE.

When we take the completed article mounted on cards ready for market, including all the material and labor, we find that our goods made of brass: Material equals 42 per cent of the whole, labor equals 58 per cent of the whole; when made of steel: Material equals 22 per cent of the whole, labor equals 78 per cent of the whole.

Basing figures on what we know the English figures to be, we find that to one great gross of English-made goods of brass or steel there must be added, to equal our costs, 48 cents per great gross, and to the German price 52 cents per great gross, and these figures would practically show the difference as between labor here and abroad. When the duty is applied by ad valorem process to the brass goods it equals 76 per cent, as against 107 per cent for steel, to give the same number of cents per great gross. Under the McKinley law we had protection of 49 cents per great gross. Under the Dingley, specific and ad valorem, about 37 cents. Under the Payne law,

33 cents per great gross, and the goods came in in large quantities from abroad and we were obliged to divide the business with the foreigner. (As I have stated before, statistics of importations will verify this statement.) It seems to me that results of the duty of 15 per cent less 5 per cent for goods sent in American ships, which will equal from 11 to 15 cents per great gross for hooks and eyes carded and add only from 1 to 3 cents per great gross to bulk goods, are plain.

If we can not have a specific duty which treats both steel and brass product alike, and that it must be one rate for both steel and brass carded and bulk goods, it should at least be made 30 per cent, otherwise it is our honest opinion that we will be forced to go abroad for our product and close this branch of our business here. I might add that we are quite familiar with the Canadian market, where there is a duty of 20 per cent, and it is impossible to either manufacture this line in Canada at a profit or ship them from here.

Is it fair to ask, when a 20 per cent duty in the days of the Wilson bill practically stopped the manufacture here, and it is generally brass carded and bulk goods, it should at least be made 30 per cent; why a duty of only 15 per cent less 5 per cent should be established now, unless for the purpose of absolutely wiping out this industry.

In this hook-and-eye matter I am only referring to the manufacturers who have made the competitive lines and not to any covered by patents, of which we have none. We sincerely hope that the above, which are facts so far as we can gather them, will receive further consideration at the hands of the Senate Finance Committee and corrections made that will at least give us an opportunity to compete.

[Inclosure 1.]

The following are copied from London periodicals to show that the subject of carding hooks and eyes in England has been made the cause of investigation by the English Government, and the evidence given would seem to substantiate our claims as to the price paid for this particular operation of placing hooks and eyes upon cards by the manufacturers of England.

AMERICAN PIN CO.

COPY OF CLIPPINGS.

The Herald received the following cable dispatch from London:

"NEW YORK, *December 10.*

"Mr. Franks, who is here investigating labor conditions on behalf of the United States Department of Labor, has found some of the sweated industries are so disgracefully bad that it is difficult to believe that there are worse instances anywhere. For instance, in Birmingham the chief of unskilled home trades is carding hooks and eyes. The work consists of stitching the eyes on a card, linking the hooks into them, and finally stitching them on the card. The rate of pay varies, a higher price being paid for the smaller and finer hooks, which are more trying to the eyes and fingers. A pack consists of a gross of completed cards with two dozen hooks and eyes on each, which means 3,456 hooks and the same number of eyes are linked together and stitched onto the card for the munificent wage of 1 penny.

"One of the worst phases of these sweated trades is the toll they take from the lives of little children, who are, at a very early age, initiated into the mysteries of linking in order to keep the wolf from the door.

"Some of the women employed in the industry work from 3 o'clock in the morning until 11 or 12 o'clock at night."

The following is a quotation from the speech of Mr. Will Crooks in the English Parliament:

"Carding hooks and eyes is another occupation which can not be described as lucrative. Our specimen woman begins her toil at 5 p. m., when the work arrives, and does not cease until 11 a. m. next day, when it has to go back. We are notified that for her the 24 hours includes 'a few hours in bed.' When work is plentiful she and her daughter earn between 3s. 4d. a week. The children are made to work, and it is stated that by 'sticking as close as glue' to their bread-winning the entire family can earn 6s. a week. Fortunately they have only to pay 3s. 6d. for their three rooms, a rent that would be higher but for the fact that there is no water in the house."

The following is taken from Draper Record of April 11, 1908:

"TESTIMONY OF MR. J. G. NEWEY, OF MESSRS. NEWEYS, HOOK AND EYE MANUFACTURERS, OF BIRMINGHAM, BEFORE THE SELECT COMMITTEE ON HOME INDUSTRIES.

"The select committee on home industries, which is presided over by Sir Thomas P. Whittaker, met in the House of Commons on April 2 and heard evidence regarding the hook and eye industry as carried on in Birmingham. The only witness examined was Mr. J. G. Newey, of Messrs. Neweys, hook and eye manufacturers. He was asked by the chairman to describe the method of distributing the work to the home workers, and he stated that in the majority of cases the women themselves came to the factory and took the work away with them. They could have any quantity, from a pack (containing 144 cards) to as much as they wished. On coming back they sometimes received the money for the work they had done, but payment was generally made weekly. In some cases the workers sent 'middle' women to the factory, but that was merely for the convenience of the workers.

"The CHAIRMAN. In many cases home work is done to supplement the income? That is so.

"Have you any cases where the women work entirely at carding? No: not alone. If they did try to earn their living entirely at carding they would have to seek out relief. Do you mean that by rates paid for carding a woman working constantly long hours during the week would not earn enough to keep herself and her family? No. There were dozens of occupations in Birmingham, he continued, at which women could not earn enough to keep themselves and their families. He did not see that a wage board was practicable, although he agreed with it in principle. If a minimum wage was established in Birmingham and raised wages 2d. or 3d. higher than they were at present, the prices were already so high that his firm would have to get the 2d. or 3d. somewhere."

The following shows that as late as October 27, 1912, the question was still alive:

(As it appeared in Reynold's newspaper.)

"PENNY AN HOUR—WHAT SOME BIRMINGHAM WOMEN CAN EARN—GRAVE REVELATIONS—OVERWHELMING EVIDENCE AT AN INSURANCE-ACT INQUIRY.

"Women who earn 4s. for a week's work of 54 hours exist in Birmingham, according to evidence given at an inquiry held there by Mr. Samuel Pope on behalf of the insurance act commissioners with regard to a special order for the inclusion of married women outworkers within the compulsory provisions of the act.

"Mr. G. H. Wright, on behalf of the chamber of commerce, told the inspector that a carder of hooks and eyes might reasonably expect to earn 9s. a week if she worked the whole week, while larger sums might be earned at carding miscellaneous goods. They were entirely unskilled people, and a child could do the work. 'In fact,' added the witness, 'many children do assist their mothers'—a statement which drew from Mr. Kesterton, representing the Birmingham Trades Council, the comment 'Shame.'

"The statement that the most industrious of the carders did not earn more than 4s. weekly, even if she worked 54 hours, was made by Mrs. Emma Farrington, a contractor for carding. 'Only a very quick carder could earn 9s.' she added, and her opinion was indorsed by Mrs. Scott, employing 22 outworkers, who said an ordinary worker could not earn 1d. an hour. Mr. Kesterton was asked by Mr. Wright if he agreed that such an industry was unable to pay more than it did to-day, it had better not exist, and the reply was an emphatic affirmative."

The following is a statement taken from the publication called Mrs. Bull, October 29, 1910:

"I find in the city sacred to Joseph that infants of 3 or 4 years of age are helping their mothers to fix hooks and eyes on cards and are given this work instead of toys as a pastime, and that the combined earnings of a mother and child amount to only 4s. 7d. per week."

Trade Boards Act, 1909.

MINIMUM RATES FIXED FOR THE TRADE OF MAKING BOXES OR PARTS THEREOF MADE WHOLLY OR PARTIALLY OF PAPER, CARDBOARD, CHIP, OR SIMILAR MATERIAL, TO COME INTO FORCE ON MARCH 11, 1912.

In accordance with regulations made under section 18 of the above act by the board of trade and dated April 27, 1910, the trade board established under the above act for that branch of the box trade in Great Britain which is engaged in the making of boxes or parts thereof made wholly or partially of paper, cardboard, chip, or similar material hereby give notice, as required by section 4 (3) of the above act, that they have fixed the following minimum (or lowest) rates of wages:

MINIMUM TIME RATES FOR FEMALE WORKERS.

(1) The minimum (or lowest) time rates of wages for female workers in the trade of making boxes or parts thereof made wholly or partially of paper, cardboard, chip, or similar material shall (subject to the provisions of this notice as to learners) be as follows, clear of all deductions, that is to say:

(*a*) For female workers in a factory or workshop not being a domestice workshop, 3d. an hour.

(*b*) For female home workers including workers in a domestic workshop, 3d. an hour.

(2) The above rates shall apply to all female workers in the respective classes as specified above (excepting all female learners as hereinafter defined) who are during the whole or part of their time employed in the making of boxes or parts thereof as aforesaid, or in any branch or process thereof, but shall not apply to any female workers who are merely employed in work incidentally or ancillary thereto.

LEARNERS.

(3) (*a*) In lieu of the above rates, female learners, as hereinafter defined, and no other persons, shall receive the following minimum (or lowest) time rates of wages; that is to say:

	Learners commencing at—				
	Column 1. 14 and under 15 years of age.	Column 2. 15 and under 17 years of age.	Column 3. 17 and under 20 years of age.	Column 4. 20 years of age and over.	
	Per week. s. d.	*Per week.* s. d.	*Per week.* s. d.		*Per week.* s. d.
During first 6 months of employment after the age of 14.	4 0	4 6	5 0	First 3 months..........	6 0
During second 6 months of employment after the age of 14.	4 6	5 6	6 6	Second 3 months........	7 6
During third 6 months of employment after the age of 14.	5 0	6 6	8 6	Third 3 months..........	9 0
During fourth 6 months of employment after the age of 14.	6 0	7 6	10 6	Fourth 3 months........	10 6
During fifth 6 months of employment after the age of 14.	7 0	9 0	....		
During sixth 6 months of employment after the age of 14.	8 0	10 6	....		
During seventh 6 months of employment after the age of 14.	9 0	....	....		
During eighth 6 months of employment after the age of 14.	10 6	....	....		

(*b*) The minimum (or lowest) time rate for learners under 14 years of age shall be 4 shillings a week, and on reaching the age of 14 they shall be entitled to the amounts shown in column 1, above, as if they had commenced at 14.

(*c*) The above rates are weekly rates based on a week of 52 hours, but they shall be subject to a proportionate deduction or increase according as the number of hours actually spent in any week by the learner in the factory or workshop is less or more than 52.

(*d*) A learner shall cease to be a learner and be entitled to the full minimum time rate for a worker, applicable to her under section 1, upon the fulfillment of the following conditions:

Age of entering upon employment.	Conditions.
Under 15 years of age	The completion of not less than 4 years' employment and the attainment of the age of 18 years.
15 and under 17 years of age	The completion of 3 years' employment.
17 and under 20 years of age	The completion of 2 years' employment.
20 years of age and over	The completion of 1 year's employment.

A learner returning to the trade after absence shall not serve a longer period as a learner would be required if she were entering the trade for the first time.

(*e*) Any female who has been previously employed in any branch of the trade as described in section 1 and has not held a certificate or certified-copy certificate and is subsequently taken on as a learner shall be entitled to count the whole period of such previous employment for the purpose of claiming the time rate at which she is to be paid, and shall have such period of employment entered upon her certificate or certified copy.

(4) A female learner is a worker who is employed as described in section 2 hereof, subject also to the following conditions:

(*a*) Has not become entitled to the full minimum rate under section 1.

(*b*) Is employed in a factory or workshop not being a room used for dwelling purposes.

(*c*) Is employed by an employer who provides such learner with reasonable facilities for practically and efficiently learning the branch or branches of the trade (as carried on by the employer subject to the provisions of this section) in which the learner is for the time being employed.

(*d*) Has received a certificate or certified copy certificate issued in accordance with rules from time to time laid down by the trade board and held subject to compliance with the conditions *a*, *b*, and *c*, above specified, or has made an application therefor, which has been duly acknowledged and is still under consideration. The trade board may, if any of the conditions specified in *a*, *b*, or *c* are not in fact complied with, cancel the original certificate, whereupon any copy thereof shall become canceled. Notice of such cancellation shall forthwith be given to the learner and her employer: *Provided*, That an employer may employ a female learner on her first employment without a certificate for a probation period not exceeding four weeks, but in the event of such learner being continued thereafter at her employment the probation period shall be included in her period of learnership.

(5) In totaling up any reckonings, in the aggregate arrived at when paying the rates fixed hereunder every fraction of a farthing shall count as a farthing.

(6) The expressions factory and workshop used herein shall have the meanings given to them by the factory and workshop acts, 1901 and 1907.

Dated the 11th day of March, 1912.

Signed by order of the trade board.

W. B. YATES, *Chairman*.

[The official notice for posting up in factories, workshops, and places used for giving out work contains here a reprint of the regulation requiring employers to post up a sufficient number of copies of such official notice in prominent positions so as to ensure that the notice shall be brought to the knowledge of all workers employed by them who are affected thereby.]

It is provided by sections 5-8 of the above act as follows:

5. (1) Until a minimum time rate or general minimum piece rate fixed by a trade board has been made obligatory by order of the board of trade under this section the operation of the rate shall be limited as in this act provided.

(2) Upon the expiration of six months from the date on which a trade board have given notice of any minimum time rate or general minimum piece rate fixed by them the board of trade shall make an order (in this act referred to as an obligatory order) making that minimum rate obligatory in cases in which it is applicable on all persons employing labor and on all persons employed, unless they are of opinion that the circumstances are such as to make it premature or otherwise undesirable to make an obligatory order, and in that case they shall make an order suspending the obligatory operation of the rate (in this act referred to as an order of suspension).

(3) Where an order of suspension has been made as respects any rate the trade board may at any time after the expiration of six months from the date of the order apply to the board of trade for an obligatory order as respects that rate, and on any such application the board of trade shall make an obligatory order as respects that rate, unless they are of opinion that a further order of suspension is desirable, and in that case they shall make such a further order and the provisions of this section which are applicable to the first order of suspension shall apply to any such further order.

An order of suspension as respects any rate shall have effect until an obligatory order is made by the board of trade under this section.

(4) The board of trade may, if they think fit, make an order to apply generally as respects any rates which may be fixed by any trade board constituted, or about to be constituted, for any trade to which this act applies, and while the order is in force any minimum time rate or general minimum piece rate shall, after the lapse of six months from the date on which the trade board have given notice of the fixing of the rate, be obligatory in the same manner as if the board of trade had made an order making the rate obligatory under this section, unless in any particular case the board of trade, on the application of any person interested, direct to the contrary.

The board of trade may revoke any such general order at any time after giving three months' notice to the trade board of their intention to revoke it.

6. (1) Where any minimum rate of wages fixed by a trade board has been made obligatory by order of the board of trade under this act, an employer shall, in cases to which the minimum rate is applicable, pay wages to the person employed at not less than the minimum rate, clear of all deductions, and if he fails to do so shall be liable on summary conviction in respect of each offense to a fine not exceeding £20 and to a fine not exceeding £5 for each day on which the offense is continued after conviction therefor.

(2) On the conviction of an employer under this section for failing to pay wages at not less than the minimum rate to a person employed, the court may by the conviction adjudge the employer convicted to pay, in addition to any fine, such sum as appears to the court to be due to the person employed on account of wages, the wages being calculated on the basis of the minimum rate, but the power to order the payment of wages under this provision shall not be in derogation of any right of the person employed to recover wages by any other proceedings.

(3) If a trade board are satisfied that any worker employed, or desiring to be employed, on time work in any branch of a trade to which a minimum time rate fixed by the trade board is applicable is affected by any infirmity or physical injury which renders him incapable of earning that minimum time rate, and are of opinion that the case can not suitably be met by employing the worker on piecework, the trade board may, if they think fit, grant to the worker, subject to such conditions, if any, as they prescribe, a permit exempting the employment of the worker from the provisions of this act rendering the minimum time rate obligatory, and while the permit is in force an employer shall not be liable to any penalty for paying wages to the worker at a rate less than the minimum time rate so long as any conditions prescribed by the trade board on the grant of the permit are complied with.

(4) On any prosecution of an employer under this section it shall lie on the employer to prove by the production of proper wages sheets or other records of wages or otherwise that he has not paid, or agreed to pay, wages at less than the minimum rate.

(5) Any agreement for the payment of wages in contravention of this provision shall be void.

7. (1) Where any minimum rate of wages has been fixed by a trade board, but is not for the time being obligatory under an order of the board of trade made in pursuance of this act, the minimum rate shall, unless the board of trade

direct to the contrary in any case in which they have directed the trade board to reconsider the rate, have a limited operation as follows:

(*a*) In all cases to which the minimum rate is applicable an employer shall, in the absence of a written agreement to the contrary, pay to the person employed wages at not less than the minimum rate, and in the absence of any such agreement, the person employed may recover wages at such a rate from the employer;

(*b*) Any employer may give written notice to the trade board by whom the minimum rate has been fixed that he is willing that that rate should be obligatory on him, and in that case he shall be under the same obligation to pay wages to the person employed at not less than the minimum rate, and be liable to the same fine for not doing so, as he would be if an order of the board of trade were in force making the rate obligatory; and

(*c*) No contract involving employment to which the minimum rate is applicable shall be given by a Government department or local authority to any employer unless he has given notice to the trade board in accordance with the foregoing provision: *Provided*, That in case of any public emergency the board of trade may by order, to the extent and during the period named in the order, suspend the operation of this provision as respects contracts for any such work being done or to be done on behalf of the Crown as is specified in the order.

(2) A trade board shall keep a register of any notices given under this section.

The register shall be open to public inspection without payment of any fee, and shall be evidence of the matters stated therein.

Any copy purporting to be certified by the secretary of the trade board or any officer of the trade board authorized for the purpose to be a true copy of any entry in the register shall be admissible in evidence without further proof.

8. An employer shall, in cases where persons are employed on piecework and a minimum time rate, but no general minimum piece rate has been fixed, be deemed to pay wages at less than the minimum rate—.

(*a*) In cases where a special minimum piece rate has been fixed under the provisions of this act for persons employed by the employer, if the rate of wages paid is less than that special minimum piece rate; and

b) In cases where a special minimum piece rate has not been so fixed, unless he shows that the piece rate of wages paid would yield, in the circumstances of the case, to an ordinary worker at least the same amount of money as the minimum time rate.

OFFICE OF TRADE BOARDS,
Trafalgar Buildings, Northumberland Avenue, London, W. C.

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ADVANCE COPY (UNSIGNED).

Prepared in accordance with a resolution of the trade board, passed on 10th October, 1912, in order to give persons affected early information as to the contents of the official notice to be issued (in accordance with sec. 4 (3) of the trade boards act) shortly before 6th January, 1913.

TRADE BOARDS ACT, 1909.

MINIMUM RATES FIXED FOR THE TRADE OF MAKING BOXES OR PARTS THEREOF, MADE WHOLLY OR PARTIALLY OF PAPER, CARDBOARD, CHIP, OR SIMILAR MATERIAL, TO COME INTO FORCE ON 6TH JANUARY, 1913.

In accordance with regulations made under section 18 of the above act, by the board of trade, and dated 27th April, 1910, the trade board established under the above act for that branch of the box trade in Great Britain which is engaged in the making of boxes or parts thereof, made wholly or partially of paper, cardboard, chip, or similar material, hereby give notice, as required by

section 4 (3) of the above act, that they have affixed the following minimum (or lowest) rates of wages:

MINIMUM TIME RATES FOR MALE WORKERS.

SECTION A. The minimum (or lowest) time rate for male workers in the trade of making boxes or parts thereof, made wholly or partially of paper, cardboard, chip, or similar material, shall (subject to the provisions of this notice as to learners) be as follows, clear of all deductions—that is to say, 6d. an hour.

LEARNERS.

SEC. B. (1) In lieu of the above rate male "learners" shall receive the following minimum or lowest time rates clear of all deductions, that is to say—

		s.	d.
When employed under 15 years of age	a week	4	6
When employed at—			
15 and under 16 years of age	do	6	0
16 and under 17 years of age	do	8	0
17 and under 18 years of age	do	11	0
18 and under 19 years of age	do	14	0
19 and under 20 years of age	do	17	6
20 and under 21 years of age	do	21	0

(2) The learners' rates are weekly rates based on a week of 52 hours, but they shall be subject to a proportionate deduction or increase according as the number of hours actually spent by the learner in the factory or workshop in any week is less or more than 52.

(3) A male learner is a worker under 21 years of age, who while employed is engaged during the whole or a substantial part of his time in learning some branch or process of the trade.

Dated the 6th day of January, 1913.

Signed by order of the trade board.

——— ———,
Chairman.

The above minimum time rates are without prejudice to workers who are earning higher rates of wages.

[The official notice for posting up in factories, workshops, and places used for giving out work contains here a reprint of the regulation requiring employers to post up a sufficient number of copies of such official notice in prominent positions, so as to insure that the notice shall be brought to the knowledge of all workers employed by them who are affected thereby.]

It is provided by sections 5-8 of the above act as follows:

5. (1) Until a minimum time rate or general minimum piece rate fixed by a trade board has been made obligatory by order of the board of trade under this section, the operation of the rate shall be limited as in this act provided.

(2) Upon the expiration of six months from the date on which a trade board have given notice of any minimum time rate or general minimum piece rate fixed by them, the board of trade shall make an order (in this act referred to as an obligatory order) making that minimum rate obligatory in cases in which it is applicable on all persons employing labor and on all persons employed, unless they are of opinion that the circumstances are such as to make it premature or otherwise undesirable to make an obligatory order, and in that case they shall make an order suspending the obligatory operation of the rate (in this act referred to as an order of suspension).

(3) Where an order of suspension has been made as respects any rate, the trade board may at any time after the expiration of six months from the date of the order, apply to the board of trade for an obligatory order as respects that rate; and on any such application the board of trade shall make an obligatory order as respects that rate, unless they are of opinion that a further order of suspension is desirable, and, in that case, they shall make such a further order, and the provisions of this section which are applicable to the first order of suspension shall apply to any such further order.

An order of suspension as respects any rate shall have effect until an obligatory order is made by the board of trade under this section.

(4) The board of trade may, if they think fit, make an order to apply generally as respects any rates which may be fixed by any trade board constituted, or

about to be constituted, for any trade to which this act applies, and while the order is in force any minimum time rate or general minimum piece rate shall, after the lapse of six months from the date on which the trade board have given notice of the fixing of the rate, be obligatory in the same manner as if the board of trade had made an order making the rate obligatory under this section, unless in any particular case the board of trade, on the application of any person interested, direct to the contrary.

The board of trade may revoke any such general order at any time after giving three months' notice to the trade board of their intention to revoke it.

6. (1) Where any minimum rate of wages fixed by a trade board has been made obligatory by order of the board of trade under this act, an employer shall, in cases to which the minimum rate is applicable, pay wages to the person employed at not less than the minimum rate, clear of all deductions, and if he fails to do so shall be liable on summary conviction in respect of each offense to a fine not exceeding £20 and to a fine not exceeding £5 for each day on which the offense is continued after conviction thereof.

(2) On the conviction of an employer under this section for failing to pay wages at not less than the minimum rate to a person employed, the court may by the conviction adjudge the employer convicted to pay, in addition to any fine, such sum as appears to the court to be due to the person employed on account of wages, the wages being calculated on the basis of the minimum rate, but the power to order the payment of wages under this provision shall not be in derogation of any right of the person employed to recover wages by any other proceedings.

(3) If a trade board are satisfied that any worker employed, or desiring to be employed, on time work in any branch of a trade to which a minimum time rate fixed by the trade board is applicable is affected by any infirmity or physical injury which renders him incapable of earning that minimum time rate, and are of opinion that the case can not suitably be met by employing the worker on piecework, the trade board may, if they think fit, grant to the worker, subject to such conditions, if any, as they prescribe, a permit exempting the employment of the worker from the provisions of this act rendering the minimum time rate obligatory, and, while the permit is in force, an employer shall not be liable to any penalty for paying wages to the worker at a rate less than the minimum time rate so long as any conditions prescribed by the trade board on the grant of the permit are complied with.

(4) On any prosecution of an employer under this section it shall lie on the employer to prove by the production of proper wages sheets or other records of wages or otherwise that he has not paid, or agreed to pay, wages at less than the minimum rate.

(5) Any agreement for the payment of wages in contravention of this provision shall be void.

7. (1) Where any minimum rate of wages has been fixed by a trade board, but is not for the time being obligatory under an order of the board of trade made in pursuance of this act, the minimum rate shall, unless the board of trade direct to the contrary in any case in which they have directed the trade board to reconsider the rate, have a limited operation, as follows:

(*a*) In all cases to which the minimum rate is applicable an employer shall, in the absence of a written agreement to the contrary, pay to the person employed wages at not less than the minimum rate, and, in the absence of any such agreement, the person employed may recover wages at such a rate from the employer;

(*b*) Any employer may give written notice to the trade board, by whom the minimum rate has been fixed, that he is willing that that rate should be obligatory on him, and in that case he shall be under the same obligation to pay wages to the person employed at not less than the minimum rate, and be liable to the same fine for not doing so as he would be if an order of the board of trade were in force making the rate obligatory; and

(*c*) No contract involving employment to which the minimum rate is applicable shall be given by a Government department or local authority to any employer unless he has given notice to the trade board in accordance with the foregoing provision: *Provided*, That in case of any public emergency the board of trade may by order, to the extent and during the period named in the order, suspend the operation of this provision as respects contracts for any such work being done or to be done on behalf of the Crown, as is specified in the order.

(2) A trade board shall keep a register of any notices given under this section.

The register shall be open to public inspection without payment of any fee, and shall be evidence of the matters stated therein.

Any copy purporting to be certified by the secretary of the trade board or any officer of the trade board authorized for the purpose to be a true copy of any entry in the register shall be admissible in evidence without further proof.

8. An employer shall, in cases where persons are employed on piece work and a minimum time rate but no general minimum piece rate has been fixed, be deemed to pay wages at less than the minimum rate—

(a) In cases where a special minimum piece rate has been fixed under the provisions of this act for persons employed by the employer, if the rate of wages paid is less than that special minimum piece rate; and

(b) In cases where a special minimum piece rate has not been so fixed, unless he shows that the piece rate of wages paid would yield, in the circumstances of the case, to an ordinary worker at least the same amount of money as the minimum time rate.

OFFICE OF TRADE BOARDS, OLD SERJEANTS' INN CHAMBERS,
Chancery Lane, London, W. C.

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Par. 153.—SNAP FASTENERS.

BRIEF OF AMERICAN MANUFACTURERS OF SNAP FASTENERS, BY BALL & SOCKET MANUFACTURING CO., WEST CHESHIRE, CONN.; TRAUT & HINE MANUFACTURING CO., NEW BRITAIN, CONN.; UNITED STATES FASTENER CO., BOSTON, MASS.; WATERBURY BUTTON CO., WATERBURY, CONN.

The honorable CHAIRMAN FINANCE COMMITTEE,
United States Senate, Washington, D. C.:

There are about 1,000 persons employed by the United States Fastener Co. in the manufacture of "snap fasteners or clasps, or parts of," which in the present law comes under Schedule N, sundries, paragraph 427, act of 1909, which reads as follows:

Snap fasteners or clasps, or parts of, 50 per cent.

The Underwood bill affecting this class of merchandise at Schedule C, "Metals and manufactures of," page 41 of said printed bill, paragraph 153, reads as follows:

Hooks and eyes, metallic, snap fasteners and clasps by whatever name known, trousers buckles and waistcoat buckles made wholly or partly of iron or steel, steel trousers buttons and metal buttons not specially provided for in this section, all the foregoing and parts thereof, 15 per cent ad valorem.

This is a reduction of from 50 to 15 per cent, and is practically the same as if there was no tariff on this class of goods. We would therefore pray your honorable body that a special article be inserted as follows:

Snap fasteners or clasps, or parts of, 45 per cent.

We ask this special classification owing to the fact that these goods have been imported hidden under a variety of names making it difficult to index the imports. These fasteners are known under different trade names in this country, such as—

Sew-on fasteners, rivet fasteners, clasps, garment fasteners, etc.

The present duty of 50 per cent ad valorem is a fair protection on the higher priced fasteners, but on the lower priced fasteners 50 per cent is such a tariff that foreign manufacturers can produce the

goods, pay a duty of 50 per cent ad valorem, together with all charges for ocean carriage or otherwise, and deliver them in this country at less than the cost of manufacture in this country.

We bring to your attention the following briefs filed in regard to snap fasteners, paragraph 427, hearings before the Committee on Ways and Means, House of Representatives, on Schedule N, sundries, January 29 and 30, 1913, tariff hearings:

S. Basch & Co., New York City, representing Waldes & Co., of Germany, pages 5170 and 5171 of the tariff hearings, wherein these people make this statement:

> These goods under the present tariff act are assessed for duty at a rate of 50 per cent ad valorem, which is not only so excessive as to almost prohibit their importation, but brings much hardship to the importers thereof. There are no snap fasteners of this type, to wit, with a wire spring, manufactured in this country at the present time so far as can be ascertained, and therefore these articles come into no competition with any American article of like construction. * * * It is therefore suggested to your honorable body that the duty upon these articles be reduced to a rate of 25 per cent ad valorem, which will not only benefit the consumer by rendering possible a lower price on these goods in this country, but will redound to the benefit of the Government owing to greatly multiplied revenue resultant from increased importations, and can work no hardship on the American manufacturer, as there are no articles of this kind manufactured in this country and therefore no competition with an American product.

S. Basch & Co. further say:

> These fasteners are not made in this country and never have been, and therefore do not enter into competition whatsoever with any American article of like construction.

We likewise call your attention to brief of Paul Bowmann, New York City, page 5171, tariff hearings, Schedule N, as follows:

> These snap fasteners are not made in this country, and therefore a reduction in the duty will not in any way interfere with any domestic manufacture.

Paul Bowmann also further says:

> Snap or dress fasteners: * * * These are plain metal articles used for women's wearing apparel and are now assessed, under paragraph 427, at 50 per cent. These are also manufactures of metal, and if transferred to the suggested paragraph in the metal schedule at a duty not to exceed 25 per cent ad valorem it would greatly encourage the importation of these useful articles, which are not manufactured in this country and are used where the ordinary button can not be used with comfort.

As a matter of fact, the United States Fastener Co. has made sew-on fasteners which enter into direct competition with the sew-on fasteners referred to by S. Basch & Co. and Paul Bowmann for more than 10 years, so that the statement made in the two briefs of S. Basch & Co. and that of Paul Bowmann to the effect that "there are no articles of this kind manufactured in this country, and therefore no competition with an American product," is absolutely false.

As a matter of fact, at the present time these sew-on fasteners are sold in Europe for export into the United States and after they have paid the present duty of 50 per cent ad valorem, together with all charges for ocean carriage or otherwise, are sold at a price less than our factory cost.

We respectfully submit these facts: That we filed our briefs before the Committee on Ways and Means and knew nothing of the statements made by the foreign manufacturers and their New York representatives, above referred to, until about the time the bill was being

reported to the House. We have every reason to believe, therefore, that the reduction suggested, from 50 to 15 per cent, came about by reason of the false statements and false information given to the Committee on Ways and Means, namely, that these goods were not manufactured in this country—which is absolutely false—and that they entered into the construction of other articles which would cause these other articles to be reduced in price, in case there was a reduction in the tariff on snap fasteners, which can not happen, because the cost of a fastener is so insignificant that it has absolutely no effect whatsoever on the cost of the article.

To substantiate the fact that the duty on snap fasteners or clasps and parts thereof of 50 per cent ad valorem should not be changed, we refer you to briefs filed as follows and printed in tariff hearings, Schedule N, paragraph 427:

Waterbury Button Co., Waterbury, Conn. (p. 5166).
Traut & Hine Manufacturing Co., New Britain, Conn. (p. 5169).
United States Fastener Co., Boston, Mass. (pp. 5169-5170).
Ball & Sockett Manufacturing Co., West Cheshire, Conn. (p. 5172).

Brief submitted on behalf of the Ball & Socket Manufacturing Co., West Cheshire, Conn.

MAY 6, 1913.

The honorable CHAIRMAN OF FINANCE COMMITTEE,
United States Senate, Washington, D. C.:

As manufacturers of snap fasteners, clasps, and parts thereof, we respectfully submit that snap fasteners, or clasps, or parts of are now provided for in Schedule N, sundries, paragraph 427, act of 1909, which reads as follows: "Snap fasteners, or clasps, or parts of, 50 per cent;" and we respectfully ask this committee that this item be not changed, and that the rate of duty be allowed to stand as it now is on this class of manufacture.

The use of snap fasteners, clasps, and parts thereof is increasing in this country, and their manufacture in the United States is becoming a very important industry. The present rate of duty affords the manufacturers of these goods scarcely any protection on the lower-priced articles, and the competition with the goods made abroad is most keen. Snap fasteners, press buttons, and parts thereof are to-day manufactured in Germany and are being shipped to this country in increasing quantities each year, and after the payment of the present duty, which is 50 per cent ad valorem, together with all charges, are placed in New York at a price which is below our factory cost.

We therefore pray your honorable body that the present duty may be maintained.

Respectfully submitted.

THE BALL & SOCKET MANUFACTURING CO.,
By F. A. IVES.

Brief submitted on behalf of the Traut & Hine Manufacturing Co., New Britain, Conn.

MAY 6, 1913.

To the honorable CHAIRMAN OF FINANCE COMMITTEE,
United States Senate, Washington, D. C.:

As manufacturers of snap fasteners, clasps, and parts thereof, we respectfully submit that snap fasteners, or clasps, or parts of are now provided for in Schedule N, sundries, paragraph 427, act of 1909, which reads as follows: "Snap fasteners, or clasps, or parts of, 50 per cent;" and we respectfully ask this committee that this item be not changed, and that the rate of duty be allowed to stand as it now is on this class of manufacture.

Snap fasteners are to-day manufactured in Germany and are being shipped to this country in larger and larger quantities, and after paying the present duty of 50 per cent ad valorem these goods are being sold at a price less than we can compete with and pay the present rate of wages.

The manufacturing of fasteners is quite a large industry in this country, but if it does not have the proper protection the majority of the fasteners will be made in Germany and brought over here at such low prices that to compete with them would be impossible. This naturally would mean the death of the industry in question, which now employs thousands of operatives and in which a large amount of capital is invested. Under these conditions we respectfully ask your honorable committee to leave the tariff as it is at present on snap fasteners.

Very respectfully,

THE TRAUT & HINE MANUFACTURING CO.,
GEO. W. TRAUT.

Brief submitted on behalf of United States Fastener Co., 95 Milk Street, Boston, Mass.

The honorable CHAIRMAN OF FINANCE COMMITTEE,
United States Senate, Washington, D. C.:

As manufacturers of snap fasteners, clasps, and parts thereof, we respectfully submit that snap fasteners, or clasps, or parts of, are now provided for in Schedule N, sundries, paragraph 427, act of 1909, which reads as follows: "Snap fasteners, or clasps, or parts of, 50 per cent"; and we respectfully ask this committee that this item be not changed and that the rate of duty be allowed to stand as it now is on this class of manufacture.

The use of snap fasteners, clasps, and parts thereof is constantly increasing in this country, and their manufacture in the United States is fast becoming an industry of no mean proportion. The present rate of duty affords the manufacturers of these articles scarcely any protection, and the competition with articles of a like nature made abroad and imported into this country is most keen. "Snap fasteners, or clasps, or parts of," are to-day manufactured in Germany, and are being shipped to this country in larger and larger quantities, and after payment of the present duty, which is 50 per cent ad valorem, together with all charges for ocean carriage or otherwise, are sold at a price less than that at which we can possibly compete if we are to continue to pay the same rate of wage as now paid by us. This, of course, means death to the above industry, which now employs thousands of operatives, and in which a large amount of capital is invested.

For the information of the committee we append hereto a schedule of the wages paid in Germany and those paid by ourselves in like branches of manufacture for comparison.

Respectfully submitted.

UNITED STATES FASTENER CO.,
W. S. RICHARDSON, *Treasurer.*

TARIFF OF 1909.—*Schedule N, Sundries.*

Snap fasteners or clasps, or parts of, paragraph 427, act of 1909—Comparison of prices paid for labor in Germany and the United States.

	Germany.	United States.
	Cents.	*Cents.*
Working foreman on presses........per hour..	20	55½
Machinists, die makers, etc., average........do....	13½	39½
Lathe hand for presses........do....	10	28
Helpers on presses, average........do....	6½	19
Carpenters........do....	12½	33½
Platers........do....	16	65½
Fireman, porter, etc........do....	10	25
Packing girls........do....	5	15

Brief submitted on behalf of the Waterbury Button Co., Waterbury, Conn.

MAY 6, 1913.

The honorable CHAIRMAN FINANCE COMMITTEE,
United States Senate, Washington, D. C.:

The Waterbury Button Co. is interested in snap fasteners. Snap fasteners are now protected as per Schedule N, paragraph 427, part of line 14, all of line 15, and part of line 16, as follows:

"Snap fasteners or clasps or parts thereof by whatever name known, 50 per cent ad valorem."

These fasteners are largely used on gloves and kindred articles. It is an industry of no mean proportion in the United States to-day and we pray your honorable committee that the present tariff be let to remain.

Respectfully submitted.

WATERBURY BUTTON CO.,
J. RICHARD SMITH, *President.*

We have been informed that there were several reasons why the duty on snap fasteners and the other articles in the clause in which snap fasteners were included were reduced from 50 to 15 per cent. One reason was that these snap fasteners entered into the manufacture of shoes, and if shoes were put on the free list, then snap fasteners should be. The duty on snap fasteners was reduced for this reason. The number of fasteners that have been used on shoes has been so small that it is absolutely inconsequential, and as far as we know snap fasteners for use on shoes have only been used in an experimental way. We would be very much pleased to get shoe manufacturers to use our snap fasteners, but they have not so far been able to do so.

Another argument that was used was that snap fasteners were not sold on the market for individual consumption; that is to say, they were always sold to be used on other articles. Since, however, take in the case of gloves, two fasteners only are used on a pair of gloves, and these fasteners cost a fraction of a cent, the price of a pair of gloves which sell from $1.50 to $2 or any other article would not in any way be affected even if the fasteners were sold at one-half the price at which they are now sold. It is a fact that in reducing the duty from 50 to 15 per cent it brings about practically free trade on fasteners and throws the manufacture of fasteners into the hand of foreigners. There will be practically no possibility of our reducing the cost of manufacture to compete with the costs in existence abroad. From our knowledge of the cost of manufacture abroad we know that the goods can be made at such a price that it is impossible for us to compete. The price of wages here is from three to five times that paid in Germany. As an illustration, a foreman of a plating room in Germany receives from $6 to $7.50 a week, whereas here in the United States we would pay him from $28 to $35 a week. Even with 50 per cent duty the foreign manufacturer was able to bring many kinds of fasteners into this country, pay 50 per cent duty, freight, and all other charges and still sell the goods several cents per gross less than the price at which we could produce them in this country.

Neither can we go into foreign countries with snap fasteners, because many reasons exist outside of the mere cost of production that governs the situation. In most foreign countries long credits have to be given; that is, from three to six and sometimes nine months. The difference in the cost of money between the United States and Europe alone is a profit to the foreign manufacturer.

It is respectfully submitted that so drastic a cut as a reduction from 50 to 15 per cent ad valorem, which is practically free trade, is such that the effect will be to drive this industry out of the United States and cause snap fasteners to be manufactured in Europe. To preserve this industry, which was entirely created in this country, and to enable it to continue in existence the duty should not be lower than 45 per cent.

Par. 153.—MEN'S BELT BUCKLES, ETC.

ALMA MANUFACTURING CO., 611-651 SOUTH MONROE STREET, BALTIMORE, MD., BY H. KERNGOOD, PRESIDENT.

BALTIMORE, *May 5, 1913.*

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: Referring to Schedule C of the Underwood bill (par. 153), which will reach your committee within a few days, we respectfully draw attention to the fact that men's belt buckles are not scheduled, but these belt buckles, as well as "trousers buckles and waistcoat buckles made wholly or partly of iron or steel," and steel trousers buttons, are a product in which the raw material is only a very minor part of the cost of the finished article. Though the present duty, in view of general tariff revision, could be modified, still if you will kindly compare figures as to cost of material, cost of labor, and selling price you may agree that a general ad valorem duty of 40 per cent for the protection of American labor represents a fair compromise and could not be considered excessive.

We inclose samples showing various buckles, duly tagged, and stating weight and cost of raw material, the approximate cost of labor, and selling price.

Our plant represents a "sample industry," and covers about 2½ acres of ground. It is strictly modern in construction, and represents an investment of about $725,000.

We employ about 500 hands, and we pay skilled labor from $20 to $35 per week. We are in operation about 25 years and never had a strike, possibly indicating that our employees are satisfied with wages received. After careful inquiry and investigation we can report that German and French manufacturers doing work analogous to ours pay but about 35 per cent of the wages which we pay for the same services.

In addition, we respectfully draw attention to snap fasteners, and particularly a fastener provided with a horn top, as per inclosed sample. Please note that the raw material of this top or button costs us about $32 per ton, or about 1½ cents per pound, and we cut more than a gross (144 pieces) out of a pound; consequently the cost of raw material is but 1 cent per gross, or maybe less; but the subsequent operations—sawing, hydraulic pressing, blanking, bleaching, inserting, coloring, stamping, lettering, trimming, and polishing—will bring the cost of this button or top up to fully 50 cents per gross, and our selling price is only 55 cents per gross. The horn top fastener is not enumerated in Schedule C, but belongs in there, we believe, and it certainly should not be imported at a lesser duty than 40 per cent; and fasteners provided with metallic or celluloid tops or buttons, we respectfully suggest, should bear the same duty.

Par. 154.—LEAD-PRODUCING ORES.

ROCKY MOUNTAIN LEAD-ORE PRODUCERS. BY JAMES F. M'CARTHY, PRESIDENT, SALT LAKE CITY, UTAH.

To the President, to the Senate, and to the House of Representatives:

The lead producers of the Rocky Mountain States respectfully present for your consideration the following facts relative to their industry:

The entire population of Utah, Nevada, Colorado, Arizona, Idaho, and Montana is dependent on the mining industry, of which lead mining forms a very important part.

The output of gold and silver is largely associated with and dependent upon the production of lead, much of the gold and silver ore being smelted on the lead basis. Restriction of the output of lead will therefore reduce the output of the precious metals.

The men employed in the lead mines receive the highest wages paid to mining labor in the United States. Almost all are native-born or naturalized citizens of a high average of intelligence.

Of the total traffic of the railroads of the Western States, it has been shown by railway statistics that over 80 per cent is furnished by mineral products.

All of the lead ores of the Rocky Mountain States contain some precious metal. Without these precious metals the lead could not be produced, because the cost of production exceeds the value of the lead alone. Crediting the value of the precious metals, such as gold and silver, against the cost of producing the lead, the average profit does not exceed one-half a cent per pound of lead, at the price of 4.4 cents, which is the average price for the last five years. This profit is in most cases less than 5 per cent on the capital invested, which is inadequate in view of the risks involved in all mining enterprises.

The present duties on lead have produced for the last 10 years an average annual revenue of $734,638, which is approximately 80 per cent more than the revenue as estimated in the bill introduced in the last Congress (H. R. 18642). It is clear therefore that the present duties are not in any sense prohibitive, but, on the contrary, are competitive and revenue producing.

It may be admitted, however, that there is a disparity between the duty on lead in ore and the duty on lead in pigs, bars, and bullion, and that the latter might be reduced to the same basis as the lead in ore without any serious detriment to the lead producers. But the protection afforded by the duty on lead in ore is absolutely essential to the maintenance of the lead industry in this country. The fact that even with the present duty of 1½ cents per pound on lead in ore the margin between cost and selling price is less than one-half a cent per pound leaves no room for argument as to its necessity.

Under the rate of duty proposed last year revenue would be decreased if the quantities imported remained the same. Or, in order to produce the same revenue as at present, the quantities imported would have to be increased 80 per cent. Such an increased importation could only be absorbed in our market by displacing the equivalent quantity of domestic lead. In such a case the Government would be no better off in the matter of revenue than it is now; but a part of our own lead industry would be cut off, and the money that should

go to the development of our own resources would go to develop those of Spain and Mexico, our chief competitors in the production of lead.

The mining communities of the Mountain States afford the principal market for much of the agricultural product of the West. Anything that destroys or curtails mining must react to the injury of the farmers.

The development and growth of the Western States have been coincident with the development of mining. Whatever retards the latter must inevitably check the development of all other industries in the mining States.

For the foregoing reasons the lead producers of the Rocky Mountain States, through their representatives in conference at Salt Lake City, do respectfully request that no change be made in the duty on lead in ores, and that it be allowed to remain as at present, a specific duty of 1½ cents per pound on the lead contained, and that the duty on lead in pigs, bars, and bullion be reduced from the present rate of 2⅛ cents per pound to 1½ cents per pound, placing it on the same basis as lead in ores. We believe that so far as lead is concerned this would be a substantial compliance with the promises of the Democratic Party to revise the tariff downward. It would be a reduction of 29.4 per cent in the duty on lead in pigs, bars, and bullion, the form in which most of our imports are made, while leaving to the domestic producers of the raw lead ores the present measure of protection which they need to insure the continuance of their industry.

It is respectfully urged, also, that the form of the duty be not changed from specific to ad valorem. An ad valorem duty affords the least protection at the time it is most needed. And in the case of lead it would be exceedingly difficult to determine the proper amount of the duty and certain grades of ore could be imported and escape the payment of duty for the reason that the lead in such ores would have no value at the port of entry.

Adopted by the silver-lead producers of the States of Idaho, Montana, Nevada, Utah, Colorado, Arizona, and New Mexico, assembled in formal conference at Salt Lake City, Utah, April 3-4, 1913.

L. VOGELSTEIN & CO., 42 BROADWAY, NEW YORK, N. Y.

NEW YORK, *April 15, 1913.*

The SENATE FINANCE COMMITTEE,
Washington, D. C.

SIRS: The text of the proposed tariff bill is now before us and we take the liberty of calling your attention to some of the paragraphs of the bill which, in our opinion, should be amended.

Schedule "C," paragraph 148: A clause should be inserted that ores containing small percentages of antimony which can not be recovered by ordinary process should not be duitable under this paragraph.

Paragraph 156, lead-bearing ores: A clause should be inserted in this paragraph that ores containing small percentages of lead which are not recoverable should be exempt from duty.

Paragraph 158: To avoid misunderstandings, it should be clearly defined which "metallic mineral substances in a crude state" fall under this paragraph and which would fall under paragraph 557 in the free list.

Paragraph 166: A clause should be inserted that ores containing small percentages of zinc which are not recoverable should not be dutiable under this paragraph.

Paragraph 167: The duty provided for under this paragraph is inadequate. In the first place, we believe that an ad valorem duty on a staple article is unjust. It gives the least protection when it is most needed. In the second place, it is unfair that the zinc-smelting industry has the same duty on the manufactured product as on the crude product under paragraph 166. The committee should consider that, owing to the enormous distances and high cost of transportation, a substantial protection is needed for this industry. The brunt of the tariff reduction will have to be borne by the zinc miners, and the result of the radical cut proposed is going to be that the small miners will be driven out of business, while the larger concerns will probably adapt themselves to the conditions by introducing more economical methods of mining and concentration. The committee should bear in mind that on zinc ores produced in the western part of this country the freight charges are higher than on ores imported from foreign countries. If you take, for instance, ores produced in the Montana or Idaho districts, an ore containing 50 per cent zinc will pay a freight of $7 or $8 to the zinc smelter. This is equivalent to $14 to $16 freight on the zinc content. In addition, the refined zinc (spelter) has got to pay from $2 to $3 to the consuming centers, which are mostly located in the Ohio Valley, while the zinc smelters are located in the Kansas-Missouri gas belt or in the Illinois coal belt. Hence the total freight charge per ton of zinc in the ore until it reaches market amounts to $16 to $19. The proposed ad valorem duty of 10 per cent will not average over $10 per ton of zinc. It seems essential in the interest of the zinc industry of this country to have a higher protection.

Free list, paragraph 474: This provides for regulus of copper to be free. It is important that regulus of copper should be free, even if it contains lead. The Treasury Department has given a false interpretation to the lead-bearing-ore clause of the old tariff and has applied it to regulus, but inasmuch as regulus is a semimanufactured product, it should not be subjected to the duties which are imposed on ore. In order to avoid future litigation, a clear wording of this paragraph is desirable.

Paragraph 557, minerals: We refer to remarks made on Schedule C.

Section 3: A careful revision of the wording of the administrative part referring to the valuation and appraisal of goods should be made. This part of the tariff has not affected the metal trade heretofore, but under the ad valorem duty it is doubtless going to be a very troublesome and cumbersome proposition and will incur heavy expense both to the Government and the importer.

Some objections on the ad valorem duty on staple articles have been mentioned above, but there is one other objection which is very important—the difficulty of ascertaining a true market value for articles which sometimes fluctuate 5 per cent and more within a week. We consider it practically impossible for the appraisers to ascertain

the true market value of metals, like spelter and lead, which have been placed under an ad valorem duty, and it will be just as difficult for the importer to furnish the necessary proof of an unjust and incorrect appraisal by the customhouse.

Additional objection has to be made to Clause R of this section. The clause is apt to be used by competitors for extortionate purposes. It is apt to be used for the purposes of making a bona fide importer disclose the source of his supply, the method of his purchase, and give a benefit to the competitor. It is a clause which, if justly enforced, is going to be very cumbersome and expensive to the Government, and unless justly enforced is going to be very unfair to the importer. There is nothing to be gained by retaining a clause like this in the tariff, but it is sure to be a source of a great deal of litigation.

EUREKA HILL MINING CO., BY GEORGE W. RITER, SECRETARY OF THE EXECUTIVE COMMITTEE.

SALT LAKE CITY, UTAH, *April 26, 1913.*

HON. F. M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SENATOR: Is not the Government, as the largest "ultimate consumer" of gold, directly and vitally interested in the precious-metal mining industry of the far Western States?

The country's production of gold, instead of keeping up to the high level once reached, is on the decline. But even if the production of gold could be kept constant, the quantity available for coinage would be less and less each year because of the increasing consumption of gold in the arts. In the same way, each year shows a less quantity of new silver available for coinage or export. These facts are set forth in the late reports of the Director of the Mint.

The reason for the falling off in the country's production of gold is that the precious-metal mines of the United States, taken as a whole, have not been paying their own way. In other words, the Government has been getting gold for its monetary needs at less than the cost of production. The only mining States offering an exception to this rule are the ones that have had the benefit of lead production and lead smelting. These facts are disclosed by the census reports on mining.

All of the lead produced in the far Western States comes from gold and silver ores, and after crediting the entire value of the gold and silver to the cost of mining, the average profit on lead is only a fraction of a cent per pound. This is when lead sells in New York at prices 1¼ cents per pound higher than in the London market, the difference between the two markets being practically the same as the rate of duty on imported lead ores. In other words, the tariff has been the deciding factor between profit and loss in the operation of gold-silver-lead mines. The western producers are therefore disconcerted over the reduced rates of duty on lead that are proposed in the new tariff bill now before Congress.

	Underwood bill (H. R. 10).	Payne-Aldrich Act.	Recommended by lead-ore producers.
Lead in ores	¾c. per lb.	1½c. per lb.	1½c. per lb.
Pig lead and base bullion	25 per cent ad valorem: 0.5c. to 1.2 c. per lb.	2⅛c. per lb.	1½c. per lb.

In the inclosed memorial to Congress, on the subject of "The production of gold and silver in connection with western lead ores, as affected by the tariff on lead," the quantity of gold and silver produced as a by-product of lead metallurgy is set forth; but not enough stress is laid on lead metallurgy as an aid in developing gold mines to the stage of independent production. After a mine has been developed far enough to prove the extent of its ore deposits and the peculiarities of its ores, a special reduction plant adapted to these ores may make the mine independent of lead metallurgy; but until that stage of development is reached, the average mine must depend upon the nearest friendly lead smelter to handle the ores taken out in prospecting. The mines of Tonopah, Nev., and Goldfield, Nev., afford a case in point. These two camps, with benefit of the cyanide leaching process, now produce considerably more than one-tenth of the country's gold. But during their periods of infancy, and while waiting for the cyanide process to be adapted to their ores, each of these camps was obliged to depend upon lead smelters to handle its output. It is doubtful whether these districts would ever have been tided past infancy, into the stage of independent gold production, except for the benefits of transportation and smelting facilities that were originally designed for handling low-grade lead-bearing ores.

Of course, if the Government were looking forward to the time when it would no longer be the "ultimate consumer" of gold, having decided, perhaps, to stamp its money on paper exclusively, it might cease to have any particular interest in gold-silver-lead mining in the Western States. But until that time comes can the country's lawmakers consistently shut their eyes to the needs of an industry in which the tariff on lead seems to be the deciding factor between profit and loss?

The lead-ore producers of the Rocky Mountain States, in their formal memorial, have recommended a cut of 29.4 per cent in the rate of duty on lead in pigs, bars, and bullion, the form in which most of our imports are made, placing it on the same basis as lead in ores. May they not rely on you to use your influence against any greater reduction than this?

Memorial from the Utah Chapter of the American Mining Congress to the Sixty-third Congress of the United States.

To the President, to the Senate, and to the House of Representatives:

Believing that the monetary needs of the Nation call for an undiminished production of gold and silver, and that the Nation at large would deplore any curtailment in the country's annual yield of gold and silver, such as would inevitably follow any further depression in the silver-lead mining industry, we respectfully urge Congress not to cut the existing rate of duty on lead ores.

Waiving considerations of local nature, we respectfully call attention to the following pertinent facts, which are based upon the latest published Government reports and statistics:

1. The Director of the Mint predicts no increase in the world's rate of gold production for the next 10 years.

2. The production of gold in the United States is apparently past its zenith and on the decline. The increasing use of gold in the arts leaves a decreasing quantity available for coinage or for export. This latter condition is also true of silver. (See Annual Report of the Director of the Mint, 1911; production, p. 303; consumption in arts, p. 305; condensed into Tables A and B, herewith.)

TABLE A.—*Gold production, etc., in the United States, by years, 1900–1912.*

Year.	Gold production in the United States.	New gold used in the arts in the United States.	New gold available for coinage.
1900	$79,171,000	$18,061,553	$61,109,447
1901	78,666,700	18,631,943	60,034,757
1902	80,000,000	21,105,984	58,894,016
1903	73,591,700	22,603,562	50,988,138
1904	80,464,700	20,774,999	59,689,701
1905	88,180,700	25,475,207	62,705,493
1906	94,373,800	31,881,073	62,492,727
1907	90,435,700	31,467,816	58,967,884
1908	94,560,000	24,448,797	70,111,203
1909	99,673,400	30,248,209	69,425,191
1910	96,269,100	33,756,554	62,512,546
1911	96,890,000	....	....
1912	91,685,168	....	....

TABLE B.—*Silver production, etc., in the United States, by years, 1900–1912.*

Year	Silver production in the United States.	New silver used in the arts in the United States.	New silver available for coinage or export.
	Fine ounces.	*Fine ounces.*	*Fine ounces.*
1900	57,647,000	11,441,279	46,205,721
1901	55,214,000	12,925,171	42,288,829
1902	55,500,000	16,603,678	38,896,322
1903	54,300,000	16,048,530	38,251,470
1904	57,682,800	17,925,300	39,757,500
1905	56,101,600	19,411,654	36,689,946
1906	56,517,900	18,043,159	38,474,741
1907	56,514,700	22,137,243	34,377,457
1908	52,440,800	20,411,098	32,029,702
1909	54,721,500	20,959,164	33,762,072
1910	57,137,900	23,186,828	33,951,072
1911	60,399,400	....	....
1912	62,309,974	....	....

3. The production of gold as a part of silver-lead mining and smelting in the United States is nearly $20,000,000 per annum, and the value of the silver production from the same source is in excess of $20,000,000 per annum, a total for the two precious metals of some $40,000,000 per annum. (See special census of smelting, 1905, Bulletin 86, Table 33, condensed into Table C, herewith.)

TABLE C.—*Value of products derived through silver-lead smelting—Contents of base lead bullion, census of 1905.*

	Value.	
Gold, 935,048 fine ounces	$19,815,614	
Silver, 37,543,073 fine ounces	21,322,494	
		$41,138,108
Lead, 449,935,104 pounds	13,757,268	
All other products of argentiferous ores	4,332,992	
		18,090,260
Total value of products, argentiferous-lead ores		59,228,368

4. The percentage of output of gold and silver by processes in the United States for the year 1911 is shown by the United States Geological Survey in summary as follows (Mineral Resources of the United States, 1911, Vol. I, p. 252, reproduced herewith as Table D):

TABLE D.—*Percentage of output of gold and silver by process in the United States in 1911.*

	Per cent of total output.	
	Gold.	Silver.
Production by—		
Placers	23.20	0.30
Gold and silver mills—		
By amalgamation	22.90	1.54
By cyanidation	28.10	14.13
By chlorination	3.80	....
Total milling	54.80	15.67
Smelting	22.00	84.03
Total	100.00	100.00

5. The special census of smelting, 1905, showed that in metallurgical practice much larger quantities of gold and silver come through argentiferous-lead smelting than through copper smelting, the aggregate recovery being divided between the two processes in the following percentages (special census of smelting, 1905, p. 8, condensed into Table E, herewith):

TABLE E.—*Smelting practice in relation to output of gold and silver, census of 1905.*

	Per cent of total output.	
	Gold.	Silver.
Lead smelting and refining	80.0	71.9
Copper smelting and refining	20.0	28.1

6. The cost of developing gold, silver, and silver-lead mines in the United States greatly exceeds the surplus income of producing mines. In the mining industry of the Western States there is nothing akin to monopoly. (See bulletin, Thirteenth Census, 1910: "Mining, United States," Tables 28 and 29, condensed into Table F, herewith.)

TABLE F.—*Precious-metal mines of the United States (including silver-lead mines; excluding placers and copper mines).*

[Value of products compared with expenditures, census of 1910.]

Producing mines:		
2,845 mines, employing 37,755 persons—		
Value of products	$83,885,928	
Expenses of operation and development	68,764,692	
Surplus		$15,121,236
Nonproducing mines:		
8,352 mines, employing 20,458 persons—		
Expenses of operation and development		20,321,074
Deficit, in the aggregate		5,199,838

7. The only States in which the expenditures in developing gold and silver mines have not greatly exceeded the surplus of producing mines, and therefore the only communities that have received encouragement to continue prospecting for precious metals, are the ones that have had the benefit of neighboring lead production and lead smelting. (Special census, mines and quarries, 1902: Gold and silver, by States, Tables 90 and 91, condensed into Table G, herewith.)

TABLE G.—*Precious-metal mines of the United States (including silver-lead mines and placers; excluding copper mines).*

[Value of products compared with expenditures, special census of mines and quarries, 1902.]

State.	Total value of product.	Total operating expenditure.			Expenditure per dollar of product.
		Producing mines.	Nonproducing mines.	Total.	
Arizona	$2,764,677	$5,806,026	$1,027,308	$6,833,334	$2.472
California	15,473,091	12,131,772	2,379,512	14,511,284	.938
Colorado	29,655,974	21,534,017	4,546,212	26,080,229	.879
Idaho	8,177,267	6,510,901	1,723,509	8,234,410	1.007
Montana	4,688,536	4,404,678	1,004,239	5,408,917	1.154
Nevada	3,409,318	2,153,253	1,388,986	3,542,239	1.039
New Mexico	677,168	813,440	573,258	1,386,698	2.048
Oregon	1,851,853	1,396,488	1,282,602	2,679,090	1.447
South Dakota	6,461,258	5,616,775	907,914	6,524,689	1.009
Utah	8,501,904	5,478,835	1,823,771	7,302,606	.859
Washington	338,351	376,842	989,812	1,366,654	4.039
Wyoming	4,923	39,414	604,836	644,250	130.865
Alabama, Georgia, North Carolina, South Carolina, Virginia, Arkansas, Maryland, Tennessee, Texas, New Jersey	475,702	575,211	296,369	871,580	1.839
Total	82,482,052	63,837,652	21,551,358	85,389,010	1.035

8. All of the lead produced in the Western States comes from gold and silver ores. Of the 2,845 producing precious-metal mines listed by the census of 1910 more than 600 were producers of lead as well as of silver and gold. On the broad but unwarranted assumption that all of the gold and all of the silver produced by these mines is to be applied toward the cost of mining, leaving the entire surplus to the credit of the lead, the average surplus is less than three-fourths cent per pound of lead produced. These data will be verified by census tables now in preparation.

But after adding to current mining costs an amount sufficient to redeem the sums spent during earlier years in developing the properties, then the average profit is less than one-quarter cent per pound of lead produced. This is when leads sells in New York at prices 1½ cents per pound higher than in London.

The silver-lead mining industry of the Western States is already depressed; and if Mexican lead is allowed to undersell our domestic market through coming in at a low duty many of our western mines must necessarily suspend operations. Our own miners can not work for the low wages or live under the abject conditions peculiar to Mexico.

Restriction of the output of western lead ores would restrict the production of silver and gold indirectly as well as directly, because gold and silver mines that afterwards become independent of lead metallurgy are seldom able to get beyond the period of infancy without the benefits of the transportation and smelting facilities designed for the low-grade lead-bearing ores of western mines.

Wherefore, as representatives of all branches of the mining industry within the State of Utah, we respectfully protest against the reduction in the lead tariff contemplated by the new Underwood bill. We unqualifiedly indorse the memorial to Congress from the Rock Mountain lead-ore producers. We rely on the formal pledges made by the Democratic Party, that in revising the tariff it "will not injure or destroy legitimate industry." But aside from formal pledges we believe that Congress has no desire to cripple or destroy an industry, which, while operating close to the profit line, is supplying much of the gold and silver for the monetary needs of the Nation.

Adopted by the Utah Chapter of the American Mining Congress at a formal meeting held at Salt Lake City, Utah, April 12, 1913.

H. G. MCMILLAN, *Chairman.*
W. E. VIGUS, *Secretary.*

E. A. ROZIER, FARMINGTON, MO.

Statement of prevailing tariffs on lead, United States production and consumption, prices at New York and London, and wages paid in Missouri from 1870 to 1911; also duties collected on lead and manufacturers of lead from 1884 to 1911.

Tariffs on lead.[1]	Year.	United States production.	United States consumption.	Price (cents per pound). New York.	Price (cents per pound). London.	Wages paid in Missouri. Drillers.	Wages paid in Missouri. Backhands.
		S. tons.	*S. tons.*				
Act of June 30, 1864.	1870	17,830	60,778	6.25	4.05	$1.75	$1.50
Pigs and bars, 2 cents per pound.	1871	25,880	70,718	6.08	5.55	1.75	1.70
Sheet, etc., 2.75 cents per pound.	1872	48,920	75,259	6.50	4.31	1.75	1.50
(Reduced 10 per cent in 1872, but this reduction was repealed in 1875.)	1873	51,861	88,976	6.42	5.06	1.75	1.50
	1874	59,128	82,531	6.01	4.81	1.75	1.70
	1875	61,648	78,083	5.85	4.88	1.75	1.70
	1876	67,688	70,254	6.14	4.70	1.75	1.50
	1877	81,900	89,192	5.90	4.16	1.75	1.50
	1878	91,060	91,418	4.01	3.63	1.50	1.19
	1879	92,780	93,888	4.11	3.22	1.20	1.00
	1880	97,825	101,187	5.01	4.56	1.25	1.10
	1881	117,085	119,236	4.81	3.25	1.25	1.10
	1882	132,890	135,091	4.91	3.13	1.25	1.10
	1883	143,957	145,976	4.32	2.81	1.25	1.10

Tariffs on lead.	Year.	United States production.	United States consumption.	Duties collected on imports.[2]	Price (cents per pound). New York.	Price (cents per pound). London.	Wages paid in Missouri. Drillers.	Wages paid in Missouri. Backhands.
Act of Mar. 3, 1883.								
Pigs and bars, 2 cents per pound.		*S. tons.*	*S. tons.*					
Ore and dross, 1.5 cents per pound.	1884	139,897	141,433	$95,015.81	3.74	2.59	$1.50	$1.25
Sheet, etc., 3 cents per pound.	1885	129,412	132,313	117,186.91	3.95	2.51	1.35	1.10
Under this act ore classed as silver ore, but containing lead, was admitted free.	1886	135,629	141,420	221,947.37	4.63	2.87	1.50	1.15
	1887	145,212	149,070	256,617.78	4.50	2.80	1.50	1.15
	1888	151,919	153,210	346,310.25	4.42	3.02	1.50	1.15
	1889	157,397	158,781	[illegible]7,757.11	3.94	2.81	1.50	1.15
McKinley Act, Oct. 1, 1890.								
Pigs and bars, 2 cents per pound.	1890	142,065	151,733	32,806.08	4.48	2.91	1.60	1.25
All ore, 1.5 cents per pound.	1891	178,554	180,250	812,368.82	4.35	2.70	1.60	1.25
Sheet, etc., 2.5 cents per pound.	1892	181,000	181,775	814,321.61	4.09	2.31	1.60	1.25
	1893	164,882	165,962	970,905.12	3.73	2.07	[3] 1.40 / 1.70	1.15 / 1.25
Wilson Act, Aug. 27, 1894.								
Pigs and bars, 1 cent per pound.	1894	162,686	182,270	511,999.83	3.29	2.05	1.25	1.00
All ore, ¾ cent per pound.	1895	170,000	224,775	1,180,371.89	3.23	2.34	1.15 / 1.25	.90 / 1.00
Sheet, etc., 1¼ cents per pound.	1896	188,000	193,275	988,427.10	2.98	2.43	1.25	1.00
Manufactures of, not specially provided for, 35 per cent.	1897	211,000	219,025	968,570.73	3.58	2.61	1.35 / 1.45	1.10 / 1.20

[1] A duty of 1 cent per pound was placed on bar and other lead on Aug. 10, 1789. The act of July 1, 1812, a war measure, increased this duty, with others, 100 per cent. From 1815 to 1824 the duty was 1 cent per pound, from 1824 to 1828 it was 2 cents per pound, from 1828 to 1846 it was 3 cents per pound, from 1846 to 1857 it was 20 per cent ad valorem, and from 1857 to 1861 it was 15 per cent ad valorem. The act of Mar. 2, 1861, increased the duty to 1 cent per pound, and the act of Aug. 5, 1861, again increased it to 1.5 cents per pound. This was followed by the act of June 30, 1864, referred to above.

[2] Figures taken from reports of Bureau of Statistics.

[3] Day's work increased to 10 hours.

Statement of prevailing tariffs on lead, United States production and consumption, etc.—Continued.

Tariffs on lead.	Year.	United States production.	United States consumption.	Duties collected on imports.[1]	Price (cents per pound).		Wages paid in Missouri.	
					New York.	London.	Drillers.	Backhands.
		S. tons.	*S. tons.*					
	1898	228,475	228,631	414,288.50	3.78	2.82	1.45	1.20
	1899	217,085	218,821	195,362.21	4.47	3.22	1.60	1.30
Dingley Act July 24, 1897.	1900	279,107	280,911	308,238.19	4.37	3.60	1.60	1.30
Pigs, bars, and base bullion, 2⅛ cents per pound.......	1901	279,922	281,721	320,500.78	4.33	2.72	1.60 1.65	1.30 1.35
All ore, 1.5 cents per pound. Sheet, etc., 2.5 cents per pound....................	1902	275,000	281,222	439,722.04	4.07	2.45	1.60	1.30
	1903	282,402	286,888	745,601.79	4.24	2.51	1.80	1.50
Manufactures of not specially provided for, 15 per cent	1904	307,201	315,871	814,406.83	4.31	2.60	1.90	1.60
	1905	319,744	325,401	400,277.04	4.71	2.98	1.90	1.60
	1906	355,300	396,909	1,542,311.50	5.66	3.77	1.90 2.00	1.60 1.70
	1907	352,287	361,459	982,235.09	5.33	3.15	2.25	1.95
	1908	314,067		270,333.96	4.20	2.91	2.25	1.95
Payne Act, Aug. 5, 1909.....	1909	358,917		591,501.61	4.27	2.83	2.25	1.95
Duties practically as above.	1910	370,629		668,087.45	4.44	2.80	2.25	1.95
	1911	402,281		605,234.10	4.42	....	2.25	1.95

[1] The statistics given here are taken from the carefully prepared tables in the recent work on lead and zinc in the United States by W. R. Ingalls, Hill Publishing Co., 1908. (See pp. 200–205.)

	Tons.
Production, southeast Missouri—	
In 1909	126,784
In 1910	145,387
In 1911	153,016
Production, southwest Missouri—	
In 1909	20,489
In 1910	20,729
In 1911	25,096

Respectfully submitted to the Finance Committee on behalf of Missouri lead producers.

NORTHWEST BUREAU OF MINES, 105 SOUTH HOWARD STREET, SPOKANE, WASH.

APRIL 25, 1913.

Hon. F. M. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: There seems to be a concerted effort now being made on the part of certain interests to arouse popular clamor in favor of a complete abolition of the lead tariff, or at least such a drastic reduction which if carried into effect will paralyze the industry in this country.

The low-grade lead deposits can not be mined at a profit, and the small operator who is struggling to develop and equip his mine must close down if compelled to enter the market on an equal footing with Spain and Mexico, our chief competitors, where wages are low.

I am just in receipt of a letter from Mr. Sidney Norman, 3209 Singer Building, 149 Broadway, who claims to represent certain minority interests of the Federal Mining & Smelting Co. I under-

stand that he is seeking redress through the courts, alleging that the American Smelting & Refining Co., which corporation controls the Federal Mining & Smelting Co., has entered into unfair contracts with the latter company to the great detriment of its stockholders. It would seem that his recourse is in equity and that his tariff argument is beside the point.

The Northwest Bureau of Mines has made a careful and exhaustive study of this question without prejudice, and has reached the conclusion, without reservation, that a reduction in the duty of 1 cent per pound on lead in ores would work a great and permanent injury to lead mining in the United States and to those dependent upon it.

I beg permission to file with your committee the letter referred to from Mr. Sidney Norman and the reply of the Northwest Bureau of Mines, which we respectfully commend to your consideration.

Very truly, yours,

NORTHWEST BUREAU OF MINES,
By WM. A. NICHOLLS, *President.*

[Inclosures.]

SPOKANE, WASH., *April 23, 1913.*

Mr. SIDNEY NORMAN,
3209 Singer Building, 149 Broadway, New York City.

DEAR SIR: I am in receipt of your letter of the 18th instant in reference to the action of the Northwest Bureau of Mines in the matter of the tariff on lead. The efforts of the bureau to secure the retention of the present duties on lead were made because it is our firm conviction that without tariff protection the lead industry of the country will be disastrously affected. While some of the lead mines of the Coeur d'Alene district would probably be able to continue operations if the proposed reductions be made, there is no question that the majority of the mines would be unable to earn a profit, and would necessarily be closed down. Our interest is, of course, chiefly in the Coeur d'Alene mines, but we believe that like results would follow in all the other lead-producing districts of the United States.

As to whether the "Smelting Trust has pulled the strings," we have no knowledge. If they are interested in maintaining the duty, it would seem natural that they should use whatever influence they may have to attain their desire. And we can not see why such a course would be more reprehensible in their case than in that of any other interest—wool or sugar, for instance—that may foresee injury to itself by reason of tariff reductions.

But this bureau protests against the reduction of the lead tariff solely because its own interests are bound up with those of the mines and because it believes that its success depends on theirs.

I have looked over the brief to the Ways and Means Committee presented by Mr. Burbidge, and have also discussed with him the point you raise as to the price received for lead by the Coeur d'Alene mines. It appears that the figures given in the brief are a composite of the figures furnished to Mr. Burbidge by all of the producing mines of the district. As the basis of settlement differs with the several mines, scarcely any two being alike, a composite statement could have been presented in no other way. But it is not stated that the mines received $4.401 for their lead; neither did they receive 52.462 cents per ounce for their silver. These were the average market prices at New York for the period covered, and were used only for the purpose of arriving at the gross value of the total production. The brief expressly says:

"The total amount received by the mines was $23,105,310. the difference of $17,760,855 being the cost of smelting, transportation, and marketing."

Now, the cost of smelting means the smelter's total charges. It does not matter to the mine that is paying these charges how the smelter distributes them, or in what particular form they are made. The mine looks only to the net amount remaining to it, which is the only way it has of comparing offers for its product from different smelters, such offers always varying from one another in some particulars.

Whether or not some of the lead mines, shipping their ore under old contracts, are on that account earning less than other mines, seems to me no basis for an argument that they do not need tariff protection. It would rather seem that they are in greater need of it—though I suppose not even the most ardent protectionist would ventu to ask protection on such a ground. You seem to take the position that because certain mines are unfortunate enough to have old contracts, which give the smelters greater profit than present competition would allow, such excess profits being stated by you to be 37 per cent of the total tariff, the other 63 per cent should be taken away from them. This is certainly an anomalous position for you as a stockholder in one of the unfortunate mines referred to.

It may interest you to know that at a recent conference of lead and zinc ore producers at Salt Lake City, the mining industry of Idaho, Montana, Utah, Colorado, and Nevada being represented, strong memorials were addressed to Congress against reducing the duties on lead and zinc ores. The chairman of that conference was the president of one of the large Coeur d'Alene mines, whose product is not sold to the so-called Smelter Trust, but to one of the "independent" smelters.

Yours, very truly,

NORTHWEST BUREAU OF MINES,
By WM. A. NICHOLLS, *President.*

NEW YORK, *April 18, 1913.*

WM. A. NICHOLLS, Esq.,
President Northwest Bureau of Mines, Spokane, Wash.

MY DEAR SIR: I notice in a recent issue of the Spokesman-Review that your organization has determined to take an active part in the present movement to insure retention of a high protective tariff on lead in ore and that you have already memorialized the congressional delegation from the State of Washington upon the subject.

I wish to bring certain facts to your attention in order that your organization may not be placed in a false position when such facts are placed before the United States Senate committee, as they will be.

If you will take the trouble to trace the present agitation to its source you will find that the Smelting Trust has pulled the strings and that public and quasi public organizations are now dancing to its manipulations. Stockholders of all subsidiary companies controlled by the Guggenheims have been asked to bring pressure to bear upon their congressional representatives, and several expert individuals have been sent to Washington under the same auspices.

If you have a copy of the report placed before the Ways and Means Committee you will notice that Mr. Frederick Burbidge, who represented the Coeur d'Alene producers, stated that during the years 1909, 1910, and 1911 the district produced 351 461 tons of pig lead and that the average price of the metal for the same period was $4.401 per 100 pounds. While I absolve Mr. Burbidge from any intentional effort to mislead, it is very evident that the committee was given the impression that the producer received such average price during the three years covered, and, in fact, that impression has been definitely confirmed to me by members of that committee in Washington.

The fact of the matter is that, under the provisions of practically every contract then in existence in the Coeur d'Alene district, the producer only received settlement for 90 per cent of the lead contents, at 90 per cent of $4.10 per 100 pounds, plus one-half of the difference between $4.10 and the New York market quotation. In other words, the producer of the Coeur d'Alenes received but $3.84 for his lead against a New York market quotation of $4.40, a difference of no less than 56 cents on every 100 pounds of lead produced. Accepting Mr. Burbidge's figures as correct and multiplying the tonnage by 56 cents, you will readily see that the trust in three years pocketed $3,930,363 above and beyond an average $8 treatment charge on approximately 800,000 tons of ore and concentrates, assuming that shipments for the three years averaged around 40 per cent lead contents. Such treatment charges would aggregate approximately $6,500,000.

This seems to prove to me that the Smelting Trust retained for its own benefit in unfair contracts no less than 37 per cent of the total protective tariff granted by the Nation for the purpose of encouraging the actual producer. It is therefore apparent that the producer does not benefit at least to that extent, and it is very doubtful in my mind if he benefits by any portion of the tariff. Why should

the Nation continue to aid the Smelting Trust in its greedy desire to squeeze the mining industry to the last possible cent the tariff will bear?

If you have studied the situation even superficially, you will doubtless agree with me that the visible supply of lead is becoming very short, and that at the present time the only appreciable surplus in the United States is represented by the accumulation of the International Smelting & Refining Co., at Tooele, Utah, and which surplus is now coming on to the market at the approximate rate of 70 tons of pig lead per day. The Guggenheim interests are living from hand to mouth and are undoubtedly holding the market quotation down until the tariff question is settled. It is the belief of the independent lead dealers here that the quotation will advance very materially in the next few years, even if lead in ore and bullion are placed upon the free list, unless some new and large producing districts are discovered. This does not seem very probable.

You state in your interview in the Spokesman-Review that the Coeur d'Alenes produce annually about $20,000,000 and that dividends amount to only $3,000,000. In order to get at the real earning power of the district you will have to go very much deeper. To the dividend account should rightfully be added the immense amount—in the case of Federal it is $600,000 a year—pocketed by the trust each year through unfair settlements, the difference between fair and exorbitant treatment rates, and also the difference between freight rates under which contracts have been made and the real rate to the point at which the product is smelted. Illustrating the latter it can be ascertained that wherever possible the trust exacts a long-haul Denver-Pueblo rate of $8 and diverts a great portion of the shipments to a nearer point, such as Helena, where a $2.75 rate is in effect.

So far as the suggested menace of Mexican, Spanish, and Canadian lead is concerned, I believe that close study of the official statistics of production and consumption for last year will show it to be a thing of shadow, without substance in fact. A few months ago the London price of lead for the first time since statistics have been available exceeded that of New York, freight rates considered, and during the entire year 1912 the average difference was but 50 cents per 100 pounds.

In 1911 the Spanish production dropped to 171,600 tons, as compared with 191,900 tons for the previous year, and it is the general belief that the zenith of production has been passed.

Canada produced but 11,000 tons in 1911, as against a record tonnage of 28,219 in 1906, and its production is entirely consumed together with imports of considerable magnitude.

So far as Mexico is concerned, its lead product must always remain an uncertain factor owing to constant chaotic political conditions. In 1912 Mexico exported to the United States 7,407 tons of lead in ores and 70,865 tons of base bullion to be refined. The latter is derived practically in its entirety from the Guggenheim smelteries. Then, too, Mexico produces but small quantities of high-grade lead ores, the average lead contents of exports to the United States not exceeding 7 per cent. (See Burbidge's report to Ways and Means Committee for confirmation.)

Finally, the world's production in 1911 was 1,117,800 tons and the consumption 1,133,100 tons—a shortage of 16,000 tons. The best opinion among dealers leads to the belief that the shortage last year was even greater and that it will continue to increase. Within a comparatively short period of years the United Stats will probably find itself in the position of a buyer instead of a seller of lead. Last year its consumption was within a comparatively few tons of production, though exact figures are not yet available.

The Coeur d'Alene district, greatest in the world, accounting for 30 per cent of all the lead produced in the United States and 48 per cent of its desilverized production, will be able to pay immense profits for many years to come, even if the protective tariff be entirely removed, provided that the producer can force the smelting trust to accord him decent treatment. It seems to me that such a concerted movement should engage the attention of organizations like your own, rather than an inspired effort to pull the chestnuts of the Smelting Trust from the fire. If you succeed in retaining a high protective tariff you will gain nothing for yourselves or the actual producer of the Coeur d'Alenes, but you will contribute something toward further strengthening the greatest menace to the mining industry of the United States.

Very sincerely, yours,

SIDNEY NORMAN.

EUREKA HILL MINING CO., SALT LAKE CITY, UTAH, BY GEORGE RITER.

SALT LAKE CITY, UTAH, *May 17, 1913.*

Hon. C. S. THOMAS,
United States Senate, Washington, D. C.

DEAR SENATOR: Mexican lead, equal in quantity to one-fourth the entire production of the United States, comes into our country every year to be refined. A little of it stays here and pays import duties; the rest moves on to Europe, and is sold at prices averaging nearly 1¼ cents per pound less than in the New York market.

A lower tariff invites all of this foreign lead to stay here and displace domestic product. Or else it invites American miners to readjust their wages to the basis of Mexico. Which of these invitations is the one intended by the Underwood bill? Which invitation fulfills the pledge made by the Democratic Party, that in revising the tariff, it "will not injure or destroy legitimate industry?"

I am prompted to write this by the inclosed letter from Judge Bryant, which is somewhat in the nature of a retort to a communication that I sent to the Creede Mines & Milling Co., on the subject of the lead tariff. Judge Bryant's rosy forecast for the miner, after the present tariff rates are changed, is hardly in line with past experience. When the Wilson tariff law was in force, our country became a dumping ground for lead, the price fell to the lowest figure in the history of the Nation, the metal-mining industry suffered demoralization, and the wage earners bore the brunt of it. Turn to the data on page 131 of the handbook accompanying the report of the Ways and Means Committee on H. R. 3321. Is any further proof needed that the Wilson rates were too low, to say nothing about the still lower rates now proposed by the Underwood bill?

The ore producers who have been developing real and independent competition in the mining and smelting of gold-silver-lead ores in spite of the machinations of the Lead Trust do not relish tariff rates under which we can operate only through the trust's sufferance and mercy. The Lead Trust goes round the world, and is weakest in our own country because of the competition that we have built up under the tariff laws, and the domestic price of lead has been kept down while the European price has been pushed up. Is the Government going to enact a law that will encourage the killing off of the independents by Standard Oil methods, acting from outside our country's confines? Read what Mr. Siebenthal, of the United States Geological Survey, says in Mineral Resources for 1911, Part I, pages 350-351:

The lead convention formed at Paris early in 1909, and known as the Internationa, Sales Association, became operative May 1 of that year. It is composed of Spanish-Belgian, and German producers and metal-selling companies, together with Australian and American producers who consign lead to the European markets. * * n Though the first two years of the convention were not marked by any advance io prices, the first half of the third year of its operation has shown a gradual rise in th, price of lead, carrying the metal to the highest point reached since the panic of 1907 while at the same time the price in the United States has remained stationary, or even lost a little.

It is reported that early in 1912 the International White Lead Convention was formed in London by British, continental, and American makers of white lead. Coincident with the formation of the association there was an advance in the London price of white lead from £16 to £22 a ton, with white lead ground in oil advanced in the same proportion.

The American Smelting & Refining Co., which controls the bulk of the lead output of Mexico and is evidently a part of the international

combination, reports to its stockholders that in spite of revolutionary disturbances the earnings of the company from its Mexican mining properties in 1912 were the largest in the company's history, and that if all the shipments due up to the end of the year had been made in time to appear in the annual statement the Mexican properties would have reported earnings about $1,000,000 larger. "It is the policy of the company to purchase and own mines in Mexico, but not in the United States," said Vice President Brush, in reply to a question at the company's recent annual meeting.

Anybody familiar with mining conditions in Mexico knows that the miners are mongrels; that they work for low wages and live under abject conditions. Competent testimony on this point was given by Mr. A. W. North, before the Finance Committee, February 19, 1912, on H. R. 18642 (pp. 770–782). The low wages work out well enough for the American Smelting & Refinery Co.

> The cost of breaking, stoping, timbering, tramming, and hoisting, which is all the direct cost of delivering ore at the mouth of the mine, in the case of one mine amounts to 81 cents per ton; another, $1 per ton; another, $1.04 per ton; another, $1.48 per ton.

This statement was elicited from Mr. Brush by the Ways and Means Committee of the Sixtieth Congress.

The price of lead in this country is an equilibrium of the country's supply and demand. As to the rake-off that the smelters are supposed to get—well, they are not getting it any more; at least, not in Utah. In Colorado, where many of the ore producers were willing to sell their birthrights for messes of pottage, it may be another story. A glimmering suggestion of the changes that have taken place in the lead smelting and refining industry, in 10 years, is afforded by the census data on page 475 of the Underwood handbook. In 1899, the value of products of lead-smelting and refining industries represented an advance of 16.9 per cent over the aggregate outlay for salaries, wages, and materials. In 1909, 10 years later, this advance was only 5.4 per cent.

The average ore producer, as those familiar with the history of western mines know, doesn't get any greater reward than he deserves. The census data on gold-silver lead mines supply proof of this. In Canada, where free trade prevails in greater degree than in our country, the Government pays a bounty on the lead produced. The Canadian Government guarantees that the price of lead in the Dominion shall not fall below a certain figure, say 3.9 cents per pound, so far as the bounty of three-fourths of a cent paid by the Government will help to make it up.

The metal-mining industry of the Western States is largely a creation of the past policy of the Government. May it not be argued in all fairness that the Government, as the largest ultimate consumer of gold, should be willing to give the producers enough bonus on lead to make up for losses in producing silver and gold?

[Inclosure.]

DENVER, COLO., *May 8, 1913.*

GEORGE W. RITER, Esq.,
Secretary Executive Committee, Salt Lake City, Utah.

DEAR SIR: Your favor of April 19 was handed to me as president of the Creede Mines & Milling Co., and in reply will say that so far as the officers of that company are concerned they are not in favor of any robber tariff of any kind, nature, or description, and if the result of doing away with the present iniquities in the tariff should be to put down the price of lead, they are perfectly willing to bear their share of the loss. Personally, I do not believe it will result in changing the price a particle, and the people will be relieved of the iniquities and highway robberies that have heretofore been perpetrated under the name of protective tariff.

Very truly, yours, W. H. BRYANT.

Par. 155.—PIG LEAD, ETC.

MILTON L. LISSBERGER, CHAIRMAN, ON BEHALF OF A COMMITTEE APPOINTED AT CONFERENCES OF AMERICAN MANUFACTURERS OF METAL PRODUCTS, HELD AT NEW YORK CITY, NOVEMBER AND DECEMBER, 1912.

MAY 27, 1913.

Hon. FURNIFOLD M. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

SIR: For some not clearly apparent reason, the customs tariff laws of the United States, at least since 1872, have imposed a relatively heavier duty upon pig lead than upon any other analogous crude material. The act of 1872 made the duty on this metal 2 cents per pound, while the duty on pig iron was $7 per ton, and on copper 5 cents per pound. The act of 1883 reduced the rate on iron to $6 per ton and on copper to 4 cents per pound, and the law of 1890 made further reductions to 1¼ cents on copper without changing lead or iron. Under the Wilson bill of August 28, 1894, the duty on lead was reduced to 1 cent, on iron to $4 per ton, and copper was put on the free list.

Under the tariff act of August, 1909, the duty on pig iron was reduced from $4 to $2.50 per ton. The former duty was equivalent to an ad valorem of 36 per cent, while the latter is equivalent to an ad valorem of 17.4 per cent.

When the law of 1897 was under consideration in Congress, the "silver States" became an energetic factor in the arrangement of duties, and as lead was an important constituent of most of the silver-bearing ores, a demand for a higher rate of duty on this metal was acceded to and a rate of 2⅛ cents was imposed.

Under the tariff act of August 5, 1909, the duty on pig lead was not changed, remaining at 2⅛ cents per pound, although the bill as reported from the House contained a reduction to 1½ cents per pound. The present tariff is equivalent to an ad valorem duty of over 57 per cent at present price of foreign lead, but at the average price of foreign lead during 1908–1910 the ad valorem equivalent is over 70 per cent.

The ad valorem equivalent of the duty on iron has never exceeded 50 per cent, and since 1894 has been less than 25 per cent, while the duty on copper, which averaged equal to 35 per cent from 1873 to 1883, was only 9.30 per cent under the act of 1890, and was wiped out by the act of 1894. The duty on lead, meanwhile, has never averaged below 61 per cent except under the Wilson bill, from 1894 to 1897,

when it averaged 50 per cent. The duty imposed by the Dingley law was, at the time of its enactment, equal to 123 per cent of the pric in Europe and it has averaged over 67 per cent during the 11 year the law was in force.

The tariff act of August 5, 1909, imposed a duty of $2.50 per ton on pig iron (Schedule C, sec. 117), equivalent to an ad valorem duty of about 17 per cent.

The position of those metals as products of three separate industries, as well as their respective relations to other industries of which they constitute the raw materials, do not differ in any respect so widely as to justify the inequalities of the duties.

Statistics of the lead industry clearly indicate that at no period in the last 32 years has an increase of duties been necessary for its development, nor has that development, even under the stimulus of the excessive protection afforded by the acts of 1897 and 1909 been allowed to exceed largely the consumptive requirements of the country. There have been periods in the last 12 years when a surplus domestic product of some magnitude was exported at from 30 to 40 per cent below the price charged the domestic consumer. Latterly, however, the control of production has passed so completely into the hands of the smelting interests that production is so far regulated as to prevent any considerable surplus over the consumptive requirements of the country, this being a more effective means of maintaining prices than the exportation of a surplus which might tend to break prices in the foreign markets, where there is good reason to believe that the largest American producer of lead is a party to the so-called convention which by artificial methods succeeded during 1912 in advancing lead to the highest price (with one exception—1907) touched in more than 30 years.

Indeed it would appear that the contingency of American competition in foreign markets is carefully guarded against, and that the product of Mexican ores, smelted and refined in bond in the United States and exported direct from the refinery, is not allowed to go out in sufficient quantities to produce a surplus abroad, where a steadily advancing price during the past three or four years has undoubtedly been effected by the support given to that market by those who controlled the supply from America.

Prior to 1862 there was no provision for lead ores in the tariff, but the law enacted that year made them dutiable on the basis of 1 cent on the lead in the ore, while the duty on pig lead was fixed at 2 cents, and there was no change in these rates until 1883, when the duty on lead ore was made 1½ cents, though silver ores containing lead were admitted free. The law of 1890, however, extended the duty of 1½ cents to the lead content of all ores, and no change was made in the tariff act of 1909.

Under the several tariff laws in force since 1873 the average yearly production for the period covered by each law was as follows:

Act of 1872, 10 years, average, 83,186 tons.
Act of 1883, 8 years, average, 142,580 tons; average increase, 59,395 tons.
Act of 1890, 4 years, average, 169,882 tons; average increase, 27,302 tons.
Act of 1894, 3 years, average, 190,000 tons; average increase, 20,118 tons.
Act of 1897, 10 years, average, 285,000 tons; average increase, 95,000 tons.
Act of 1909, 3 years, average, 399,079 tons; average increase, 114,079 tons. (1912 estimated.)

Statistics of consumption prior to 1890 are not available, but from that date forward they are shown by the accompanying table to correspond closely to the sum of the supplies from all sources. That there was a similar correspondence between 1873 and 1890 is indicated by the records of stocks for the several years of that period, which show that there were no important accumulations at any time. From 1890 forward the figures are from official records, and in that period it will be noted that, with exceptional years, the production followed very closely the variations in the consumptive requirements of the country. In 1895, under the reduced duty, the increased consumption shown was provided for by an increase of imports, while in 1902 the apparent increase in consumption was met by no visible increase, either of production or importation, and was really not an actual consumption, but rather a transfer of surplus stocks at reduced prices from the smelters to the consumers. That the heavy imports of 1895 were to some extent speculative and did not represent so large an increase of consumption is probably also true, as stocks at the beginning of the year were notably light, and foreign prices during a portion of the year were at a point which encouraged importations at the prevailing rate of duty at a parity with the cost of domestic lead. The domestic price was held so high during those years that importations of pig lead were permitted by those in control of the situation to meet the excess of consumptive demand over the domestic supply. In a general way, however, the increased consumption has corresponded to the industrial growth of the country, although for 10 years or more prior to 1908 the use of lead in electrical equipments has made a consumptive demand largely in excess of what would have resulted from the expansion of what had previously been the normal outlets for the metal.

In the briefs submitted to the Payne-Aldrich committee in 1909, on behalf of the miners, it is contended that 4 cents is the minimum price for pig lead at which they can operate profitably. It appears, however, from the same testimony, that the necessity for a 4-cent price for pig lead in New York is due to the exactions of the smelters, rather than to the cost of mining, and that these exactions constitute an unwarranted tax upon the consumer. For illustration, it is asserted that the miner contributes an allowance of 10 per cent for wastage in smelting, whereas the real loss is admittedly not over 2 per cent, leaving a clear gain to the smelter of 32 cents per 100 pounds, on lead at 4 cents per pound. Then, too, a freight charge of $1.25 per 100 pounds is deducted, which is an unwarranted assumption that all of the lead smelted has to bear the cost of transportation to New York. This charge could not be justified by the actual cost of transportation. Since a large share of the distribution is to western points, it is perfectly evident that no such average is warranted, nor is the arbitrary allowance made by the smelters for other than New York deliveries sufficient to offset the extravagant charge which they make to the miner. The smelting charge of $8 per ton of ore, as stated in the testimony referred to, is, we believe, largely fictitious, as most of the ore is furnished in the form of concentrates, and instead of the $8 being chargeable against an 8 per cent ore, which would be 5 cents per pound on the lead content of such ore, it is really chargeable against a ton of concentrates in which the percentage of lead is much higher.

The Mineral Resources of the United States (p. 312), issue of 1883, states in relation to costs of production of lead in Missouri:

It is believed that the majority of the large producers are capable of laying their lead down at St. Louis at a cost varying between 3 and 3½ cents per pound.

An analysis of all deductions made by the smelters from the New York price in their contracts with the miner shows an excessive profit to the smelters, and indicates clearly that under reasonable charges for smelting and transportation the miner would be as well off at 3½ cents as he now is at 4 cents. Reference to the accompanying table shows that in only 8 out of 39 years would a difference of 1 cent over London have resulted in a price below 3½ cents at New York, while in 25 years it would have given a price of 3¾ cents or higher, and in 21 years over 4 cents. That a reduction of the price below 4 cents would prove so disastrous to the mining industry as is pictured, is not a reasonable conclusion from the statistics of prices and production appended hereto. In 1893, which was a year of business depression, the price of lead fell to 3.73 cents, New York, and the production was reduced to 163,982 tons, although there was a consumption of 197,000 tons, the deficiency being made up by importations. For the five years following, which included the period of the Wilson bill, the price averaged 3.37 cents, but the production increased from 162,686 tons in 1894 to 222,000 tons in 1898, a larger tonnage increase than had ever before occurred in any like period, and one which has been but slightly exceeded in any 5-year period since, although conditions both as to price and consumptive requirements have all been more favorable.

Mineral Resources of the United States, 1883 (p. 311), recites: "The sharp competition between the smelters in Leadville, in Pueblo, and in Denver keep prices for ores high." These circumstances all contribute to a heavy production. "High ores" benefit the miner. "Heavy production" benefits the consumer.

The immediate effect of the increased duty under the law of 1897 was an effort to consolidate the smelting interests, and this so far succeeded that the American Smelting & Refining Co. was incorporated on April 4, 1899, with a capital of $65,000,000, of which $54,800,000 was issued, and 13 properties were acquired, representing a very large proportion of the silver and lead smelting interest in the United States. That this consolidation was not forced by the unprofitable character of the business is evident from the fact that the prospectus of this company stated that the net earnings of the properties it had acquired amounted to $3,100,000 in 1898, when the price of lead was the same as it had been in 1897. Still greater earnings were promised as the result of the economies of consolidation, and these were so far realized from this source and from advanced prices that during its first fiscal year the company made $3,524,960. During its second year the capital was increased to $100,000,000, for the purpose of acquiring additional mining and smelting properties, and the profits increased to $6,585,103, including those of the acquired properties for the full period. For the following fiscal years the company's profit and loss account was credited as follows:

Year ended April 30--

1902	$7,038,681
1903	7,576,786
1904	7,905,573
1905	8,458,720
1906	10,482,775
1907	13,397,028
1908	13,408,219
1909	15,251,269
1910	16,797,547
1911	13,017,511

The capital of the company is equally divided between preferred and common stock, and the value of the properties, aside from good will and other intangible assets, is estimated to be possibly two-thirds of the capitalization, while the net profits since the second year of its existence have exceeded 7 per cent annually upon the par value of the entire issue of stocks, which basis of the underwriting is shown in the following extract from the Commercial and Financial Chronicle of March, 1899:

AMERICAN SMELTING & REFINING CO. (UNDERWRITING).

The underwriting of this new project, it is stated, is on the basis of $1,000 cash for 10 shares of preferred and 7 of common stock. Of the authorized issue of $65,000,000 capital stock, $51,000,000 (half preferred) will be issued at once to provide for the purchase of properties and to supply $7,500,000 working capital. The preferred stock is 7 per cent cumulative and is preferred as to assets as well as dividends. By the present issue of common and preferred, provision is made for acquiring the following concerns engaged in smelting and refining lead and silver ore:

The plants, machinery, tools, appurtenant property, patents, etc., of the following:

Omaha & Grant Smelting Co., with plants at Omaha, Nebr., Denver and Durango, Colo.

United Smelting & Refining Co., with plants at Chicago, Great Falls, and Helena.

Colorado Smelting & Refining Co., plant at Pueblo.

Pueblo Smelting & Refining Co., plant at Denver.

Globe Smelting & Refining Co., plant at Denver.

Germania Smelting Co., plant at Salt Lake City, Utah.

Hanauer Smelting Works, plant near Salt Lake City.

Pennsylvania Lead Co., plant at Pittsburgh.

Pennsylvania Smelting plant at Salt Lake.

Bi-Metallic Smelting Co., plant at Leadville, Colo.

Also capital stock of Kansas City Smelting & Refining Co., which owns two plants at Leadville (Arkansas Valley and Union); one plant near Kansas City; one plant at El Paso, Tex., and large mining and other properties in Mexico.

The net earnings of the above-named companies are stated as having exceeded $3,000,000 in 1898, and it is thought will be largely increased by consolidation.

An extract from the official circular of the American Smelting & Refining Co., giving information about the new company, was published in the New York Journal of Commerce May 12, 1899:

The American Smelting & Refining Co. has issued an official circular giving information about the new company.

A representative of the company said yesterday that he believed the new industrial companies should recognize that the public was entitled to a certain amount of information about such companies, inasmuch as the stock was offered for public purchase.

The circular in part is as follows:

This company owns or fully controls the business and plants of the following corporations, viz:

"The United States Smelting & Refining Co., Helena and Great Falls, Mont.; National Smelting Co., Chicago, Ill.; Omaha & Grant Smelting Co., Omaha, Nebr., and Denver, Colo.; San Juan Smelting & Refining Co., Durango, Colo.; Pueblo Smelting & Refining

Co., Pueblo, Colo.; Colorado Smelting Co., Pueblo, Colo.; Hanauer Smelting Works, Salt Lake City, Utah; Pennsylvania Lead Co. and Pennsylvania Smelting Co., Salt Lake City, Utah, and Pittsburgh, Pa.; Globe Smelting & Refining Co., Denver, Colo.; Bi-Metallic Smelting Co., Leadville, Colo.; Germania Lead Works, Salt Lake City, Utah; Consolidated Kansas City Smelting & Refining Co., Kansas City, Mo., and El Paso, Tex.; Chicago & Aurora Smelting & Refining Co., Chicago and Aurora, Ill., and Leadville, Colo.

"The above properties will be free and clear with the exception of the Omaha & Grant Smelting Co. first mortgage 6 per cent bonds, due March 1, 1911, $1,133,000, and the Consolidated Kansas City Smelting & Refining Co. first mortgage 6 per cent bonds, due May 1, 1900, $1,000,000."

Extracts from certificate of incorporation, fourth paragraph:

"The preferred stock shall be entitled in preference to the common stock to cumulative dividends at the rate of 7 per cent yearly, payable quarterly, half yearly, or yearly; that is to say, dividends may be paid upon the common stock only when the preferred stock shall have received dividends at said rate from the time of issue thereof. The preferred stock shall also have a preference over the common stock in any distribution of assets of the corporation, other than profits, until the full par value thereof and 7 per cent per annum thereon from the time of issue shall have been paid by dividends or distribution. The preferred stock shall not be entitled to dividend in excess of 7 per cent per annum, nor to any share in the assets in excess of said par value and the amount then unpaid of such cumulative dividends; but only the common stock shall be entitled to any further dividends or any further share in distribution."

The authorized capital and the amounts outstanding are stated as follows:

	Outstanding.
$32,500,000 authorized 7 per cent cumulative preferred stock..........	$27,400,000
$32,500,000 authorized common stock..................................	27,400,000

Par value $100.

No personal liability.

Balance of authorized in treasury of company.

Officers.—E. W. Nash, president; Barton Sewell, vice president; Edward Brush, secretary; Thomas B. Adams, assistant treasurer.

Directors.—E. W. Nash, A. Eilers, M. D. Thather, D. H. Moffat, R. S. Towne, J. B. Grant, Guy C. Barton, W. S. Gurnee, Barton Sewell, G. B. Schley, Dennis Sheedy, A. R. Meyer, N. Witherell, H. H. Rogers, and Leonard Lewisohn.

Concerning its relation to the mining and smelting industry, Mr. Daniel Guggenheim, president of the American Smelting & Refining Co., issued the following statement on December 18, 1908, which was published in all the leading New York newspapers:

As regards the lead-smelting business of the American Smelting & Refining Co.: Fully 90 per cent of all the lead ores of the United States and in the Republic of Mexico are now controlled by ownership of mines and by long-time contracts. These ores are either controlled by the American Smelting & Refining Co. or by its present competitors. And I wish to state further that the earnings of the smelting company at the present time, as well as of the securities company, are considerably in excess of the dividends that are being paid.

How far this 90 per cent control is vested directly in the American Smelting & Refining Co. it is impossible to state, for the reason that its relations to those concerns that are nominally its competitors are probably known to no one outside of its own directors. If the history of the industry for the past 10 years may be accepted as a criterion of its future, there is every reason to fear that its "present competitors," whatever their number, are likely at any moment to pass under its domination if not ownership.

This practical control of the mining and smelting industry is now vested in less than a score of men, who, having thus acquired complete domination of the sources of supply, have already extended their influence into the industrial fields where its product of metal is chiefly converted into the commodities of consumption. In 1903 the American Smelting & Refining Co. interests formed the United Lead

Co., with a capital of $25,000,000, by the amalgamation of some 30 concerns manufacturing white lead, sheet lead, shot, lead pipe and other plumbing materials, through which it sought to complete a monopoly of the production and distribution of this metal. Its subsequent transfer of the United Lead Co. to the National Lead Co. is not assumed to have lessened its control of the situation, if, indeed, it has not strengthened it, as may reasonably be inferred from its representation on the board of directors of both these corporations, and through them its control of the competing interests represented in the Hoyt Metal Co. and the Magnus Metal Co.

As illustrative of the continuing reaching out for control of and over all avenues through which its product, when manufactured, can reach the ultimate consumer, it should here be noted that the Matheson Lead Co., of New York, which in 1908 and 1909 was the only important manufacturer of white lead, outside of the National Lead Co. and United Lead Co., in the East, has during the past year passed through stock control under the domination of the National Lead Co.

The formation of the United Lead Co. was furthered by the danger that concerns which did not participate in this consolidation would have their supplies of lead cut off, and the fear which this danger, whether anticipated or openly threatened, was intended to inspire in those whose participation was solicited.

Besides its wide ownership in these distinct although related industries, its power over competitors is augmented by the relation which it bears to the transportation companies. It is possible that the enormous extent of its shipments would be regarded as justifying this relationship, but its effect is none the less said to have been seriously felt, especially at the mining and smelting centers, where competition has been gradually but effectually checked during the past five years.

Imports of pig lead are possible only under conditions which involve the depression of all foreign markets without a corresponding depression here, and a study of the statistics given herein shows that like influences affecting the value of lead have in the past operated simultaneously in the markets of the United States and Europe. When they are permitted to operate naturally, the American miner has no reasonable ground for asking that their operation be stayed, and the American consumer has every reasonable ground for asking that it be not interfered with. With the smelting interests organized as they are at present in this country, the admission of lead from foreign ores into consumption here is only possible through the channels which control these ores. Competition from foreign pig lead is therefore out of the question except on a basis of lead made from foreign ores in an American smelter, which, being so controlled, nullifies it as a factor in supplies for the American consumer. That basis could not now exist, even were the duty on pig lead the same as on lead in the ore, as is proven by the fact that the United States exports largely every year of pig lead made from Mexican or British Columbian ores smelted here in bond and sold in the European markets at the prices prevailing there, less the cost of transportation.

It is admitted, we believe, that nowhere else in the world is smelting done at less actual cost than in this country, and under the operation of the tariff law existing prior to the act of August, 1909, the smelter was given a bonus of from 7 to 8 per cent on all the lead smelted from foreign ores, by being permitted to export 90 per cent

in full settlement of his bonded importation, the 10 per cent remaining being an allowance for wastage. As the actual wastage was but 2 to 3 per cent the balance of 7 to 8 per cent was thrown into domestic consumption by him without the payment of any duty, an annual average of 7,000 to 8,000 tons.

We believe the elimination of this species of graft, which is noticeable by a comparison of previous tariff acts with that of August, 1909, was due to the publicity given thereto by this committee.

Moreover, the western smelter has a good measure of protection on his pig lead in competition with imported pig in the difference between the cost of transportation on his product from the smelter to eastern markets and on the foreign material, landed at Atlantic ports for shipment to the West. The freight rate on pig lead, St. Louis to New York, is 15 cents per 100 pounds, while from New York to St. Louis it is 29 cents per 100. So far at least as the chief consuming points west of the Alleghenies are concerned the western smelter has a protection of from one-eighth to one-fourth cent per pound in the cost of transporting imported pig lead from the coast to the interior.

In his testimony before the Payne committee on December 16, 1908, Mr. Edward Brush, vice president of the American Smelting & Refining Co., is reported to have said that—

> The duty on bullion can stand a reduction of half a cent a pound, while pig lead can dispense with an unnecessary three-eighths of a cent now accorded it. But these reductions, he said, marked the lowest limits that the industry to-day can stand.

We believe, however, that there is no necessity, existing or likely to occur, for any protection to the smelting interests in excess of the duty on lead in the ore, and our recommendation will be that they be made the same.

We do not believe that a material reduction in the present duty would result in largely increased importations, except on the rare occasions when domestic consumption exceeded the productive capacity of those mines which should be regarded as available sources by reason of their producing costs bearing some reasonable ratio to the costs of production in other producing countries. It is manifestly unfair to the American consumer that the cost of lead to him should be predicated upon the exceptionally high cost of production in the most unfavorably situated mines or those operated with the least economy, especially when those mines do not represent a large proportion of the domestic supply. The known cost of mining in the most productive mines indicates that they are capable of furnishing an abundant supply for all normal domestic consumptive requirements at a price competing with any cost at which foreign lead could be laid down here under a duty of one-half cent per pound. The effect of such a reduction would be, however, to bring the foreign and domestic markets to a close parity and render the domestic consumer in some measure independent of the interests that now control the supply of metallic lead.

In view of the facts stated in this brief and all that has been brought out in the testimony bearing upon this subject in the hearings before the Payne committee and the Underwood committee we respectfully urge on behalf of the independent producers, as well of the consumers of lead products, the following amendments to the present tariff law:

1. That paragraph 181 of the present law shall be repealed and that the new law shall contain no provision for sampling ores, but

shall leave to the Treasury Department the making of such regulations as shall safeguard the Government, but at the same time shall not, as does the present law, absolutely preclude the possibility of a small smelter bringing in lead ore. The Treasury Department can thus be held by appeal to the courts, if necessary, to make such regulations as will not put undue expense upon the small smelter for sampling, but will make the Government assume the cost of the sampling, as it does in the case of every other imported article.

2. That paragraph No. 182 read as follows:

> Lead dross, lead bullion or base bullion, lead in pigs or bars, old refuse lead run into blocks or bars, old scrap lead fit only to be remanufactured, lead in any form not specifically provided for in this act, and the lead contents contained in lead bearing ores of all kinds; all the foregoing at —— cents per pound; lead in sheets, pipe, shot, traps, braziers, lead and lead wire —— cents per pound.

We have named no rate of duty in the preceding paragraph for the reason that while we regard a duty of 1 cent per pound the maximum that even the statements of mining interests which have appeared before your committee could justify, we still believe and strongly urge that any rate above one quarter cent per pound will not be productive of revenues. At the same time we are of the opinion that a reduction even to one half cent per pound would check the absolute control of the market by any single interest, and prevent the fixing of fictitious values upon pig lead as was done by the smelters in 1906, providing it was stated that combinations, agreements or participation in conventions designed to regulate the price or production of lead ores or products as well as the blacklisting of any consumer or consumers, dealer or dealers for any cause whatsoever should deprive the party so acting of all privileges accruing to them under the law.

3. Manufactures of lead other than those in clause 182 of the Payne-Aldrich bill should also bear a proportionate reduction to that made on pig lead.

We are appending to this brief a schedule of the changes in price made by the American Smelting & Refining Co. for the years they have been practically in control of the market, which control was officially recognized by the Government in the report of the United States Geological Survey as early as the year 1904.

A perusal of these prices will distinctly show that the changes could not have possibly been dictated solely by the law of supply with miners have been based upon pig lead at 4 cents at New York and demand. The admission that many long-period contracts with miners have been based upon pig lead at 4 cents at New York is clear evidence that this was considered at least a fair price by the miners; and the fact that since these contracts were made, at no time until the panic of 1907, was pig lead as low as 4 cents per pound, demonstrates that the benefits accruing under the tariffs of 1897 and 1909 were not enjoyed by the miners, but rather by the smelters, who certainly by their own evidence have established the fact that they need no protection.

Further proof of this is seen in the fact that with the exception of manufacturing companies closely affiliated with the smelting interests, it has been impossible to buy imported lead for the purpose of manufacturing for export, except such lead as bore 2½ cents

per pound duty, for the reason that during most of this time lead made from foreign ore, plus the duty of 1½ cents, would have netted less than the price of domestic pig lead.

NOTES ON THE REFINING OF FOREIGN LEAD IN BOND.

Under the tariff of August 28, 1894, the allowance for loss in wastage through smelting of foreign ores or base bullion in bond was fixed at 2 per cent. The allowance under the tariff act of 1897 was 10 per cent for loss in wastage through smelting of foreign ores in bond; this we contended was excessive. We submitted as authority on this subject, to Payne committee in our brief of December, 1908, the official records of the United States Government and quoted from the Advance Chapter of Mineral Resources of the United States, calendar year 1907, published by the Department of the Interior, United States Geological Survey. This phase of the law of 1897 was repealed in the act of 1909, doubtless as a result of the publicity then given to so noticeable a case of special privilege to the smelting interests.

As to official figures of production, we quote from Mineral Resources, published by the Department of the Interior, United States Geological Survey (issue of 1902), p. 208:

In the beginning it was possible to arrive at the net American production by deducting from the total pig lead production of the works, the lead contents of the foreign base bullion and ores. The commercial statistics and the domestic production statistics were identical. Later on the supply to the home markets included besides the product of our own mines, varying quantities of "exempt" lead, being a certain tonnage of lead obtained from foreign material which did not pay a duty.

We reproduced the figures of the United States Geological Survey showing the production of refined lead in the United States from foreign ores and bullion during the years prior to the law of 1894, and during the term of that law, 1894, 1895, 1896, and 1897, showing that the product of lead smelted in bond from such foreign ores and base bullion increased during the period from 59,739 tons in 1894 to 83,671 in 1897. We then claimed that any allowance for a smelting loss exceeding 2 per cent was therefore either equivalent to a payment of a bounty to foreign producers of lead ore smelted in this country or to a bonus given to the smelting companies and amounting to the current rate of duty upon such foreign lead ores upon such excess over said 2 per cent allowance. Under the tariff act of 1909 we were gratified to note that our recommendations regarding the smelting of lead in bond as above outlined were adopted.

We call attention to these facts here, as we have reason to believe that an effort will be made to reincorporate the features of the law of 1897 relative to such smelting in bond into the tariff legislation now in process.

The Wilson tariff went into effect August 28, 1894. The following table shows the production of refined lead in the United States from foreign ores and base bullion for the period of three years prior to August 28, 1894, when the Wilson bill became effective, for the years from 1894 to 1897 while the Wilson bill was in force, for the years

1897 to 1900 after the repeal thereof and until the enactment of the tariff law of 1909 and following years:

Production of refined lead in United States from foreign ores and base bullion.

Year	Short tons.	Year	Short tons.
1891	23,852	1902	100,606
1892	39,957	1903	88,324
1893	65,351	1904	95,850
1894	59,739	1905	80,793
1895	76,738	1906	68,546
1896	77,738	1907	76,849
1897	83,671	1908	97,761
1898	99,945	1909	102,857
1899	95,926	1910	108,553
1900	106,855	1911	94,134
1901	112,422	1912	81,649

NOTES ON EXPORTS OF DOMESTIC LEAD.

Mineral Resources of the United States, issue of 1883, in reviewing the lead market of 1878, states (p. 317):

The effort [to hold the price at 4 cents, New York] proved a complete failure, and lead fell steadily until 3⅛ cents was reached in June. The falling off in the production of Utah and the shipment of surplus supplies of Nevada lead to China began to strengthen the position somewhat.

Mineral Resources of the United States, issue of 1897 (p. 240), states:

The bureau reports also exports of 8,180 short tons of domestic lead, and notes a decline in stocks of foreign lead in warehouse from 9,865 tons on January 1, 1896, to 4,124 tons on January 1, 1897.

The report of the lead industry in the United States contained in Mineral Industries of the United States, published by the Department of the Interior, United States Geological Survey, 1883, contains these words (p. 306):

For a long period the output of the mines of Missouri and of the upper Mississippi region constituted the bulk of the make of our country, and during the period between 1840 and 1848 it became so heavy that considerable quantities of the metal were exported, the maximum being reached in 1844, when 8,223 tons went abroad.

In conclusion we submit that neither the mining of lead nor the smelting and refining thereof are infant industries in any sense of the term; that the present duty on lead is prohibitive and brings no adequate revenue to the Government, but has produced a practical monopoly benefiting very few interests and imposing an unjust and burdensome tax upon every class of consumers.

It is not alone the burden imposed upon the consumer by the extravagant profits of these interests from which relief is sought, but equally the financial power with which such profits endow those in control and the monopoly of a vast industry which is being rapidly acquired through the misapplied "benefits" of a prohibitory tariff.

All of which is respectfully submitted.

[Inclosures.]

[Statistical tables referred to in foregoing brief.]

Production, imports, consumption, and prices.

	United States production, United States Geological Survey.	Import for consumption, ore, dross, and pig.	United States consumption.	Price, New York, per pound.	Price, London, per pound.	Difference.	Duty, United States.
	Tons.	*Tons.*	*Tons.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
1873	42,540	36,212	....	6.32	5.00	1.32	2.00
1874	52,080	23,102	....	6.01	4.77	1.24	2.00
1875	59,640	16,392	....	5.85	4.88	.97	2.00
1876	64,070	7,165	....	6.13	4.66	1.47	2.00
1877	81,900	7,292	....	5.49	4.45	1.04	2.00
1878	91,050	3,358	....	3.61	3.62	....	2.00
1879	92,780	608	....	4.14	3.09	1.05	2.00
1880	97,825	3,362	....	5.04	3.53	1.51	2.00
1881	117,085	2,164	....	4.81	3.24	1.57	2.00
1882	132,890	3,050	....	4.91	3.11	1.80	2.00
1883	143,957	2,319	....	4.32	2.80	1.52	2.00
1884	139,897	1,596	....	3.74	2.41	1.33	2.00
1885	129,412	2,933	....	3.95	2.49	1.46	2.00
1886	130,629	9,149	....	4.63	2.87	1.76	2.00
1887	145,700	3,935	....	4.50	2.78	1.72	2.00
1888	151,919	1,335	....	4.42	3.02	1.40	2.00
1889	156,396	1,550	....	3.93	2.83	1.10	2.00
1890	143,630	15,210	170,305	4.48	2.91	1.57	2.00
1891	178,554	22,042	200,026	4.35	2.70	1.65	2.00
1892	173,305	27,920	210,900	4.09	2.28	1.81	2.00
1893	163,982	26,224	197,079	3.73	2.16	1.57	2.00
1894 [1]	162,686	36,045	192,371	3.29	2.07	1.22	2.00-1.00
1895 [1]	170,000	77,310	241,044	3.23	2.30	.93	1.00
1896 [1]	188,000	24,190	213,901	2.98	2.41	.51	1.00
1897 [1]	212,000	23,545	219,248	3.58	2.24	1.34	1.00-2.125
1898	222,000	8,461	227,452	3.78	2.84	.94	2.125
1899	210,000	5,150	226,315	4.47	3.27	1.20	2.125
1900	270,824	6,942	269,302	4.37	3.77	.60	2.125
1901	270,000	6,964	274,020	4.03	2.75	1.28	2.125
1902	270,000	13,472	335,485	4.07	2.44	1.63	2.125
1903	280,000	23,063	304,454	4.24	2.54	1.70	2.125
1904	307,000	18,167	223,766	4.36	2.62	1.74	2.125
1905	322,000	39,000	361,000	4.71	3.01	1.70	2.125
1906	347,000	35,000	382,000	5.66	3.95	1.71	2.125
1907	357,000	28,000	385,000	5.32	4.13	1.19	2.125
1908	298,672	97,761	396,433	4.23	2.93	1.30	2.125
1909	343,235	102,857	448,112	4.30	2.83	1.47	2.125
1910	361,827	108,553	470,380	4.49	2.80	1.69	2.125
1911	397,814	89,706	487,520	4.46	3.01	1.45	2.125
1912	393,262	87,703	480,965	4.48	3.88	.60	2.125

[1] Wilson tariff production (notwithstanding 1 cent duty and average selling price in New York of 3.27 cents per pound) increased from 162,686 tons to 212,000 tons annually, or 33 per cent.

Imports of lead into United States, classified by countries.

[Tons of 2,240 pounds.]

Year.	Europe.	British North America.	Mexico.	Sundries.	Exports in bond.
1895	20,000	6,500	70,000	....	18,632
1896	1,174	10,968	58,001	781	45,234
1897	1,280	16,750	61,639	94	52,846
1898	141	16,441	65,218	149	76,355
1899	200	9,000	76,000	500	66,720
1900	404	15,190	79,841	2,295	91,856
1901	497	23,748	73,005	3,782	85,721
1902	1,350	8,094	82,005	2,375	67,287
1903	1,520	8,300	83,019	1,533	65,972
1904	572	7,842	89,903	283	75,448
1905	1,789	8,974	76,275	635	53,159
1906	8,060	8,514	56,491	185	41,597
1907	5,055	4,311	62,164	534	46,996
1908	2,302	575	92,798	456	66,349
1909	3,115	1,842	91,207	3,385	78,594
1910	3,111	49	87,213	5,876	60,893
1911	1,964	9	75,622	3,053	89,051
1912	233	....	77,030	1,921	56,944

In 1894 the total importation was 38,000 tons; and the total exports, 26,809.
In 1905 the importation was very heavy, while the exports were small.

SMELTING COMPANY'S PRICES.

The prices for common lead at New York, as made by the American Smelting & Refining Co., and as compared with London prices on even dates, are as follows:

		Price of imported lead c. f. i. New York per ton.			Cost penal duty of 2 cents per pound.
		£	s.	d.	
1900.					
Jan. 2 the price was	4.75	16	5	0	5.62½
May 7 price reduced to	4.45	17	2	6	5.84½
May 10 price reduced to	4.30	17	3	9	5.86
May 14 price reduced to	4.05	17	2	6	5.84½
June 5 price reduced to	3.87½	17	3	9	5.86
June 13 price reduced to	3.75	17	5	0	5.87½
June 25 price advanced to	4.12½	17	10	0	5.92½
June 26 price advanced to	4.25	17	10	0	5.92
July 2 price reduced to	4.12½	17	10	0	5.92
July 9 price reduced to	4.00	17	10	0	5.92
Aug. 1 price advanced to	4.25	18	0	0	6.92
Aug. 27 price advanced to	4.37½	17	2	6	5.84½
1901.					
Dec. 17 price reduced to	4.00	10	10	0	4.40
1902.					
Jan. 3 price advanced to	4.10	11	0	0	4.51
1903.					
Mar. 10 price advanced to	4.35	13	10	0	5.06
Mar. 13 price advanced to	4.65	13	15	0	5.11
Apr. 27 price reduced to	4.35	12	0	0	4.73½
June 16 price reduced to	4.10	11	5	0	4.56½
Sept. 15 price advanced to	4.40	11	5	0	4.56½
Nov. 16 price reduced to	4.10	11	1	3	4.52½
Dec. 14 price advanced to	4.25	11	3	9	4.54
1904.					
Jan. 13 price advanced to	4.40	11	12	6	4.65
Mar. 1 price advanced to	4.50	11	16	3	4.69
May 20 price reduced to	4.35	11	5	0	4.57
May 27 price reduced to	4.25	11	11	3	4.63
June 14 price reduced to	4.20	11	10	0	4.62
July 25 price reduced to	4.10	11	5	0	4.57
Aug. 29 price advanced to	4.20	11	15	0	4.68
Dec. 1 price advanced to	4.60	12	18	9	4.93
1905.					
Jan. 23 price reduced to	4.45	12	15	0	4.90
Mar. 20 price advanced to	4.50	12	8	9	4.83
July 25 price advanced to	4.60	13	17	6	5.03
Aug. 24 price advanced to	4.85	14	1	3	5.17½
Nov. 1 price advanced to	5.15	14	8	9	5.25
Nov. 16 price advanced to	5.25	15	7	6	5.46
Dec. 21 price advanced to	5.60	17	2	6	5.85
1906.					
Feb. 14 price reduced to	5.35	15	15	0	5.53
Apr. 20 price advanced to	5.50	15	18	9	5.59
May 3 price advanced to	5.60	16	1	3	5.62
May 14 price advanced to	5.75	16	17	6	5.79
Dec. 13 price advanced to	6.00	19	7	6	6.45
1907.					
June 3 price reduced to	5.75	20	C	0	6.47
July 3 price reduced to	5.25	20	15	0	6.73
Sept. 6 price reduced to	4.75	19	5	0	6.42½
Nov. 18 withdrawn.					
1908.					
Open market.					

SMELTING COMPANY'S PRICES—continued.

		Price of imported lead c. f. i. New York, per ton.			Cost penal duty of 2 cents per pound.
		£	s.	d.	
1909.					
Opening price	4.20	.....	.....	.....	.....
Feb. 5 price reduced to	4.10	12	18	9	4.90
Feb. 23 price reduced to	4.00	13	10	0	5.04
Mar. 2? price advanced to	4.10	13	13	9	5.07
Apr. 12 price advanced to	4.15	13	6	3	5.00
Apr. 15 price advanced to	4.20	13	3	9	4.97
May 6 price advanced to	4.25	13	5	0	4.99
May 12 price advanced to	4.30	13	5	0	4.99
May 27 price advanced to	4.35	13	3	9	4.97
Aug. 12 price advanced to	4.40	12	11	3	4.83
Dec. 9 price advanced to	4.50	12	8	9	4.80
Dec. 15 price advanced to	4.60	13	1	3	4.95
Dec. 20 price advanced to	4.70	13	0	0	4.94
1910.					
Mar. 14 price reduced to	4.60	13	3	9	4.97
Mar 21 price reduced to	4.50	13	1	3	4.95
May 4 price reduced to	4.45	12	7	6	4.79
May 10 price reduced to	4.40	12	10	0	4.92
Nov. 18 price advanced to	4.50	13	3	9	4.97
1911.					
Oct. 5 price reduced to	4.35	15	3	9	5.40
Oct. 10 price reduced to	4.25	15	3	9	5.40
Nov. 10 price advanced to	4.35	15	17	6	5.54
Nov. 27 price advanced to	4.45	15	17	6	5.54
1912.					
Feb. 3 price reduced to	4.10	[1] 15	12	6	[1] 5.49
Feb. 5 price reduced to	4.00	15	15	0	5.52
Mar. 20 price advanced to	4.10	16	3	0	5.64
1900.					
Mar. 21 price advanced to	4.20	16	5	0	5.64
June 12 price advanced to	4.50	17	8	9	5.89
July 3 price advanced to	4.75	18	11	3	6.13
Aug. 5 price reduced to	4.50	[2] 19	5	0	6.29
Aug. 26 price advanced to	4.65	20	5	0	6.50
Aug. 30 price advanced to	4.85	20	12	6	6.57
Sept. 9 price advanced to	5.10	23	15	0	7.25
Nov. 4 price reduced to	4.75	18	11	3	6.13
Nov. 21 price reduced to	4.50	18	0	0	6.02
Dec. 3 price reduced to	4.35	18	2	6	6.40

[1] Feb. 3, Saturday, no cable; London quotation of Monday, Feb. 5.
[2] No London cable Aug. 5; London quotation of Aug. 6.

CONTROL OF THE LEAD INDUSTRY.

FROM THE MINE TO THE CONSUMER.

As illustrating the close affiliation of interest existing between the American Smelting & Refining Co., smelters and producers of pig lead, and certain combinations of manufacturers of pig lead products entering into the daily consumption of a commodity vitally necessary to the great mass of the people of the United States, we give the following details taken from Moody's Manual, issues of 1905, 1906, 1907, 1908 and 1912. (1) Guggenheim Exploration Co., (2) American Smelters Securities Co., (3) American Smelting & Refining Co., (4) The United Lead Co., (5) The Magnus Metal Co., (6) The National Lead Co.

Guggenheim Exploration Co. (Moody's Manual, 1912-2920):

Incorporated June, 1899, under New Jersey laws, controls a number of mining properties in Mexico, United States, and Canada. In March, 1905, the company transferred a number of its properties to the American Smelters Securities Co., receiving in exchange therefor $15,400,000 preferred stock A, $2,000,000 preferred stock B, and $11,249,000 common stock in the latter.

Capital stock authorized $22,000,000, issued $20,319,910, dividends 10 per cent per annum, quarterly.

Balance sheet Dec. 31, 1905, 1906, and 1911.

	1911	1906	1905
ASSETS.			
Treasury stock	$1,266,700	$1,680,700	$4,000,000
The Smelters Securities Co.:			
Series A stock	13,800,000	13,860,000	[1] 15,410,000
Series B stock		1,800,000	[2] 2,000,000
Common stock	1,500,000	[2] 1	[2] 1
Other property and investment	21,061,358	14,327,444	2,711,538
Furniture, etc	2,704	7,741	4,603
Bills and accounts collectible	121,483	47,472	430,954
Cash and demand loan	7,721,933	4,052,487	611,470
	45,474,178	35,775,845	25,168,566
LIABILITIES.			
Capital stock	22,000,000	22,000,000	17,000,000
Bills and accounts payable		14,894	1,301,317
Surplus	23,474,178	13,760,951	6,867,249
	45,474,178	35,775,845	25,168,566

[1] Par value $11,249,000. [2] Par value.

Note their surplus increased from $6,867,249 at end of 1905 to $23,474,178 at end of 1911, or (in six years) $17,606,929, although they reduced the valuation of their American Smelters Securities stock, series A and B, $3,010,000 in the same period.

Directors.—Daniel Guggenheim, S. R. Guggenheim, Morris Guggenheim, Isaac Guggenheim, Leopold Friedrich, C. K. Lipman, H. P. Whitney, John Hays Hammond, Geo. S. Field, Pope Yeatman, O. B. Perry.

American Smelters Securities Co. (Moody's Manual, p. 1899):

Incorporated March 31, 1905, in New Jersey as The American Smelters Exploration Co., name changed as above in May, 1905. At its inception the company acquired from the Guggenheim Exploration Co. various mining properties and interests in Colorado, Missouri, and Mexico, and also received from that company about $5,000,000 in cash to complete certain purchases. Subsequently purchased other properties in Washington, California, Utah, Missouri and Mexico. Control of the Federal Mining & Smelting Co. was acquired in May, 1905, and of the Utah Copper Co. in November of the same year. In addition to the mining interests of the company, which are operated largely as a base of supply for its various smelting works, it had in successful operation at the time of its organization the following:

Lead smelting and refining works of the Selby Smelting & Lead Co., at San Francisco; lead smelting and refining works of the Federal Lead Co., at Federal, Ill.; and lead smelting and copper smelting and refining works of the Tacoma Smelting Co., at Tacoma, Wash.

Capital stock authorized and outstanding, $30,000,000 common.

Capital stock authorized and outstanding, $17,000,000 preferred A.

Capital stock authorized and outstanding, $30,000,000 preferred B.

In April, 1905, the American Smelting & Refining Co. acquired $17,751,000 (a majority) of the common stock. Preferred stock B is unconditionally guaranteed both as to the principal and dividends by the American Smelting & Refining Co.

American Smelting & Refining Co. (Moody's Manual, 1908, p. 1897):

Incorporated April 4, 1899, in New Jersey.

Owns and operates plants for the smelting of ores and the treatment of lead bullion, copper bullion, and copper matte in Montana, Utah, Colorado, Kansas, Nebraska, Illinois, New Jersey, Mexico, and elsewhere. Bar gold and silver, pig lead, electrolytic copper, and blue vitriol are the principal merchantable products. The output of lead and silver is understood to be about 85 per cent of the production of the United States.

In April, 1901, acquired the smelting and refining business of various corporations controlled by M. Guggenheim Sons, thus very largely increasing the size and scope of the corporation. The Guggenheim properties included smelting plants at Pueblo, Colo.; Monterey and Aguascalientes, Mexico; and Perth Amboy, N. J. In addition to the properties mentioned above, the company owns a controlling interest in the United States Zinc Co., whose plant is at Pueblo, Colo., and owns the entire stock of the American Smelters' Steamship Co., which operates steamers in its interests between New York and other ports in the United States and Mexico. In April, 1905, acquired

$17,751,000 (a majority) of the common stock of the American Smelters' Securities Co., the latter owning a controlling interest in the Federal Mining & Smelting Co., the Utah Copper Co.

Since the close of the fiscal year ended April, 1906, the company has effected a sale of a portion of the stock of the United Lead Co. owned by it. (See National Lead.)

Balance sheet, American Smelting & Refining Co.

	Apr. 30, 1910.	Apr. 30, 1911.	Dec. 31, 1911.
ASSETS.			
Property	$86,845,671	$75,000,000	$139,963,733
Investments	2,058,388	18,086,081	1,585,670
Metals	18,069,229	17,001,784	26,492,981
Material	1,278,098	1,341,497	21,506,873
Net current assets		1,545,900	
Cash and demand loans	11,620,400	3,915,276	9,082,757
Deferred charges			704,167
Reserve-fund account			232,555
Total	119,871,786	116,880,547	185,599,108
LIABILITIES.			
Capital stock	100,000,000	100,000,000	100,000,000
Debenture bonds American Smelters' Steamship Co.			15,000,000
Capital stock American Smelters' Steamship Co. not owned by American Smelting & Refining Co.			47,000,000
Omaha & Grant Smelting bonds	121,000		
Net current liabilities	431,531	3,295,891	8,810,110
Unearned investment charges	2,521,688		
Reserve funds		536,903	1,089,272
Profit and loss	16,797,567	13,047,753	13,699,726
Total	119,871,786	116,880,547	185,599,108

Federal Mining & Smelting Co. (Moody's Manual, 1911-12):

The company acquired all the mining property formerly owned by the Empire State Idaho Mining & Development Co., The Standard Mining Co., and also the Mammoth Mines in Idaho and certain smelting property at Everett, Wash. The smelting property has since been disposed of without loss. Recently acquired Morning and You Like group in Hunter district, valued at $3,000,000.

In May, 1905, control of the company was acquired by the American Smelters Securities Co., controlled in turn by the American Smelting & Refining Co. The mining properties consist of four groups of silver lead mines and claims, situated in the Coeur d'Alene mining district, Idaho, as follows: The Wardner, near Wardner, on the main lines of the Oregon River & Navigation Railroad; the Mace, located at Mace, Idaho; the Burke, situated in Burke, Idaho; and the Morning and You Like group of silver lead mines, situated near Mullen, on line of Northern Pacific Railroad, 7 miles from Wallace, reached by a short railroad which is the property of the company. The company estimates that its properties contain silver lead ores, such as is now being mined, as follows:

Wardner mines: In sight, 200,000 tons; in reserve, more than 700,000 tons. Burke mines: In sight, 180,000 tons; in reserve, 3,000,000 tons. Mace mines: In sight, 200,000 tons; in reserve, 2,000,000 tons.

Contract: The Federal Mining & Smelting Co. has entered into contract with the American Smelting & Refining Co. by which it is agreed that for a period of six years from September 1, 1903, the Federal Co. will sell to the Smelting Co., and the Smelting Co. agrees to buy its entire output.

This contract has since been extended to September, 1930.

Authorized capital: $20,000,000, 7 per cent cumulative preferred and $10,000,000 common.

A majority of common stock is owned by the American Smelters Securities Co.

The preferred stock has no voting power whatsoever except on a vote of stockholders (common and preferred) to increase or to authorize the increase outstanding preferred stock.

Outstanding: $12,000,000 preferred, $6,000,000 common.

	Net earnings.	Dividends.	
		Preferred.	Common.
		Per cent.	*Per cent.*
1904-5	$1,242,688	7	9
1905-6	2,685,390	7	14
1906-7	2,532,507	7	18
1907-8	1,067,037	7	1
1908-9	1,185,917	7	1
1909-10	914,706	7	....
Total surplus, 1904-5	481,241	....	....
Total surplus, 1909-10	1,015,510	....	....

Production of metal, years ending Aug. 31.

	Lead.	Silver.
	Tons.	*Ounces.*
1904-5	41,137	2,689,867
1905-6	63,029	3,920,824
1908-9	48,155	2,801,309
Mined 1906-7	888,950	....
Mined 1908-9	741,650	....
Metal contents lead, 1906-7	59,746	....
Silver	....	3,680,208

Among the directors we find the following: Jos. Clendenin (one of the officers of the United Lead Co.), F. W. Hills (also assistant treasurer of the American Smelters Securities Co.), T. J. Phillips (the manager of the sales department of the American Smelting & Refining Co.), Judd Stewart (also director in the American Smelting & Refining Co.), Edwin Brush (vice president of the American Smelting & Refining Co., member of the executive committee of the American Smelting & Refining Co., vice president of the American Smelters Securities Co., director of the American Smelters & Securities Co., director of the National Lead Co., director in the United Lead Co.).

Moody's Manual of 1912 states:

"As to the present interest (if any) of American Smelters Securities Co. in the Federal Mining & Smelting Co., no official information could be obtained by the Manual.

All information previously given by the manual is omitted in that issue.

National Lead Co. (Moody's Manual, 1908, p. 2136). In 1904 this company was capitalized as follows:

Common stock	$15,000,000
Preferred stock	15,000,000
	30,000,000

During 1905 the capital was increased:

Common stock	$25,000,000
Preferred stock	25,000,000
	50,000,000

During 1905 Daniel Guggenheim, Murray Guggenheim, and Edward Brush (all of whom were directors of the American Smelting & Refining Co.) became members of the board of directors of the National Lead Co., and shortly thereafter the capitalization was increased to $50,000,000, the increase being largely for the purpose of purchasing the control of the United Lead Co., heretofore held by interests identified with the American Smelting & Refining Co.

The National Lead Co. was incorporated in New Jersey December 7, 1891.

The property of the company consists of white-lead works, smelters, and refineries in New York, Pennsylvania, Missouri, Ohio, Massachusetts, Illinois, and other States, and comprises 26 plants. It manufactures white lead, oxides, and kindred products; also castor oil, linseed-oil cake and meal, and smelts and refines lead.

In February, 1907, the company purchased the Magnus Metal Co., and for this purpose $3,750,000 preferred stock was issued.

Moody's Manual, 1912, page 2285:

In March, 1910, the company acquired an important interest in the United States Cartridge Co., of Lowell, Mass. (capital stock authorized and issued, $500,000), one of the oldest manufacturers of fixed ammunition and a large consumer of lead.

Moody's Manual (1912, p. 2286) gives the following as companies controlled by National Lead Co.: Magnus Metal Co., incorporated July, 1899, to consolidate the Buffalo Brass Co., Brady Metal Co., E. Blunt Manufacturing Co., Fort Pitt Bronze Co., Stiles Metal Co., United Lead Co., and Chadwick-Boston Lead Co.

The United Lead Co. (from Moody's Manual, 1908):

Incorporated under the laws of New Jersey in January, 1903, by interests affiliated with the American Smelting & Refining Co., the latter a Guggenheim property, the purpose of the company being to consolidate the various lead and manufacturing plants. The following is a complete list of the concerns whose plants were originally taken over by the United Lead Co.: James Robertson Lead Co., Baltimore, Md.; Omaha Shot & Lead Co., Omaha, Nebr.; Northwestern Shot & Lead Co., St. Paul, Minn.; Callier Shot Tower Works, St. Louis, Mo.; Bailey & Farrell Shot Works, Pittsburgh, Pa.; Markle Lead Works, St. Louis, Mo.; Gibson & Price, Cleveland, Ohio; Le Roy Shot & Lead Works, New York, N. Y.; Union Lead & Oil Works, Brooklyn, N. Y.; Sportsmen's Shot Works, Cincinnati, Ohio; Chicago Shot Tower Co., Chicago, Ill.; Hoyt Metal Co., St. Louis, Mo.; Tatham & Bros., New York, N. Y.; Raymond Lead Co., Chicago, Ill.; E. W. Blatchford & Co., Chicago, Ill.; Thomas W. Sparks, Philadelphia, Pa.; Chadwick-Boston Lead Works, Boston, Mass.; Lanston Lead Works, Chicago, Ill.; and McDougall Whitehead Co., Buffalo, N. Y.

In September, 1901, the plant and trade-mark of Tatham Bros., Philadelphia, was acquired, the consideration being $1,000,000—half cash, the balance bonds.

Capital stock.—Originally there was $15,100,000 stock, $100,000 of which was 7 per cent preferred, but in May, 1903, this was increased to $25,000,000 of the last-named amount, $10,000,000 6 per cent cumulative preferred, balance common; bonds, $12,000,000 debenture, gold $5,000,000.

Barton Sewell, *President*.
Daniel Guggenheim,
Morris Guggenheim,
T. F. Ryan,
Barton Sewell,
E. W. Nash,
J. D. Mors, *Directors*.

Magnus Metal Co. (Moody's Manual, 1905):

Incorporated New Jersey, in 1899, to consolidate the following companies engaged in the manufacture of brass and metal goods: Fort Pitt Bronze Co., Stiles Metal Co., Buffalo Brass Co., Brady Metal Co., E. Blunt Manufacturing Co., the Hewitt Manufacturing Co., Chicago, Ill.

In 1907 they took Gerdes Bros., Pittsburgh, the Atcheson Lead Co., of Runkuch, the Lead Pipe Manufacturing Department of the Standard Sanitary Co., and the Nevin White Lead Works, Pittsburgh, Pa.

[From the American Mining Review, Los Angeles, Cal.]

LEAD—HOW THE SUPPLY IS CONTROLLED.

Reports from eastern financial centers carry assurance that the American Smelting & Refining Co., which has held the metal producer by the throat for so long, will at last be called upon to meet real competition supplied by a rival strong in the possession of unlimited resources and whose position will be rendered all the more impregnable by the bitter animosity which has been engendered by the highhanded treatment accorded the producer in the past.

Competition is the life of trade and lack of competition has undoubtedly been the financial death of many a worthy producer who has spent his time and money in mining development only to be put out of business by an inordinate greed and lack of decent treatment which has made the name of the Guggenheims execrated from one end of the western producing States to the other.

The recent announcements are fraught with more than ordinary interest to the Southwest owing to the fact that the plans of the rival company include the building of its initial plant in Utah at a point which will insure competition for the ores of Nevada, Arizona, and the southeastern portion of California. This, however, is but the nucleus of a system of reduction works which will enter into direct competition with the Guggenheims in all parts of the country, and, if present plans are adhered to, there is little question that the burdens of the producer in all parts of the West will be rendered much lighter.

Those who remember the conditions which existed prior to the formation of the present Smelting Trust will not need to be reminded that the producer was to some extent his own master in those days, and that in spite of the arguments of the trust representative that amalgamation has resulted in decrease of expense of operation and a consequent resultant benefit to the producer. The Smelting Trust has enjoyed a practical monopoly of the business for many years and has signally failed to win the confidence of the producer, upon whom it depends for existence. It is a subject for deep congratulation that the days of monopoly seem to have passed and that the producer will at last come into at least a portion of his own.

LEAD—EIGHT POUNDS OF IT USED ANNUALLY BY EACH OF THE 80,000,000 PEOPLE OF THE UNITED STATES.

A recent brief submitted to the Ways and Means Committee of the House of Representatives showed to a greater degree than most people realize how much lead enters into the everyday life of the present age.

Of course, everyone is familiar with the fact that the best paints (whether used for buildings, exterior or interior, railroad cars or carriages, signs, or the masterpieces of art) are those made from lead, and that way back to the Biblical times lead was considered the ideal conveyor of drinking water. Almost from the inception of plumbing lead has been used for that purpose. How often has thought been given to the fact that it is the presence of lead in solder that has made possible the large canning industry? That it is the lead in type, monotype, electrotype, and stereotype metal that has made possible the enormous amount of printing that is done in this country? For lead is the basis of every one of these metals. All fire-insurance underwriters favor the metal roof, and the chief metal for this purpose is terne metal, commonly called tin plate. This plate is a thin sheet of iron or steel, coated with a mixture of lead and tin, the mixture being commonly of the proportion of 76 per cent of lead and 24 per cent of tin. The balance on the dumbwaiter is made of lead. The growth of the use of the telephone at the start was retarded by the escape and the crossing of currents. This has been overcome by the use of lead-covered cables. Our gas pipes in our houses are tightened with litharge or red lead, which is simply oxidized lead. The enameled tubs, lavatories, signs, and pretty nearly all enameled goods have a large percentage of lead in the enamel. Our metal beds are put together and weighted down with lead. When you play the piano, the weight that brings the keys back to the original position is made of lead. No fancy glass window or sign can be made without the use of strips of lead called cames. The man or officer who carries for the protection of life and property a weapon depends upon lead in the cartridges. The sportsman who shoots either for pleasure or for the purpose of supplying the market with game uses for his missiles lead. All tea that comes to the market has tea boxes lined with lead rolled into thin sheets and covered with paper. Very nearly every bottle that comes into the market has a foil top, the chief ingredient of which is lead. Most of the small cheeses, chewing gums, smoking tobacco, and many other articles of daily consumption are put up in foil, the chief ingredient of which is lead. When we have a sprain we bathe it with sugar of lead. Radium can only be handled successfully in lead. The one shield impervious to the X-ray is lead. Many of the toys that children play with are only obtainable at reasonable prices through the use of lead, and this particularly applies to modern mechanical toys. Many beautiful silver-plated articles of table service, for toilet use, desk accessories, handles for canes and umbrellas have for their base lead.

All machinery bearings are lined with what is known as antifriction or babbitt metal, and the material principally used in the composition of these metals is lead. Every railroad car and engine has the bearing box in which the axles rest lined with a bearing metal of which the chief ingredient is lead. The underground electrical trolley lines are only made possible by the use of lead. The utilization of the water power of the streams of the country at long distances from the streams has only been made possible by cables covered with lead. The tremendous gas, water, and sewer mains running through our cities are jointed together by means of calking with lead. The innumerable cars for the transportation of freight are sealed with lead. Our sailboats have lead for ballast. The dies which are used for stamping many articles of brass and other ornamental sheet metals are generally composed of lead. Acids that we use are made in chambers of or casks lined with lead. Nearly all the essential oils come in flasks made either of lead or a composition of tin and lead. In masonry, every arch has a wedge of lead. In order to make anything of tin plate, galvanized iron, or to put on a roof of terne plate, or to cover a roof, necessitates the use of solder, and all solder contains at least one-half and generally a larger proportion of lead. In fact, to join almost any two articles together solder must be used, and such use means the use of lead. Our big defense guns in the forts of the country are weighted down with lead.

To name all of the uses of lead would fill too many columns, but from the examples given it is easy to realize what a great part lead plays in our everyday lives, and what an incentive there is for an organization to get the entire control of lead.

The control of lead in this country practically rests in one company, known as the American Smelting & Refining Co., which alone controls, either through ownership or long-time contracts for their output, a great part of the lead mines in this country and the smelting of pretty nearly all of the ores, and also, through companies in which the directors of the American Smelting & Refining Co. are also directors, and thus are clearly proven affiliated, if not subsidiary companies, controls over 65 per cent of the articles made from lead or compositions of which lead is the principal part. These affiliated companies not alone make enormous profits through the mining, smelting, and refining of lead, but are practically granted a subsidy and monopoly by the present tariff.

Lead in Europe is at present selling at about 2¾ cents per pound, and the duty is 2⅛ cents per pound, which, in round figures, is about 78 per cent ad valorem. Further, the Government's own statistics clearly show that no pig lead has been imported into this country for years except for the purpose of being reexported in manufactured form, thus having the duty rebated thereon. Lead, therefore, is not and has not been a source of any revenue to this Government. In other words, the prohibitive duty on lead has been maintained since 1897 simply for the benefit of the Lead Trust, thereby making every one of us pay tribute to that trust.

Neither the mining of lead nor the smelting and refining thereof are infant indutries in any sense of the term. The present duty on lead is prohibitive and brings no adequate revenue to the Government, but has produced a practical monopoly benefiting very few interests and imposing an unjust and burdensome tax upon every class of consumers. It is not alone the burden imposed upon the consumers by the extravagant profits of such interests, but equally the financial power with which such profits endow those in control and the monopoly of a vast industry which is being rapidly acquired through the misapplied "benefits" of a prohibitory tariff that has caused the outcry against the maintenance of any such conditions in the tariff bill now being in the making. It is conditions such as these that have caused the feeling of dissatisfaction with the Dingley tariff; but whether the new bill will rectify these conditions depends upon how plainly the people of this country let their representatives understand how they, the people, feel in the matter.

[From the American Mining Review, Los Angeles, Cal., Feb. 6, 1909.]

LEAD TARIFF.

In another column of this issue will be found extracts from a brief recently submitted to the Committee on Ways and Means of the House of Representatives on behalf of the independent lead producers of the United States and in which excellent reasons are given for a reduction of the tariff which has existed for the past 12 years.

The subject is undoubtedly an intricate one and one which can only be intelligently treated in extenso by those who have made it a close study, and yet the brief presented by the independents will supply food for very serious thought for those who are apt to think for themselves. It is accompanied, in the original, with statistics of undoubted authenticity and by which it is proved that the benefits of protection have gone into the pockets of the Smelter Trust and not to the advantage of the producer himself.

There is little question that the Guggenheim corporation is most vitally interested in the retention of the present high tariff, and it is not surprising, therefore, that it has done, and is still doing, all that lies in its power to stifle the agitation for a reduction of the existing rates. Producers of the Cœur d'Alene district have sent a committee to Washington to argue against a disturbance of the present rates, but the strength of its case is seriously impaired in the eyes of those who know that the Guggenheims control the major portion of the output of that district. Through its subsidiary corporation, the Federal Mining & Smelting Co., it controls reserves of more than 5,500,000 tons, and it can therefore be understood that the retention of high tariff rates is worth some effort. With a capital of $20,000,000, 7 per cent cumulative preferred, and $10,000,000 common stock, this company managed, in the year 1906-7, to take care of its preferred stock interest charges and declare dividends equal to 18¾ per cent upon the outstanding common stock.

There is, therefore, every reason why the Guggenheims should take keen interest in the matter entirely apart from the patriotic motives which they assume. There

appears, however, little reason why the ordinary producer should not be just as well off with a lower tariff. The benefits of the present protection now find their way into the pockets of the trust, pockets already bulging to the bursting point. Protection has protected $500,000,000 into the pockets of a Carnegie and it has protected a Guggenheim into the United States Senate. It looks as if the basic reason for high tariff had failed and that the many are consistently robbed to enrich the lucky few.

[Speech of Hon. Breck Perkins, of New York, delivered in the House of Representatives, April, 1906.]

THE ILLEGITIMATE CHILD OF THE TARIFF.

Mr. Chairman, a person who ventures to speak in the comparative solitude of Saturday afternoon I think is entitled to one privilege which I shall ask, and that is that the few who are here will kindly keep quiet.

Mr. Chairman, in view of the statement recently made by the leader of the Republican side that no revision of the tariff would be allowed at this session, it might seem superfluous for a Republican to debate further this question; but the distinguished leader of the Republican Party, though he has said that we can not vote, has not said that we can not speak.

There are those who really believe, and I am one of them, that the tariff ought to be reformed by its friends. We not only say we believe it, but we do believe it, and we know it needs no prophet to say that if it is not reformed by its friends it will sooner or later, and perchance sooner, be modified by those who, in my judgment, will bring to it neither the same kindly feeling nor the same degree of intelligence to deal with the question. It is not the first time in the world's history that it has been solemnly announced that present conditions should remain unchanged, and it will not be the first time in the world's history that such solemn resolutions have come to naught. So I purpose to-day not to discuss the tariff in any detail, but to call attention to one schedule which I have had occasion to examine. It is a schedule where it can be easily seen what effect it has produced upon prices. It can be easily seen who has got the benefit of the change in prices and who has paid the additional price. Whether these results are desirable it is for this House and those whom they represent to say. Doubtless they are desirable to those who reap the benefit, and how far they may influence others we shall see.

I will say, in passing, that I am by no means one of those who occupy time in denouncing what are called the trusts. The great business combinations in this country are to a large extent the result of the operation of natural economic laws. If any man or any corporation can in conformity with economic laws accumulate millions or hundreds of millions, I know no reason why the Government should interfere, and certainly I would be one of the last to rail at the results. But, Mr. Chairman, what I wish to present this afternoon is a somewhat different question—not, Shall the Government interfere and seek to dissolve any great combination of business interests that it may find? but, Shall the Government allow, by the operation of a law which it enacts, the building up of such a combination and the creation of enormous amounts of wealth which rests, and rests alone, upon the positive legislation of the Government?

Mr. Chairman, the article of lead is one of universal use. It is used by the rich and it is used by the poor. Lead is used in enormous quantities, for instance, by the great corporations that manufacture telephonic apparatus. It is used in enormous quantities by other great manufacturers, and it is used by the poor man who puts a sink in his kitchen and has a lead pipe to assist in carrying off the water. So there we strike something of universal use. Used as it is by all, any increase in the price of lead must be paid by all of this multiplicity of users. If the price of a pound of lead is 5 cents instead of 3 cents, it is evident to every one that that additional price is paid by all the people of all sorts and kinds who either in private life or business combination have occasion to use lead. So I think that all will agree that any increase in the price of this article falls upon the entire community. If it falls upon a manufacturer it has one of two results. Either it lessens his profits or else it compels him to enhance the price of his goods, and that is paid by the consumer. If it falls upon the small consumer, of course he pays it himself, and therefore we may fairly say that the price of such an article as that should not be enhanced by the Government unless there are persons especially entitled to the Government's aid.

The next question that we come to is, Who reaps the benefit; who has derived the benefit of the duty which has been imposed upon lead ore and pig lead? Without at all wishing to join those who are vociferous in their attacks upon trusts, I would commend to the eloquence of any gentleman who desires to make that an object, as a most excellent example of what is claimed by them to be an evil, the American

Smelting Co. I have taken the pains to have prepared statistics in reference to the company, and the organization created by it, and which form a portion of it, which I shall very briefly state to the House, as the figures which I have thus collected are necessary in order to reach the conclusion which I shall seek to establish.

The American Smelting Co. was organized in 1899, very shortly after the passage of the Dingley bill. It was made up by a combination of smaller companies, and was organized with a capital of $65,000,000. one-half preferred at 7 per cent and one-half common stock, which was afterwards increased to $100,000,000, one-half preferred and one-half common. Out of that hardy tree has grown a considerable number of vigorous offspring. There have been since organized and are owned or controlled by that corporation, first, the Federal Mining Co., with a capital of $30,000,000, $20,-000,000 preferred and $10,000,000 common stock; next the American Smelters' Securities Co., with a capital of $77,000,000, $47,000,000 preferred and $30,000,000 common stock; last, the United Lead Co., with a capital stock of $25,000,000, $10,000,000 preferred and $15,000,000 common stock.

In reference to all these corporations we may safely say that the preferred stock that was issued not only represented the original cost of all the smaller or subsidiary companies which were taken into it, but more than that. It represented a valuation placed upon them higher than had ever been placed until this combination was made feasible, and I think we can say without the least danger of contradiction that the common stock of these various corporations represented not one dollar of property, but only the hope of a profit that would be made as a result of the combination. There is in this company more than $100,000,000 of common stock, and it is safe to say that every dollar of that is pure water requiring no filter: unadulterated by one dollar's worth of actual property going into the corporation above the preferred stock. Now, it is apparent that if a combination such as that can be made, and it is possible to create $100,000,000 of common stock based upon the hope of future profits, and if actual value can be projected into it, and the $100,000,000, more or less, thus issued can be rendered of large value, there is a possibility of the accumulation of the enormous fortunes which do undoubtedly at times stagger our minds in these present days of American development.

We now come to the effect of the duty. There is a duty imposed by the Dingley bill on lead ore of 1½ cents per pound. The duty on pig lead is 2⅛ cents per pound. The American Smelting Co., I believe, claims not to own the actual mining companies which dig up the ore, but it controls them; it is the only person that buys from them; it is the only person that smelts their goods; it is the only person from which their goods can be bought, so it has control of that portion of the lead production of the United States of which it has obtained control. Now, we have its own reports, Mr. Chairman, because the figures I have given are not obtained from loose talk, but are based upon the official report and statistics furnished in every case. In 1903 the American Smelting Co., according to its own report, controlled 85 per cent of the lead production of the United States. At the present time it undoubtedly controls, because it has added somewhat since then, 90 per cent. So of the lead sold in the United States 90 per cent is sold by the American Smelting Co. In other words, it has practical control of the market. Now, let us see what effect that has produced upon the price. In 1896 the price of pig lead in New York was 3 cents per pound. In 1899 the American Smelting Co. was organized, the Dingley bill had been passed, and the price of lead was raised by it in the year 1899 to 4½ cents per pound. There is a very interesting feature that one studying the effect of tariff laws can easily ascertain. The difference between the price of a foreign commodity and the price at which it is sold in this country will not be equal to the amount of the tariff ordinarily so long as there is still competition in the business. In other words, though there may be a tariff of 2 cents a pound on lead, yet if there are a number of different competitors each one endeavoring to cut down under its adversary, ordinarily the price in this country is not raised to the full amount of the tariff duty.

But when some one corporation or combination obtains practical control of the entire market it does what anyone would do; it raises the price to the full limit covered by the difference in the tariff. And so we find, coming down to January, 1906, that the price of pig lead sold in London was 3.65 cents per pound; that the price of pig lead sold in New York City was 5.6 cents per pound. In other words, allowing for the small fraction of a cent that the lead would cost to be sent from London to New York, the price that is now asked on lead, which is paid by every man in the United States, from the largest manufacturer to the smallest mechanic who builds a house or puts in a sink, is increased about 2 cents a pound. Who gets the benefit? The American Smelting Co., controlling 90 per cent of the product sold in 1903—about 485,000,000 pounds. Its sales at the present time are at least 500,000,000 pounds. Assuming that it is only charging the difference of the tariff on lead ore, that amounts

annually to $7,500,000. If they get 2 cents, the amount that is allowed on pig lead, it would amount to about $10,000,000. Let us take the lowest amount and we have an enhanced price for the lead sold by the American Smelting Co., according to its official report, of at least $7,500,000.

There can be no dispute, Mr. Chairman, that this is made possible by the duty. In the absence of that, people would buy lead in London and have it sent to this country. But we can come nearer. In the city of Toronto, just on the other side of the line, lead is purchased by manufacturers for from 2 to 2¼ cents less than it is purchased by manufacturers in the same business that live in the cities of Buffalo, Rochester, and Syracuse. Without the duty the Canadian market, like any other foreign market, would be open to them.

Is the price, the enhanced price of 5.6 for which pig lead is now sold in the city of New York, necessary in order to cover the enhanced cost of lead in this country? In other words, if lead can be sold at London at 3.65 cents and can be sold at Toronto at the same price, is it necessary to have a duty of 2 cents in order to cover the enhanced cost of getting out the lead in this country?

To that, Mr. Chairman, there are two answers. In the first place, I do not believe there is a man in this House or out of this House who believes that with the richness of American mines, with the facilities of American machinery, with the enterprise of American operators, lead ore can not be produced in the United States as cheaply as it can in any other part of the world. I believe it can be produced more cheaply here.

But there is another answer, Mr. Chairman. We have seen these corporations organized with, I will say, preferred capitalization of, roughly, $100,000,000, that represented, doubtless at a very liberal valuation, the cost of the various plants, the capital that had gone into mines and smelters. Certainly they were entitled to a fair profit on that, and if it was necessary to have a duty upon lead, pig lead, or lead ore to enable those engaged in that business to obtain a fair profit, I for one would be entirely willing to support such a measure. But the report of the smelting company shows a profit, a net profit, for the last year, of $9,000,000. Its report and that of the other subsidiary companies show that if the $7,500,000 additional cost of lead sold by this company had not been obtained; in other words, if the profits had been $7,500,000 less, it would have made enough to pay liberal dividends upon every dollar of the preferred stock of these various corporations. In other words, the enhanced price of lead has furnished the possibility of paying dividends upon $100,000,000 of common stock.

The $7,000,000 which it is estimated the American Smelting Co. and its subsidiary companies made by reason of this tax pays itself a dividend of 7 per cent on $100,000,000. In other words, as the result of this specific schedule on lead—and here I come up to the precise question—it is possible to give value to a hundred millions of stock that represented nothing but the paper upon which it was printed, and the increased price of lead which has made this profit possible has been paid by every man that in the United States uses lead. Is a schedule to be forever retained that makes possible the creation of imaginary property and yields a profit on it, a profit which is paid by those who certainly are quite as much entitled to the benefit of the Government's friendly hand? Take the American Smelting Co. Its common stock when first issued represented no property. Some was sold early in its history at 20, 30, and 40, and that was clear profit. The subsidiary companies received preferred stock for their property and a vast amount of common stock as bonus, and the man who sold this and got 30 or 40 cents on the dollar did well.

But the most sagacious man who held on did better, because as a result of the enhanced price which the American Smelting Co., controlling 90 per cent, has been able to fix upon lead, all this stock has become valuable. It pays dividends. The last report of the smelting company showed that on its $50,000,000 of common stock it had earned 11 per cent. It is not necessary to trouble this House with the earnings of the other subsidiary companies. The common stock of the smelting company, which sold at first for 30 or 40, now sells at 160 to 170, and its friends say that there is yet before it a great future. The common stock of the Federal Mining Co. has not advanced so much, but it has advanced over 75 points.

In other words, if the figures that I have submitted are correct, the common stock of these various corporations is now worth at a present valuation justified by their earnings, at least $150,000,000. That is what it would sell for, roughly, to-day. That is what it is worth to-day judged by the earnings it makes and the returns it is enabled to pay.

Mr. GILLESPIE. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. Yes.

Mr. GILLESPIE. I should like to know the gentleman's opinion whether from his investigation of that concern it does not exist in violation of the Sherman anti-trust law.

Mr. PERKINS, I do not know anything about that. I have not investigated that question at all. In these remarks, Mr. Chairman, I have wished only to call the attention of the House, and possibly the attention of some of those outside of the House who may sometimes read what is here said, to some practical phases of certain schedules of the tariff. It is to be considered whether if there are schedules which when exposed to public attention will, as it seems to me, excite public animadversion, it is wise to say that for all time the consideration even of an item like this shall be closed to the House of Representatives. I should be loath to say, Mr. Chairman, that the tariff is the mother of trusts; but sometimes we do see an illegitimate child, a misbegotten monster, that does look as if it owed to the tariff its existence and its growth.

WILLIAM LANYON ON MISSOURI LEAD AND ZINC MINING PROFITS.

ST. LOUIS, *February 16, 1909.*

A special to the New York Journal of Commerce reads:

"The newspapers have had much to say about the duty on zinc ore, but, to my notion, the subject has not been intelligently discussed because the writers are not familiar with the subject, or, perhaps, had an ax to grind."

That is the way William Lanyon started a discussion yesterday. Mr. Lanyon has been engaged in the manufacture of zinc, and is intimately informed as to all conditions of the business for upward of 30 years. He said further:

"It seems the usual method to attempt to throw dust in the eyes of the public by using the laboring men and their wages as an argument. This has been diligently used of late. As a matter of fact, the tariff on zinc ore cuts no figure as regards the wages paid by the operators of mines in Joplin and other similar districts, because they have never paid any more wages than they are obliged to and never will.

"Take, for instance, the matter of copper produced at mines in Montana, Arizona, and throughout the West. The wages paid there to employees have for years and do now average from 40 to 50 per cent higher than in the Joplin district, and yet copper ores and copper metal have been on the 'free list' for some time. The wages of the Joplin miners, I think, have not varied more than 25 to 50 cents per day in the past 10 years. The men have been getting a comparatively small advance in their wages the last few years compared to the time previous to the year 1900, although zinc ore has averaged almost double in price. The zinc ore market may go up or down $10 or more per ton without the miner knowing the difference, so far as his wage is concerned.

LANDOWNERS' AGITATION.

"This whole agitation emanates from the landowners and their lessors, the mine operators, for the purpose of increasing their income and profits. The landowner gets a royalty out of ore produced and has no risk or expense. With ore at $40 a ton, his income is double in comparison with ore at $20 a ton. The lessors, who are operators of the mines, are, in the main, companies which were formed since 1898, and are grossly overcapitalized. These companies were formed for the purchase of producing mines from the original discoverers and operators at what appeared even to the vendors fabulous prices. The price paid appeared cheap to the promoters, or at any rate, they, in turn, doubled or even more grossly watered the values and then advertised their stocks to pay 1 per cent per month, and probably in most cases disposed of it on that basis.

"Hence, the bane of the ore producers' business is that with which the commercial world generally to-day is suffering—the watering of values and gross overcapitalization.

HIGH HAND AT JOPLIN.

"For the last 10 years the average price of 60 per cent zinc ore at Joplin has been at least $40 per ton. For 10 years prior to that date the average price did not exceed $20 per ton. It is clearly to be seen that the increased capitalization involved the necessity of getting a higher price, and this was achieved mainly by combination or 'community of interest' of these concerns. For a number of years they carried things in Joplin with a high hand, forcing the price of zinc ore at times as high as $55 per ton. When the price fell, they would shut down their mines for weeks at a time, leaving their men idle and without any remuneration during such periods. They also combined to export a portion of their output at extremely low prices, compared with what they were demanding from the American smelters for the same, all with the object of forcing a high price for the bulk of their output.

"At numerous times during the last 10 years the price of zinc ore was thus carried to such a ridiculously high figure that there was a loss for the smelting works in handling it. The smelters found it impossible to procure a price for the zinc metal commensurate with the price of ore, plus the smelting cost. Many furnaces were obliged at times to shut down on this account. This naturally forced some of the western smelters to seek another supply, if possible, and considerable zinc ore, although of much lower grade than the Joplin product, was procured from Colorado and New Mexico, and later from old Mexico, with a very small quantity from Canada.

MEXICAN POSITION.

"The zinc ore from old Mexico being almost entirely of the nonsulphide variety, was usable only by a few of the smelters, as the largest and greater number of the smelters required sulphide ores and were still compelled to get this from the Joplin and Wisconsin districts. The Mexico ores are a very low grade, containing only from 30 to 45 per cent of zinc metal, whereas the Joplin product averages close to 60 per cent, and with spelter (zinc) at below 5 cents per pound it is scarcely feasible to import these ores. The high rate of freight and low zinc content would cut the price of the ore to below the cost of the product even in old Mexico.

"Just now the Joplin operators are trying to convince the people that the recent decision of the United States court definitely construing the tariff as 'duty free' on zinc ores has been the cause of the recent drop in price of their product from about $42 to $38 per ton. Such is not the case, as there is no more Mexico ore being brought in than usual.

SUPPLY AND DEMAND.

"The real cause of the drop in the price of ore is 'supply and demand.' Demand for the metal has recently fallen off very abruptly, and the price consequently is declining. This apparently is the case with lead, copper, and most other metals at the present time. But with zinc ore at $38 per ton, what have they to complain of, when only a few years ago $30 per ton would have been a 'pipe dream'?

"The ministers of the gospel in the Joplin district who recently prayed to the Almighty for an enactment of tariff on zinc ore perhaps do not realize that they have made themselves the laughingstock of at least all the rest of the country outside of the Joplin district. The fact is, they were apparently too ignorant to know that they were simply playing into the hands of the wealthy mine operators and landowners, because these are the ones who would reap the benefit of any such an enactment, and the laboring men would never know the difference.

"Now, I am a Republican, but not a 'standpatter.' The last Republican platform demands tariff revision, and Mr. Taft and the most of us recognize this to mean downward, of course, and not upward. If the days of capitalization of the tariff in this country have not passed, then it is time they had, and it must come beyond question in the future. If the Republican Party does not see this light dawning, the independent vote may force it to step down and out.

THE TARIFF ON SPELTER AND LEAD.

"Tariff on spelter is $1.50 per 100 pounds, and on sheet zinc it is $2 per 100 pounds. These figures should be reduced to not exceed 75 cents per 100 on the former and $1 per 100 on the latter. This is ample protection, and in case of an attempt to overdo the price in this country by speculation, it would at times let some metal in from abroad for the relief of the market. This same policy should govern with regard to lead. The duty on pig lead is 2⅛ cents per pound. This should be reduced to one-half cent per pound, because the total cost of smelting a ton of pig lead does not exceed $5 per ton, or 25 cents per 100 pounds. With a duty of double the total smelting cost, is it not easily seen that the protection is ample?

"Pig lead to-day is quoted in London at about $2.85 per 100 pounds, and although the market here has declined recently from $4.50 per 100 it is still quoted at $4 per 100 pounds. Why should lead be so much lower in London than in this country? The reason is because the output in this country is controlled by one or two concerns, principally by one concern, and very naturally they will get as close to the foreign price with duty added as they can. The concern I refer to has $50,000,000 of common stock, all of which is water and on which it is endeavoring to pay 8 per cent dividends. It manages to do this partly by manipulating the metal market, putting the price down during dull times in which to buy ore, and then during better times putting the market way up and unloading it on the public, thus making not only a manufacturer's profit, but a huge speculative profit; working the miners who produce the ore on one

side during one season and the public, who consume the goods, on the other side during the other season. All this they are enabled to do by the tariff duty.

"The lead sold in London is largely produced in Australia, Canada, and other places where labor is paid fully as high as it is by the concerns in this country.

"It is certainly time for the American public to wake up to the fact that it is being continually 'buncoed' by concerns using the tariff as their shield in their operations. We hear a great deal about the consolidation of industries into new companies for the purpose of reducing expense of operation and to cheapen the price of the output to the public, but we know what the result usually is. They probably economize on their management all right, but take advantage of their power to boost the prices of their products materially above the prices previously current when the business was subject to the natural competition of the concerns which they combined.

"I notice references to the 'Smelters Trust.' By this, of course, is meant a trust or combination existing among the smelters of zinc ore. The fact is, there is no such a trust or combination and never has been in the zinc-smelting industry. There is probably no other considerable industry in this country that has been operated and is to-day operated by the separate concerns entirely independent of and thoroughly in competition with each other, as is the case of the zinc-smelting industry."

New York, *January 22, 1909.*

Dear Sir: In reply to your inquiry as to the effect of the American duty on lead ores produced in Mexico, I desire to say that the duty at present is prohibitive. It is doubtful if any lead ores could be imported from Mexico with the duty even as low as 1 cent a pound on lead in ores.

There's not a mine in Mexico worked for lead alone. The lead produced there is in the nature of a by-product in the mining of silver and gold. Furthermore many of these mines could not be worked at a profit were it not for the fact that the ores they produce are necessary fluxes in the smelting of high-grade siliceous ores. By high-grade siliceous ores I mean ores carrying high values in silver or gold, but with very little or no lead in their composition. As you probably know, in order to smelt ores economically a certain mixture of silica, iron, and lime is necessary in the furnace, and a certain percentage of lead to collect the precious metals. Mexican lead ores of a siliceous character are usually sulphides and are concentrated before shipment to the smelters, but a large quantity of lead ores, notably those produced in the camps near the cities of Chihuahua, Monterey, Mapimi, etc., are what are known as basic ores, i. e., ores containing a large percentage of iron and lime, with low percentages of silica. These ores are commonly low grade in silver but comparatively high in lead and are used as fluxes for the high-grade silver ores.

The difference in the cost of production of lead ores in Mexico as compared with the cost of production in the United States would be hard to fix, as the conditions vary so much in the various camps. American labor is fully 100 per cent better than Mexican labor. While the Mexican is paid a much lower wage than the American miner, the higher cost of fuel, machinery, general expenses, and maintenance, with the low efficiency of the Mexican labor, largely offset any advantage that Mexican production of ores may have over the American production through the nominally lower wages of the miner.

The general custom of the smelters in the United States who smelt in bond has been to export the desilverized lead when the price in the United States less the duty is lower than the European price for the metal. When the American price advances to a point that the duty can be paid and the metal sold in the United States, no lead is exported.

Most of the Mexican lead-producing mines are situated at some distance from the seaboard, 600 to 800 miles usually. The freight rates in Mexico by rail are about the same, mile per ton, as they are in the United States. The shorter haul to the seaboard gives the Mexican production some advantage over the mines of Colorado and Utah. I am not familiar with the rates from Utah and Colorado to the seaboard, but I take it that there is little difference.

On the other hand, coke, coal, and supplies of all sorts used in mining and in reduction of ores are very much higher in Mexico and of inferior quality usually to those obtainable in the United States.

The principal effect of the levying of the American duty on lead in ores has been to build up the smelters of Mexico. Without a duty on lead in ores the tendency in Mexico would be to revert to the former plan of shipping these ores to the United States for reduction, where they are badly needed as fluxes for many of the American siliceous ores. The building of large smelting plants in Mexico is of comparatively

recent origin and due almost directly to the levying of the American duty on Mexican ores. While this duty may benefit a small number of lead-mine owners in the United States, it is, on the whole, detrimental to the American mining industry, as it enables the smelting companies to levy a higher rate for smelting dry ores—that is, ores without lead—than they would be able to enforce were it possible to import lead fluxing ores from Mexico without a practically prohibitive duty.

If my humble opinion was of any value to you, I would say that it would be of great benefit to the American business men generally to cut out the duty entirely on Mexican lead ores, fostering the relations between the two countries, and enabling the American manufactories to ship manufactured lead products to Mexico in return for the lead ores shipped to the United States for reduction. There are no manufactories in Mexico for lead products, and our manufactories could well fill that field if they were able to reduce in the United States Mexican lead ores, returning manufactured products to Mexico.

Very truly, yours,

BRITTON DAVIS.

AMERICAN SMELTING & REFINING CO.,
165 Broadway, New York, February 8, 1909.

To the stockholders:

I take pleasure in inclosing copy of assets and liabilities of the company as of October 31, 1908, and copy of profit and loss statement as of the same date, showing earnings for the first six months of the present fiscal year, which are in excess of 8 per cent per annum on the common stock.

The business and earnings of the company declined from the beginning to the end of the fiscal year ending April 30, 1908. Since the beginning of the present fiscal year, however, the earnings have been gradually improving month by month.

The company has not in the past issued reports to the stockholders with reference to the business of the company oftener than at each annual meeting, principally for the reason that it is both difficult and expensive to accurately cut off the business of the company oftener than once a year, on account of the large value of precious metals in process of smelting and refining. Your board of directors believe, however, that the desire of the stockholders for accurate reports as to operations and profits of the company as often as is practicable is warranted.

DANIEL GUGGENHEIM, *President.*

Profit and loss statement for the six months ending Oct. 31, 1908.

Net earnings from operations		$3,917,683.55
Construction and improvements		75,922.82
		3,841,760.73
Dividends:		
Preferred, 3½ per cent	$1,750,000.00	
Common, 2 per cent	1,000,000.00	
		2,750,000.00
Net surplus to profit and loss		1,091,760.73

Statement of assets and liabilities, Oct. 31, 1908.

ASSETS.

Property	$86,845,670.51
Investments	2,858,616.95
Metals (refined values)	18,218,784.68
Material	1,249,561.01
Cash and demand loans	8,629,550.45
Total	117,802,183.60

LIABILITIES.

Capital stock	$100,000,000.00
Bonds (Omaha & Grant Smelting Co., first mortgage)	349,000.00
Net current liabilities	804,641.85
Unearned treatment on metals in process	2,148,559.35
Profit and loss	14,499,979.40
Total	117,802,183.60

[From the Wall Street Journal.]

Guggenheim Exploration Co.

ANNUAL REPORT SHOWS NET INCOME $57,849 IN EXCESS OF DIVIDENDS—SURPLUS SHOWS A DECREASE OF $100,563 DURING YEAR, BUT $158,412 WAS CHARGED OFF ON ACCOUNT OF SECURITIES DISPOSED OF—THE 10 PER CENT DIVIDEND PAID DESPITE FINANCIAL DEPRESSION—WILL ISSUE QUARTERLY STATEMENTS—THE OUTLOOK.

Stockholders of the Guggenheim Exploration Co. will receive to-day a financial statement of operations for the year 1908, signed by President Daniel Guggenheim.

The statement shows that the 10 per cent dividend was paid to the shareholders notwithstanding the general depression last year in the metal markets. The book value of the stock is shown to be $230 a share, taking the holdings in the company's treasury at the present market prices and excluding $11,249,000 of American Smelters Securities Co. common, which is carried on the books at a nominal value of $1.

With a surplus of $13,643,688 and assets of $36,647,220, the company starts the year 1909 in a financial condition which President Guggenheim and his associates believe should be eminently satisfactory to the stockholders in the big corporation.

An important announcement as to the future policy of the Guggenheim interests is also made, as follows:

"It is the intention of the copper companies in which we are interested to inaugurate a system of issuing quarterly statements, copies of which will be mailed to our stockholders."

Referring to operation, President Guggenheim says:

"It is only within a few months that all the smelters and refineries of the American Smelters Securities Co. (six in number) have been completed and in operation. The profits now earned by the Securities Co. indicate that its common stock will in the course of time be a very valuable asset.

As to the future, President Guggenheim says:

"Last year we stated that in the opinion of our engineers Utah Copper, Nevada Consolidated Copper, Cumberland-Ely Copper, and Yukon Gold Cos. would probably earn dividends during the year 1908. This prediction has been practically realized. Utah Copper Co. commenced dividend payments on the third quarter of last year upon a basis of $2 per share.

"The Nevada Consolidated and Cumberland-Ely Copper Cos. were both more or less delayed in the completion of their equipment, but have been making regular shipments since August, and their output and earnings are increasing steadily month to month. Both give promise of dividend returns to their stockholders beginning in the last half of the year."

The assets and liabilities of the company follow:

ASSETS.

Dec. 31, 1908:	
Treasury stock	$1,319,900
American Smelters Securities Co. (A)	13,860,000
American Smelters Securities Co. (B)	199,890
American Smelters Securities Co., common	1
Other properties and investments	17,589,486
Furniture, fixtures, and equipment	7,705
Bills and accounts collectible	2,083,436
Cash and demand loans	1,586,800
Total	36,647,220

LIABILITIES.

Capital stock	22,000,000
Bills and accounts payable	1,003,531
Surplus	13,643,688
Total	36,647,220

Details of the item "other properties and investments" follow:

Dec. 31, 1908:

Cumberland-Ely Copper Co.	$912,808
Esperanza (Ltd.)	337,359
Nevada Consolidated Copper Co.	1,671,588
Nevada Northern Railroad Co. bonds	1,650,000
Utah Copper Co.	4,788,647
Yukon Gold Co.	8,222,062
Miscellaneous investments	7,020
Total	[1] 17,589,486

The president's letter carries the following comment:

Comparison with last annual statement will show decrease in surplus of $100,563. The net income was $57,849 in excess of dividends, but we charged off $158,412 on account of securities disposed of during the year.

We continue to carry American Smelters Securities Co.'s common stock, of which we own $11,249,000 par value, upon our books at a nominal valuation of $1.

Calculating the value of American Smelters Securities Co. (A) shares, upon which dividends are paid at the rate of 6 per cent per annum, at $90 per share, and the remainder of our stock holdings (exclusive of American Smelters Securities Co. common) at their present market prices, the book value of Guggenheim Exploration Co. stock would be $230 per share, exclusive of good will. Assuming the present value of American Smelters Securities Co. common to be $40 per share, the book value of Guggenheim Exploration Co. stock would be $251 per share, exclusive of good will.

[From New York Times, Feb. 7, 1913.]

FIGHT GUGGENHEIM CONTROL—FEDERAL SMELTING MINORITY SAYS LOSSES WERE FORCED ON COMPANY.

The complaint of Sidney Norman and other minority stockholders of the Federal Mining & Smelting Co., attacking the contract between it and the Guggenheim interests which were in control, was served yesterday on the defendants and the suit will probably be filed on Monday. The plaintiffs declare that if it had not been for this contract the product of the Federal Co. since August 31, 1909, the date of expiration of the preceding contract, could have been sold for $1,500,000 more than it got from the Guggenheims. The existing contract was made after the Guggenheims had got control of the Federal Co. and four years before the expiration of the old contract.

The defendants in the suit are the Federal Co., the American Smelting & Refining Co., and the directors of the Federal Co., some of whom are also directors in the Guggenheims' companies.

When the original contract was made the Federal Co. was controlled by the Rockefellers and George J. Gould. It provided the Smelting & Refining Co. should pay for the Federal Co.'s ore 90 per cent of the market price for lead on 90 per cent of the lead contents, unless the price went above $1.10. In that case it was to pay the same as on the $1.10 basis, with half the excess price, instead of 90 per cent added. This contract was made in December, 1903, when lead was selling for $1.16, and was to run for six years. The plaintiffs cite figures to show that in the next two years the price kept advancing, and in October, 1905, stood at $1.85.

At that time, after the Guggenheims had got control of the company and put in their own directors, a new contract was made, to begin at the expiration of the old one, on exactly the same terms to run till 1930.

It is alleged that the directors have not only worked the mines of the Federal Co. for the benefit of the Smelting Co., but have also used the funds of the Federal Co. to purchase other mines to be worked on an unprofitable basis under the contract.

The minority stockholders, through their attorneys, G. J. & S. N. Carr, ask that the contract be declared void and that the Smelting Co. be required to account to the Federal Co. for the difference between what it has paid and the market price. They also ask an injunction to prevent the directors from working the mines or acquiring other mines.

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[1] All of the above items are carried at cost.

Par. 156.—MONAZITE SAND, ETC.

THE NATIONAL ASSOCIATION OF GAS MANTLE MANUFACTURERS, BY O. B. EISENDRATH, PHILADELPHIA, PA., AND OTHERS, COMMITTEE.

To the honorable members of the Committee on Finance, United States Senate, Washington, D. C.:

This statement, referring to paragraph 156, schedule C, of the tariff bill, which you are now considering, relating to duties on monazite sand and thorite; thorium, oxide of and salts of; gas mantles treated with chemicals or metallic oxides, 25 per cent ad valorem; and gas mantle scrap, consisting in chief value of metallic oxides, 10 per cent ad valorem; is presented to you on behalf of 90 per cent of the gas mantle manufacturers of the United States.

This bill proposes a tariff of 25 per cent ad valorem on gas mantles and thorium nitrate, one of the principal materials entering into the manufacture of gas mantles, this being a horizontal cut of 15 per cent on the present duty of 40 per cent ad valorem on both gas mantles and thorium nitrate.

A careful canvass of the earnings of the gas-mantle manufacturers of this country under present conditions proves conclusively that the average gross profit earned ranges at from $3 to $6 per 1,000 gross profit, this gross profit being computed on the difference in cost of manufacturing (including all manufacturing overhead expenses, but not including selling expenses) and the selling price.

With these facts in mind we beg you to consider the effect of your cut of 15 per cent on our finished product in proportion to the cut of 15 per cent on our principal raw material, namely, thorium nitrate. The finished product, gas mantles, represents 100 per cent dutiable value. Thorium nitrate, being one fifth of the selling value of the finished mantle, represents 20 per cent only of the dutiable amount in value of the gas mantle. It is therefore a simple arithmetical calculation to ascertain the position of the mantle manufacturers of this country. The cuts proposed, namely, 15 per cent of 100 per cent, equal 15 per cent advantage that the foreign manufacturer will obtain. To offset this we will receive 15 per cent of 20 per cent, or 3 per cent, placing an advantage in the hands of our foreign competitors of 12 per cent of the value of his finished product. The price of foreign gas mantles usable in this country ranges from $30 per 1,000 to $50 per 1,000. It will therefore readily be seen that 12 per cent of this price will range from $3.60 to $6; will enable the foreign manufacturer to deliver his product in this country at prices equal to, if not lower, than our lowest possible manufacturing cost, even with the reduced tariff on our raw material.

This condition would inevitably mean the destruction of the mantle manufacturing industry of this country. We therefore recommend that paragraph 156, lines 10, 11, and 12, be changed to read: Thorium, oxides of and salts of, 25 per cent ad valorem; gas mantles treated with chemicals or metallic oxides, 35 per cent ad valorem.

We make this recommendation in the sincere belief that if the proposed tariffs are adopted that the gas mantle manufacturing industry of this country will be practically destroyed within the next two years.

(Signed by O. B. Eisendrath, New Process Gas Mantle Co., Philadelphia, Pa.; Wallace E. Brown, Michigan Gas Mantle Co., Detroit,

Mich.; and John Wysock, Aurora Mantle & Lamp Co., Aurora, Ill., as a committee representing the National Association of Gas Mantle Manufacturers.)

A. P. WHITE, YOUNGSTOWN, OHIO.

APRIL 8, 1913.

Hon. E. Y. WEBB,
House of Representatives, Washington, D. C.

DEAR MR. WEBB: I am greatly obliged to you for the telegram containing the advice as to the rates on monazite, thorium, gas mantles, and mantle scrap.

Under the existing conditions, the 25 per cent ad valorem rate on monazite is foolish. In the first place, this material, being in the control of a trust working with the Brazilian Government, has no market value established by the natural laws of trade, since it is not sold in the open market. Its value is just what the combination chooses to put on it. It has been entered at 8 cents in recent years and the old duty of 4 cents was equivalent to 50 per cent ad valorem.

Taking this 8 cents, which is the nominal value placed on it by the trust, the new 25 ad valorem rate is the same as a 2 cents per pound specific rate. In other words, the duty has been cut in half and the sole beneficiary is the Welsbach Co., an arm of the Standard Oil combination. Whether the change is intentional or not, it is really a play in the interest of special privilege, as flagrant on its face as anything in the Payne-Aldrich tariff creation.

If all the monazite used in this country were imported under the rate of 4 cents a pound, what was the object of making the duty 2 cents, when the only beneficiary is the single importer, simply because he is the United States part of the trust. Viewed in any light, this item is now adjusted so it favors the trust at the expense of the Government.

The Standard Oil connection is this: The Welsbach Co. is owned by the United Gas Improvement Co. and this latter company is the largest single consumer of the Standard Oil Co.'s gas-making products. It is a matter of general knowledge that it and the Standard are closely affiliated, and I personally know Standard Oil influence was used for the Welsbach interest during the consideration of the Payne-Aldrich bill.

By a little study you will perceive that, as the monazite rate is now fixed, the Government has presented to the Welsbach Co. and its foreign allies an annual contribution equal to half the customs duty paid on monazite during recent years. But this is not the worst feature. It gives the trust an unfair advantage in that it places in its hand a weapon to destroy competition.

To a limited extent the reduction in mantle scrap will operate against monopoly unless this can be controlled abroad by the trust. To have lowered the duty on scrap and kept the duty on monazite at 4 cents would have been to the disadvantage of the trust; or, more clearly speaking, it would have stripped the trust of the advantage it derived from the high rate on scrap in the Payne law. So, now, you see that while this incongruity of a high duty on the scrap raw material is corrected to the discomfort of the trust, by the removal of its unfair advantage, a panacea is at the same time provided for the

trust in the shape of a specially low duty for the product which it monopolizes.

As to whether the duty on gas mantles should be 25 per cent or something else is purely a question of opinion about which there may be honest differences. The same thing can hardly be said as to the other items, and I strongly suspect somebody has been deceived by the forces at work into committing a blunder which can be turned into capital by the opponents of tariff revision.

P. S.—Stated in another form, this is the situation in a nutshell: Senator Penrose fixed the duty on scrap at 40 per cent in the interest of the trust having control of the monazite with which the scrap would compete. At the same time he cut the duty on monazite to 4 cents.

Now the flagrant incongruity on the scrap is corrected. The correction, however, removes the special advantage which the trust now possesses, but this advantage is in a large measure restored by making a further cut in the monazite rate, tantamount to making the trust a present of half of the existing nonprotective revenue duty. The people of North Carolina are certainly unfortunate in having an interest which is exposed to the withering blight of trust influence.

WASHINGTON, D. C., *April 21, 1913.*

Hon. F. M. SIMMONS,
United States Senate.

DEAR SENATOR SIMMONS: I am inclosing a very sensible letter from our mutual friend, Mr. A. P. White, with reference to monazite. Since the duty was placed at 4 cents a pound by the Republicans there has not been a pound of monazite mined in the United States. Now, if under this rate no monazite is mined, and all that is imported is owned and controlled by the trusts, why should we, as sensible men, remit to the trusts and take out of the Treasury of the United States 2 cents a pound on all imported monazite by reducing the present rate from 4 to 2 cents a pound? This seems to me to be the height of unwisdom, and I hope that you will see to it that the present rate is maintained—for the industry is absolutely dead—but for the simple reason that we are trying to collect revenue, and should collect it out of this international monopoly.

With best wishes, I am,

Very truly, yours, E. Y. WEBB.

A. P. WHITE, 396 BROADWAY, NEW YORK.

APRIL 17, 1913.

Hon. F. M. SIMMONS, *Washington, D. C.*

MY DEAR SENATOR: Since 1909, when Senator Penrose adjusted the monazite gas-mantle paragraph, by which the duty on the Welsbach Co.'s controlled raw material, monazite, was reduced and the rate on the open-market supply of competitors advanced, the thorium business in the country has been practically in the hands of the Welsbach Co. and the foreign trust. I do not expect or hope that the tariff will be changed to restore my interest. I mention this to indi-

cate that my motive in addressing you now is not prompted by personal pecuniary interest but by a desire to direct your attention to this wrong which by a single act wiped out the rights of one set of individuals and gave a special advantage to another set.

In a recent letter to Representative Webb I have recounted fully just how this act of tariff sleight of hand was performed, and, at his suggestion, I am inclosing a copy of that letter for a fuller statement of this particular matter.

You will recall that in the latter part of June, 1909, the Senate fixed the duty on thorium at 60 per cent, on monazite at 6 cents per pound, and on gas-mantle scrap at 25 per cent. The lower duty on scrap permitted the domestic thorium manufacturer to live at these rates by working part scrap and part monazite, and thus placed it beyond the power of the foreign trust in control of the Brazilian monazite to destroy him. Previous to that time the Welsbach Co. was not in favor with the foreign "ring," and it got all its monazite supplies from North or South Carolina, having a 6-cents-per-pound protection.

As explained, the new Senate rate hit the trust. However, after this action of the Senate was published the Welsbach Co. and the Brazilian monazite interests entered into an arrangement by which the Welsbach Co. got supplies of Brazilian monazite.

You will now recall that in the first week of August, 1909, the conference committee reduced the monazite rate to 4 cents and at the same time advanced the rate on scrap from 20 per cent to 40 per cent ad valorem.

You will note that when the duty on monazite was reduced the single beneficiary was obviously the interest that had been let into the foreign monazite-thorium "ring."

You will again note that when the duty on "scrap" was doubled the same interest was also the single beneficiary, because the exclusion of scrap shut off the supplies from other domestic thorium manufacturers. Thus the trust-controlled supply was let in under specially favored terms and the open-market supply practically shut out. (I have dealt with this scrap matter fully in a printed leaflet, one of which I inclose.)

Mr. Underwood's committee have corrected this glaring abuse of legislative power in the scrap item, but it seems that, under the pressure of the multiplicity of things crowding them, they have not fully understood the situation, else they would hardly have cut down the duty on monazite to 25 per cent ad valorem, which is tantamount to reducing it to 2 cents per pound, when the only beneficiary is a sole importer of monazite. All monazite used in this country since 1909 has been imported, and by this one interest, which is again taken care of.

If there was no "ring" then the importing user of monazite could not oppose such a duty on scrap that would let scrap in. There is nothing to stop him also from using some scrap. But being in control of the monazite he manifestly wants the scrap shut out. He is still making an effort to accomplish this and that is one reason I advert to it at length.

Since the customhouse records show that the 4-cent rate on monazite is simply a revenue duty, affording no protection, it is difficult to see why the rate should be reduced when reduction means a sacra-

fice by the Government in favor only of an obnoxious trade combination. If we had no better motive, it seems to me party expediency requires different treatment of this item.

An importing agent of the Thorium Trust is making a vociferous effort to induce Congress to remove the duty on thorium, on the plea that the reduction on duty on gas mantles to 25 per cent requires it. In this connection many misstatements have been made, but it is only necessary to call your attention to a few self-evident facts. For years, until 1909, the mantle rate was 20 per cent, and the thorium rate 25 per cent (both under the blanket clause). The mantle industry grew and expanded from a production of four or five millions of mantles annually, when the patents expired to 60,000,000 annually at present. But that is not all. During this entire time the net cost of thorium under the 25 per cent ad valorem rate was from $1 to $3 higher per pound than at present. Although thorium is the essential base of the mantle, the duty has little or no effect on the selling price of the mantle, because it represents less than a third of a cent in the cost of a mantle. The average cost of thorium in a mantle is less than 1 cent. The rates on other things entering into the cost of mantles have been reduced in the Underwood bill.

In view of the record—the Government's own record—there is no reason to reduce the duty on either of these commodities—thorium and monazite—and were it not for the exigencies of the moment, they could be largely advanced, with profit to the Government and injury to nobody, without making the duty protective. The record shows that.

The Republican explanation for reducing the monazite duty to 4 cents in 1909 is that the product was controlled by a trust. As the reduction favored the trust the explanation is consistent, and we have now the Republican doctrine: When the trust product is out of the United States, reduce the duty; when it is within, increase it.

[Inclosure.]

NEW YORK CITY, *February 6, 1913.*

Hon. E. Y. WEBB,
House of Representatives, Washington, D. C.

DEAR SIR: Referring to your suggestion yesterday, I beg to submit the following statement relating to paragraph 183 of the Payne Act:

Thorium nitrate is the essential base of gas mantles.

The manufacturer of thorium nitrate has two potential sources of raw material, viz, monazite sand (a primary source) and "gas-mantle scrap," consisting of mantle trimmings, broken, defective, and worn-out mantles.

In June, 1909, the Senate fixed the duty on monazite at 6 cents per pound and on "scrap" at 20 per cent ad valorem.

In the first week in August following the conference committee reduced the rate on monazite to 4 cents and increased the rate on "scrap" to 40 per cent.

Previous to 1909 no monazite, except some laboratory specimens, was brought into the United States simply because the only other available supply in the world (that in Brazil) was controlled by a trust which would not sell the monazite. It sent the thorium to this market.

After the Senate action in June the Welsbach Co., controlled by the United Gas Improvement Co. of Philadelphia, a Standard Oil ally, succeeded in making an arrangement with the foreign "ring" to obtain cheaply mined Brazilian sand.

When the duty on monazite was reduced by the conference committee, the single beneficiary was obviously the interest that had been let into the foreign monazite-thorium "ring."

When the conference committee at the same time doubled the duty on "scrap" (from 20 to 40 per cent), the same interest was again the single beneficiary, because the exclusion of "scrap" shut off the supplies from other domestic thorium manufacturers. Thus the controlled supply was let in and the open supply shut out—a flagrant abuse of the legislative power. Result—complete destruction of the monazite industry in this country (see report of 1911 of the United States Geological Survey) and the practical ruin of the domestic thorium manufacturers not participating in the privilege to get Brazilian monazite.

The 6-cent rate on monazite was never actually prohibitive. It simply prevented the foreign thorium "ring" from extinguishing the United States manufacturers, because by working part scrap and part monazite they could manage to exist. The reason the monazite was not imported was that it was controlled. When, however, the Welsbach Co. got into the ring the situation was changed and so was the tariff—in conference.

It costs from 6 to 8 cents a pound to get the Brazilian monazite into Hamburg, Germany, the headquarters of the ring. In North and South Carolina it costs from 14 to 18 cents to recover it. The average is near the latter figure.

The Government of Brazil has recently made a new concession governing the export of monazite, by the terms of which the Government obtains half the net profits from the sale of the thorium, the only element of value in the monazite.

Hence an ad valorem rate (a scientific basis for the determination of a customs duty) is not consistently applicable to monazite under the special and peculiar circumstances of this case. I have indicated in a brief filed with your committee how the rate can be fixed, and will not take up your time by repeating the explanation here.

It costs a little more than $4 a pound to make thorium nitrate in this country with domestic monazite and a little less than $2 in Germany with Brazilian monazite. There is substantially no difference in the monazite of the two fields. Both contain about 5 per cent of thoria.

It follows, therefore, that in the case of monazite and thorium any duty up to 100 per cent would not be prohibitive and that a reduction in the present duty would be tantamount to a contribution to the foreign ring and the Brazilian Government.

The present aim of the syndicate now in partnership with the Brazilian Government is to control the mantle industry of the world. To effectively control it in the United States it must shut out the "scrap." It desires to retain it in Germany, since the localization of the question of its control presents a less difficult problem than if it were allowed to flow naturally in the course of trade without tariff restraint.

It must be apparent that as long as the United States mantle manufacturer can obtain thorium from Carolina monazite and scrap he can not be foreclosed, but there is a limit to the disadvantage which he must overcome in getting the supply from these sources.

You will note that in the brief filed January 11 by the committee which stated they represented 05 per cent of the mantle manufacturers of this country a specific request was made for you to retain the duty on thorium. The evening before the brief was prepared this committee was called to the Shoreham Hotel in Washington for dinner. They were entertained by the American representatives of the sand ring. After they refused to ask for a reduction on monazite they were told that those who were amenable to reason would be "taken care of"; that they must stand as a unit for retention of the duty on mantles; that they could also ask for the retention of duty on thorium, but that if anyone "said a word about scrap" that one would be marked by the speaker for ruin. That meant that the recalcitrant would be deprived of thorium supplies when the scattered accumulations which the trade had obtained in the interval between the expiration of the first and the making of the second contract with the Brazilian Government had become exhausted.

If at any time you may desire proof of the matters herein set forth I shall be pleased to respond to a call from you.

Par. 163.—JEWELS FOR SCIENTIFIC INSTRUMENTS, ETC.

EASTERN SPECIALTY CO., 3409 NORTH THIRTEENTH STREET, PHILADELPHIA, PA.

PHILADELPHIA, PA., *May 28, 1913.*

Senator F. M. SIMMONS,
United States Senate, Washington, D. C.

ESTEEMED SIR: For 15 years we have imported sapphire jewels for industrial and scientific instruments from Switzerland. We have always paid 10 per cent duty, although the appraisers have classified these jewels under the tariff of 1909 at various rates, some 35, some 25, and some 50 per cent, showing that this class of material was not clearly classified in the law. We believe it has been the intent in the past of Congress to have these jewels dutiable at 10 per cent. same as watch and clock jewels, judging from the number of times the Board of General Appraisers have upheld our protests, wherein we claimed 10 per cent duty. There is a case now pending in the United States Court of Customs, argued April 4, to definitely fix the duty of these jewels under the 1909 law.

Inasmuch as there has been no end of protests and variable classifications under the past acts, and inasmuch as through many very expensive protests and some classifications without protests, we have always imported these sapphire and diamond jewels for instruments other than watches and clocks at 10 per cent, and inasmuch as we will be up against the same trouble if the present bill passes as now written, we respectfully request that they be definitely classified in the present bill.

We request this be done by amending paragraph 163 of Schedule C, line 21, as follows:

[Present reading.]

* * * All jewels for use in the manufacture of watches and clocks, 10 per cent ad valorem. * * *

[Proposed reading.]

* * * All jewels for the manufacture of watches, clocks, or other instruments, 10 per cent ad valorem. * * *

This proposed change is in accord with line 22 of the same paragraph, which includes not only watch dial plates, but dial plates for other instruments. These other instruments are the same ones in which we used these sapphire and diamond jewels.

Since we ask for no reduction from the present duty, but simply ask for a definite classification fixing a duty which is we believe the same as past congressional intent, we trust the proposed classification will be made.

The duty on the instruments in which these jewels are used has been reduced 50 per cent in the present bill.

Par. 163.—TIME DETECTORS.

NEWMAN CLOCK CO., NANZ CLOCK CO., GENERAL WATCHMAN'S TIME DETECTORS CO., AND E. O. HAUSBURG, NEW YORK, N. Y.; TIMEKEEPER CO., CHICAGO, ILL., AND ECO MAGNETO CLOCK CO., BOSTON, MASS.

Description.—Portable watchman's time detectors are a device used for the purpose of keeping a record of the work performed by the night watchman. They are a monitor upon his movements, and without some such device the owner can have no knowledge of his watchman's fidelity.

Use.—They are used in hotels, factories, etc., and have been made since about 1855. They consist of an unadjusted jeweled watch movement, which revolves a paper dial and a key-marking apparatus, all inclosed in one metal case. They are sold in this country by eight old-established concerns, and the total amount of capital invested does not exceed $150,000. The concerns are: Newman Clock Co., Nanz Clock Co., General Watchman's Time Detectors Co., and E. O. Hausburg, New York, N. Y.; Eco Magneto Clock Co., Boston; and Hardinge Bros., Chicago Watchman's Clock Co., and Timekeeper Co., Chicago.

Yearly sales.—As a majority of purchasers require only one, the total number of these detectors sold does not exceed 4,000 per annum.

Owing to the variety of sizes required and the small number sold per annum, the business is not large enough to warrant the employment of automatic machinery and, as a result, must be largely made by hand.

The makers have made repeated attempts to have the various movements manufactured in this country; but no reputable watch-movement manufacturer, owing to the small number required per annum, will undertake the work.

Now scheduled at watches.—Time detectors, although differing in all respects from watches, are now included in same paragraph (p. 162). See Notes Tariff Revision, Document 1503, page 243 (1909, Payne), and from which we quote:

> *Comments and suggestions.*—Watchman's time detectors: These articles are neither intended for use as timepieces and appear to be outside of the purview of paragraph 191; they are, in fact, a combination of a watch movement and other devices not parts of a watch.

It is evident that the intent of paragraph 163 is to effect a general revision downward and therefore there could have been no intent on the part of the framers to increase the duty upon any one article included in said paragraph.

Cost.—The average cost of a time-detector movement is about $10, f. o. b. Germany. Under the Payne tariff the duty is now levied at $1.35 (11 jewels) for each movement and which is equivalent to an ad valorem duty of 15 per cent. Under the proposed tariff the duty would be levied at 30 per cent ad valorem or at a sum equal to about $3 and which is an increase of about 100 per cent.

Source of manufacture.—Time-detector movements are all made within the Kingdom of Wurttemberg, German Empire, and in the district commonly known as the Black Forest (Schwarzwald). None are made in France or Switzerland.

Imports.—The United States consular office located at Stuttgart covers the district within which is located the Black Forest, and in a

report recently issued by Hon. E. S. Higgins, United States consul, we find that there was shipped to America in 1912, time detectors, repair parts, etc., to the value of $45,153.

The interests represented by the petitioner imported $33,878 of the above, equivalent to 75 per cent of the total.

Fire protection.—Time detectors are now recognized by the National Board of Fire Underwriters as forming a valuable unit in the fire protective equipment of every hotel, public building, and factory, and in order to encourage their use an allowance in the rate of insurance is made by all fire insurance companies. An increase in cost to the consumer is prejudicial to a more extensive use.

OUR PLEA.

On the assumption that the framers of paragraph 163 did not have in mind an increase in duty on time detectors (11 jewels), we respectfully request:

(*a*) Amend paragraph 163, H. R. 3321, by striking therefrom the phrase "including time detectors, whether imported in cases or not," which follows the first two words in the paragraph, "Watch movements"; and

(*b*) Amend paragraph 167, H. R. 3321, by inserting after the words "printing presses," in the second line, the phrase "time detectors, and parts thereof, whether imported in cases or not," when the paragraph so amended will read:

PAR. 167. All steam engines, steam locomotives, printing presses, time detectors, and parts thereof, whether imported in cases or not, and machine tools, 15 per cent ad valorem; embroidering machines and lace-making machines, including machines for making lace curtains, nets or nettings, 25 per cent ad valorem; machine tools as used in this paragraph shall be held to mean any machine operated by other than hand power which employs a tool for working on metal.

Par. 163.—CLOCKS.

THE NEW HAVEN CLOCK CO., NEW HAVFN, CONN., BY WALTER CAMP.

NEW HAVEN, CONN., *April 25, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR MR. SIMMONS: We have asked your consideration of clocks on their merits in the tariff matter. There is just one point we wish to call to your attention showing that they should have this consideration. A clock is not an article of daily consumption. The life of an eight-day striking mantel clock is at least 10 years, and such a clock can be bought anywhere in this country to-day at retail for $2 or less, making it represent an annual outlay of 20 cents. These prices have been made possible by the introduction of special machinery, and we have reduced the cost of clocks to the consumer 50 per cent in the last 25 years. We have practically reached the limit of human ingenuity in the matter of machine work on clocks, and we haven't room to go further. Our brief, which we have presented, shows how the foreigners have gradually imitated our ma-

chinery until they are as well equipped as we are and paying their labor only about one-third or one-half. The increase of these foreign clocks from 1908 to 1912 was 70 per cent. Somewhere between two and three million of them came in last year.

A skilled clock worker's budget shows that he and his wife and three children—all of them working—earn 1,540 marks a year, approximately $365. Our people earn two and one-half times that.

We are already informed that there are large shipments awaiting the reduction in duty, and, of course, we realize that any of the patterns that are brought below a margin of profit must be abandoned, and we do not see why the Germans will not then increase their prices. The saving in any event to the consumer, when he is only paying 20 cents a year for his clock, is of course infinitesimal.

Apologizing for troubling you further on this matter, but wishing to have you note wherein the clock industry should be heard on its merits, I beg to remain.

Relating to preferentials in South America.

NEW HAVEN, CONN., *May 5, 1913.*

HON. FURNIFOLD McL. SIMMONS,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

DEAR MR. SIMMONS: I wish to thank you for your kindness in giving me an interview on Saturday, and for taking into consideration the additional points which I desired to make in view of what I learned had come up in the House.

As I gathered, the first intention of reducing our duty 25 per cent, from 40 to 30 per cent, was altered, in view of the facts we were able to adduce, to a cut of only some 12 per cent, making it 35 per cent; then, at the last moment, before the bill went in, it was reduced to 30 per cent. As nearly as I can make out, the reasons for reduction of our tariff were that the clock companies do an export business amounting to some 8 or 9 per cent and that the importation of clocks into this country is only about the same proportion of the total volume of business done.

It is assumed, in view of the above, that in these foreign markets we compete on a parity with the Germans and other foreign manufacturers, and that without the benefit of the duty, hence the question arises, Why should we not compete here without a duty? Unfortunately, that is vitiated by the fact that in the countries where we do the best export business we are protected by a preferential. For instance, if you will examine into the facts relating to our business in Brazil, you will find that we have a preferential there over the Germans of 20 per cent in all the figures that have been collected. Furthermore, even with this, our export business is gradually dwindling in its proportion and the clocks we are now exporting we are permitted to export merely from the fact that the foreign competitors have not yet cared to copy those particular patterns, and, as you probably know, the fashions in clocks of some of those far eastern countries do not change as they do with us. Hence, until the Germans desire to copy these patterns, which undoubtedly they will do eventually, we hold this trade by their sufferance. They can

take it at any moment they desire, because they have copied every machine we have made to reduce the cost of our clocks, and there is nothing now in the way of efficiency that is left to us. This you can easily judge from the fact that we sell a nickel alarm clock—263 operations, besides the other cost—for 42½ cents. Now, the foreigners, with machinery just as up-to-date as ours, and with help that on an average is paid 8 cents an hour where we pay 20, can supplant us in any market. Were we a big monopoly or combination that had accumulated large profits or had paid on watered capitalization, we might have something to go upon, but as we have steadily reduced the cost of clocks to the consumer through our perfecting of machinery and competition, one with another, until we sell a clock to-day at the lowest price it was ever sold for in the history of the world, we can not be charged with having increased the cost of living or our product having in any way furnished profits for us at the expense of the consumer, and we have no pile of profits made in this way to draw upon.

Hence, I hope you will excuse me for referring to us as the "forgotten man" in this case, and asking that your committee consider our brief already filed, together with the above-mentioned facts in addition.

There is one other thing I mentioned to you and which you asked me to put in writing, and that is this: I understand that because the imports are only about one-eleventh or one-twelfth of our total production that the question is raised why we should consider this a source of competition. In the first place, it has increased in the last four or five years some 70 per cent. and the amount, considering the kind of clock imported, is between 2,000,000 and 3,000,000 clocks now, and these clocks are the very ones that interfere most with our business, for a reason that can be readily understood by any manufacturer. A great many of the clocks we manufacture, like gilt novelties, missions, etc., are as much a matter of fashion as are ladies' frocks. No manufacturer, therefore, could stock up during dull periods with clocks which in another year may be unsalable. The staple clock in which fashion does not change is the nickel alarm clock, and hence in dull periods the American clock manufacturers have no fear in stocking up heavily in these goods, thus enabling them to run their factories in dull periods. Under the proposed reduction in duty the German clock of this character will come in so much cheaper than ours that even our best efforts will not enable us to make up the difference, and we shall not be able to stock on these staples. As a type of clock, the one that we sell, as mentioned above, for 42½ cents can be landed in here to sell something under 35 cents.

I would also call attention to the point that many of these foreign clocks have been made up, but are held back pending the proposed reduction, and last year's imports were less considerably than they would have been had there been no prospect of this reduction coming. The importers were not adverse to having the volume of imports during the last year lessened as far as possible for this their argument.

I appreciate very much the opportunity of putting this before you and your committee, and I hope that they will find time to go over my original brief, together with this additional matter, for even

those who feel most strongly that the tariff should be revised have gone over this brief and have stated that the case of the clock industry was absolutely unique, and from every standpoint, having reduced the cost to the consumer to the lowest limit; having perfected to the highest degree the manufacture by the use of ingenious machines; having not averaged, in the last 25 years, a profit above legal interest on the money invested; having a capitalization on which its dividends have been paid, not watered but actually less than the amount of money put in, being in no combination or trust, in active competition with each other, who do not sell their goods cheaper abroad than at home; an industry, in fact, which answers every criticism that has been brought against the so-called "vested and protected interests."

THE ANSONIA CLOCK CO., 99 JOHN STREET, NEW YORK, N. Y.

May 6, 1913.

Hon. Furnifold M. Simmons,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

Dear Sir: I take the liberty to write to you as briefly as I can in regard to the duties on clocks, being fully aware that any letter, however short, is a tax on your most valuable time.

I understand that it was proposed to reduce the duty on clocks from 40 per cent ad valorem to 30 per cent ad valorem, and I understand that after the brief of the clock manufacturers was filed it was proposed to reduce this duty from 40 to 35 per cent; then, at the last moment, before the bill went in, this was again reduced to 30 per cent.

The wages which we pay and which have gradually and steadily increased within the last 10 years and the reduction in the number of hours which we are allowed to operate our factories have gradually increased the cost of our production, while the competition here and abroad is such that the prices at which we sell our goods have been reduced to such an extent that to-day we receive for our product fully 40 per cent less than we obtained five years ago. We have been adopting new methods and purchasing at very great expense the most improved machinery, and yet we have been compelled to reduce our prices on account of the German competition.

I hope you will permit me to submit to you respectfully my personal investigation in regard to this matter:

1. The wages paid for similar work in Germany are 60 per cent less than the wages we pay here.
2. They have imitated all our machinery, and they have imitated the patterns of every clock we make.
3. They have sent their product to this country at less prices than they sell the same in their own country.

They have imitated not only the shapes and styles of our clocks, but they have even copied the names which we use.

In exporting their goods to other countries they have the assistance of the Government in that they only pay a small percentage of freight on goods thus exported. In fact, on goods exported from Germany to this country the manufacturers pay freight on clocks

from their factories to the port of export to the amount of only half of the regular charge; and while our tariff has nothing to do with our business abroad, yet it is well to mention that we are crowded out by these people from all foreign countries, and we are compelled to rely on home consumption. We therefore consider that the small duty of 35 per cent is not even equal to the difference in wages existing between German manufacturers and American manufacturers.

The wage question in the manufacture of clocks is one of the most important features of our business. The wages we pay amount to a greater percentage than the amount we have to pay for raw material. Therefore in the manufacture of our product we are not assisted by any reduction that may take place in the tariff for the importation of raw material. Our principal outlay in the manufacture of our ware is for wages, and any further reduction in the price of our goods to meet foreign competition will only eventually result in a compelled reduction in wages in our factories.

I submit this most respectfully, and I hope that I have not given undue extension to this letter.

BRIEF OF CLOCK MANUFACTURERS OF THE UNITED STATES.

The American was the pioneer in introducing to the world the manufacture of serviceable clocks at low prices to the consumer. Unlike almost all other articles, clocks are sold to-day lower than ever before, and the cost to the consumer has been reduced 50 per cent in the last 25 years. The cost now for an eight-day striking mantel clock for the living room and a nickel alarm clock for the bedroom does not exceed a rate of 45 cents a year for both.

In the United States there are 15,000 hands employed in the clock industry. They are paid on an average of two and a half times what their competitors receive in foreign countries. Here are the budgets of such help, from which may be gathered an idea of the value of the wages:

For instance, the budget of a skilled clock maker in Germany, with family of 5 persons, during one year. These people had as a dwelling place three rooms and kitchen; household and general expenses as follows:

The wages of the husband alone were only 864 marks, but his wife worked also and earned 432 marks. As this did not come up to their expenses, they both worked overtime, the pay for this overtime reaching the total sum during the year of 280 marks. In this way they overcovered by 70 marks their total expenses of the year, but it will be noted in looking over those expenses that the only allowance for all five of them for amusement was 20 marks for the year.

A woodworker in the same factory shows similar conditions, being obliged to work overtime to make both ends meet, and, in addition, in this case both the son and daughter worked.

In taking these various budgets all through they show either both overtime and the working of children as well, in some cases revenue from field work, and also that the cost of living ate up all the receipts and forced this overtime and work upon them. For instance, Budget No. 7, clock case maker, family of 6 persons, for one year, gives the

total of the wages of father, son, and daughter, together with revenue from boarders, as 1,598 marks, and the cost of living 1,597 marks.

A sawyer, skilled worker, during one year shows 950 marks receipts and 953 marks expenses.

Lathe hand in millwork, with a family of 5, taking a period of four and one-half months, shows receipts of 371 marks and expenses of 388 marks, while a pivot turner, in the same period, shows receipts of 393 marks and expenses of 445 marks. Milling-machine hand in clock shop shows in three months receipts of 272 marks and cost of living 251 marks, while a brass turner, in a six months' period, shows wages of 638 marks and expenses of 620 marks.

BUDGET No. 1.—*Skilled clock maker.*

Period, one year; five persons; dwelling place, three rooms and a kitchen.

Receipts.

	Marks.
Wages of husband	864
Wages of wife	432
Overtime work of both husband and wife	280
	1,576

Household expenses.

Bread	273
Flour	54
Meat	150
Lard	22
Butter	60
Potatoes	24
Vegetables	20
Milk	146
Eggs	36
Beer	13
Coffee	36
Sugar	48
Salt, spices, etc	50
	932

General expenses.

Household expenses as above	932
Rent	132
Heat and light	100
Clothes	140
Shoes	70
Laundry and house furnishings	50
Cigars and tobacco	21
Amusements	20
Sick benefit and insurance	30
Books	11
	1,506

BUDGET No. 2.—*Woodworker in clock factory.*

Period, three months.

Receipts.

Receipts	200.73
Contributions from son and daughter	18.00
Overtime	28.38
	247.11

Household expenses.

	Marks.
Rent	128.90
Heat and light	30.00
Clothes and shoes	23.60
Laundry	11.50
Soap, etc	6.77
Spending money	13.40
Contributions to societies	3.30
Sick benefits	10.16
Insurance	3.70
Newspapers and books	5.30
Church	.80
General	3.35
	240.84

BUDGET NO. 3.—*Clock-case cabinetmaker.*

Period, one year; family of six persons.

	Marks.
Wages of father, son, and daughter, and revenue from boarders	1,598
Cost of living	1,597

BUDGET NO. 4.—*Sawyer, skilled worker.*

Period, one year; married.

Wages	950
Expenses	953

BUDGET NO. 5.—*General workman in clock shop.*

Period, one year.

Receipts	900
Expenses	850

Consul Harris, of Mannheim, in reporting on factory inspection in the Grand Duchy of Baden in 1906, states:

That the earnings of many of those employed in factory labor in their homes exceed those of like employees in factories, adding: "But these earnings are often the result of labor extended far into the night. In the Black Forest clock industry a working day of from 14 to 16 hours is common; also in many other industries. In the city of Pforzheim, which is a center of an enormous jewelry manufacture, the average daily wages for adult females is said to be 38 cents, and in the surrounding villages 31 cents, while the average daily wages of female chain makers is 46 cents, and in other branches of jewelry manufacture is 45 cents. The average daily wages of burnishers of silverware at Carlsruhe is 79 cents, while that of other female employees in factories in that city is 36 cents, and in the surrounding villages 31 cents. Adult females, working at their homes for a metalware factory at Bohrenbach, earn an average of 45 cents per day, while the average paid for female labor in that locality is 33 cents per day. Females of the doll department of a large celluloid factory near Mannheim are said to earn from 45 cents to 53 cents per day in home labor, while the average wage paid female labor in the suburb is 41 cents."

There are between twelve and fifteen thousand people in this country engaged in the clock industry. There is no combination or trust, the capital employed is not watered, and the profits have never been large enough to tempt larger investment, while two or three of the clock companies have failed, owing to the small margin between cost and selling price. Improvement in machinery is the only thing that has enabled the manufacturers to thus steadily reduce the cost to the consumer. The clock manufacturers were at one time protected by a duty of 50 per cent. This has been reduced to 40 per cent, and at

this duty the foreign clocks have been coming in in steadily increasing numbers, thus threatening the continuance of the industry.

The following figures show this increase:

Imports of clocks from Germany.

Year ended June 30—	
1898	$276,760.00
1908	471,133.00
1911	863,368.04

Illustrations of this kind of competition tell the difficulties under which the clock makers have been working:

Some years ago we had a fairly flourishing export trade. Certain foreign manufacturers sent experts, posing as ordinary laborers, into our factories, where they remained, in some cases as long as two years, making drawings of our machinery, and finally returning and copying that machinery. Not content with this, they further copied the exact shape of our clocks, and, finally, that not being sufficiently effective, they used our very names, going into Australia and other markets and making a clock of inferior model; they cut our prices and succeeded in practically ruining our trade, not only by this inferior article but by creating the impression, through the use of our clock names, that our clocks had become inferior. Such export trade as is now left goes to countries giving us a preferential duty against the Germans or in patterns not yet copied.

The New Haven Clock Co. had a recent experience in Canada which is even more illustrative. They produced a clock called the "Tattoo Intermittent." This clock is a special alarm clock designed to awaken heavy sleepers and has its name in red on the dial. They had built up a very considerable trade in it, when some foreign makers copied it out of cheaper material and sent it into Canada, deliberately printing the words "Tattoo Intermittent" in red on the dial with the intention of deceiving the trade. The New Haven Clock Co. protested, and the Canadian Government were good enough to tell the foreign makers that they must stop. They sent in an importation of the same clock and obeyed the Government's orders by leaving the words "Tattoo Intermittent" off the dial, but instead they placed the following inscription in red on the dial, "Identical New Haven."

This is the kind of competition to which we refer, but there is still another side to the question of considering us separately.

We are constantly being classed in with groups where there are trusts, no competition, inflated capitalization, and watered stock, or where the manufacturers sell their goods lower abroad than at home, and for these various reasons we are asked to bear responsibilities which are not ours.

A striking example of this was in the case of a New York body last fall. The following was sent by the tariff reform committee of the Reform Club to widely distributed papers and printed in large capital letters:

"Made in New Haven; for export, 55 cents; in America, 68 cents. (Picture of clock.) Discrimination against American purchaser, 25 per cent, protected by duty of 40 per cent."

Now, as already repeatedly stated, the New Haven Clock Co. does not sell its product at lower prices abroad than it does in this coun-

try, and at the very time the above article was published was selling the clock mentioned in New York City to the trade at the same price as quoted in the foreign market, and this clock was then being sold to several domestic concerns in New York at 55 cents.

The New Haven Clock Co. promptly took this up with Mr. Holt, chairman of the tariff reform committee, asking him to come to New Haven, offering him access to their books, but this he said he was unable to do.

He, however, called at their New York office, where he was shown their sales books, and he was thoroughly convinced that the statement was an error and agreed to make a correction.

The following letter was received from him:

TARIFF REFORM COMMITTEE,
September 10, 1912.

Mr. WALTER CAMP,
President and Treasurer the New Haven Clock Co.

DEAR MR. CAMP: I am sorry to have delayed so long the preparation and publication of the correction inclosed herewith, which I hope will be satisfactory to you and to the New Haven Clock Co. This correction is being sent this week to all the newspapers to which the export and domestic price articles were sent.

Very truly, yours,

BYRON W. HOLT, *Chairman.*

Extract from inclosure:

The tariff-reform committee has investigated and is convinced that these companies do not discriminate against the American consumer.

To sum up, the clock industry would like to be judged upon the merits of their own case and believe that if the present duty should remain. The proposed new duty is a cut of 25 per cent, which would only reduce the cost to the consumer about the amount of a postage stamp a year, while it would jeopardize the continuance in the industry of some 15,000 people. Naturally, if the manufacture of clocks were stopped in the United States, the price to the consumer of the imported article would be raised at once, so that the net result would be higher prices for clocks.

The facts upon which this is based are that—

First. The clock makers have steadily reduced the price of clocks to the consumer of the United States, who now pays only a little more than half what he paid for similar clocks 25 years ago, and in spite of the increased cost of labor and material and the rising tendency in other lines this is still downward.

Second. That foreign importations under the present duty have steadily increased and are now threatening the industry.

Third. That the wages paid in foreign countries are so low in comparison with the American clock makers' pay that a man receives over here in approximately two and one-half days what he would receive over there in a week, and that even a lower rate prevails in the case of women.

Fourth. That the clock manufacturers of the United States do not sell their product abroad at lower prices than for home consumption.

Fifth. That they are in no trust, and competition prevails at all times among them to such an extent as to enforce the strictest economy and greatest efficiency upon these plants.

Sixth. That the amount of dividends on the invested capital has been hardly commensurate to the amount of risk involved. This is particularly emphasized by the fact that, while two or three of the

companies have failed, there has, with one exception, been no new concern tempted to go into the business by the probability of profitable returns.

Seventh. That there is no water or capitalization of good will in the clock companies of the United States.

Eighth. That their stocks have never been subjects of stock-market manipulation.

Ninth. That approximately 50 per cent of the cost of the ordinary clock is labor.

Tenth. That the horological schools established by the Government in the clock-making districts of foreign countries save the manufacturers the cost of experts and experimental work, all of which the American manufacturer is obliged to bear himself.

Eleventh. That the methods employed in this competition by the foreign makers are what would be classed in this country as unfair, if not illegitimate, making use even of the very names of our clocks on their products.

Twelfth. That the clock makers are paying more and more for materials and help, while furnishing clocks for lower and lower prices.

Thirteenth. That, as far as an element in the high cost of living is concerned, the actual consumer can buy a mantel clock for $2 and an alarm clock for $0.75. The life of the former is at least 10 years and the latter 3, so that less than 1 cent a week covers clocks at their present prices.

Representatives of the present party in power have repeatedly asserted that the individual or the small business, in contradistinction to the overcapitalized trust or monopoly, would be given a fair show, and that such legitimate industry would have nothing to fear from tariff legislation. Hence it seems reasonable that the clock industry should be considered upon its own merits and should not be made to suffer for the sins of others.

Par. 163.—WATCHES.

ERNEST C. MEYER, 822 CITIZENS BUILDING, CLEVELAND, OHIO.

We respectfully represent that the present duties on watches and clocks (and parts of the same) should be thoroughly revised for the following reasons:

They are, in many respects, prohibitory and confiscatory and by discouraging importation militate against the raising of revenue.

Being prohibitory they discourage competition and furnish an incentive for price agreements among our manufacturers.

They have been drawn without consideration for the rights of the consumer.

They are arbitrary, unreasonable, and inconsistent.

The following paragraphs show our reasons for the above statements.

The duty on a watch movement with not more than 7 jewels is $0.70; with more than 7 and not more than 11 jewels it is $1.35; with more than 11 and not more than 15 it is $1.85; with more than 15 and not more than 17 it is $1.25 and 25 per cent ad valorem.

Now, the difference in cost at the factory between 7-jeweled and 11-jeweled Swiss movements, of identical size and style, is 10 cents. The latter movement, however, pays a duty of 65 cents more than the former.

The difference in cost at the factory between 11-jeweled and 15-jeweled Swiss movements, of identical size and style, is likewise 10 cents. The difference in the duty, however, is 50 cents.

Assuming that the tariff of $0.70 is fair on 7-jeweled movements, it must then be grossly unfair on movements with a larger number of jewels. For example, the difference in price at the factory between a 7 and 15 jeweled movement is, as we have seen, 20 cents, but the difference on the duty is $1.15.

The duty of 10 per cent ad valorem on all jewels is merely nominal. To the best of our knowledge all jewels used in America are imported. Such a duty, therefore, is a revenue producer. The duty on watches with jewels, on the contrary, is excessive and discourages importation.

The duty of 40 per cent ad valorem on watchcases is, as regards cases made of the cheaper metals, such as gun metal and nickel, perhaps, not unfair. On a gold case it is prohibitory.

Clocks without jeweled escapements pay a duty of 40 per cent ad valorem. Clocks with a jeweled escapement pay $1 each and 40 per cent ad valorem. The escapement is the only clock mechanism mentioned, the reason being that that particular part will have jewels before any other part, and no other part will have jewels unless the escapement also has them.

The rate on clocks makes the duty on a small jeweled clock movement 65 per cent of its value, or even more, a rate which is so exorbitant as to be prohibitory.

This is one of the most unfair provisions of this particular paragraph and, in fairness, should be modified by your committee.

Par. 164.—ZINC ORE.

MEMORIAL FROM THE ZINC-ORE PRODUCERS OF THE UNITED STATES, BY JAMES F. McCARTHY, PRESIDENT, SALT LAKE CITY, UTAH.

To the President, the Senate, and the House of Representatives:

The zinc-mining industry of the United States, by its representatives in conference at Salt Lake City, respectfully protests against any reduction of the present duty on zinc ore. It is a revenue-producing duty, $250,000 yearly revenue having been obtained during the three years that it has been in effect.

The present duty is also a competitive duty, the importation of zinc ore having increased during the same period, while at the same time production in the Western States has increased, and will continue to increase if properly encouraged.

There is no monopoly in the production of zinc in this country, a large proportion of the total being from small mines producing less than $100,000 each per annum.

Zinc concentrates, as delivered at the smelters, are not raw material, but are a partially manufactured product, having been advanced two-thirds toward the finished metal.

Wages paid to miners and others engaged in the industry are high; and of the total cost of metallic zinc paid by the consumer, more than 90 per cent is represented by the cost of labor and supplies used in mining and smelting the ores. Wages in Mexico average less than one-half those paid in this country, and reduction of the duty will permit the products of this cheap Mexican labor to compete in American markets with our higher paid labor and must necessarily put much of the latter out of employment.

The products of the zinc mines and smelters, together with the fuel and supplies used in connection therewith, furnish a large proportion of the business of the railroads of the Western States, and directly and indirectly the industry supports more than 150,000 people.

Besides those engaged in the actual mining and concentration of the zinc ores in the mining States, large numbers of men are employed in smelting the ores at the various zinc smelters in Pennsylvania, Ohio, Illinois, Wisconsin, Oklahoma, and Kansas. Any curtailment of the production of zinc ores will seriously affect the operation of these smelters and throw many men out of employment.

An industry of such magnitude is entitled to careful consideration, and no action should be taken that can in any way check its growth and prosperity.

For these reasons it is urged that the present duty be allowed to remain unchanged; and, further, we rely upon the formal pledge made by the party in power that in revising the tariff it "will not injure or destroy legitimate industry."

THE GRASSELLI CHEMICAL CO., CLEVELAND, OHIO, BY E. R. GRASSELLI, TREASURER.

CLEVELAND, OHIO, *May 5, 1913.*

Senator CHARLES S. THOMAS,
Washington, D. C.

DEAR SIR: Confirming telegram just sent you as follows:

> Please consider our protest on proposed rate on spelter. Zinc ore and the finished product spelter are both at the same rate, 10 per cent ad valorem. With ore at this rate spelter should not be less than 20 per cent ad valorem or the equivalent of 1 cent per pound on spelter. There are to exceed 50,000 men employed in the industry, and the rate on spelter as proposed will, in our judgment, result in seriously interfering with the operations in this country. We are writing you more fully.

We operate zinc smelters for the manufacture of spelter at Clarksburg and Meadowbrook, W. Va., where we employ about 800 men.

The duty on spelter in the Payne-Aldrich bill is 1⅜ cents per pound, sheets 1⅝ cents per pound, and on zinc ore 1 cent per pound for the contained zinc. The Underwood bill presented at the last session provided a 15 per cent ad valorem duty on spelter and zinc ore free. This would be entirely fair to the zinc-smelting industry. The present bill now under consideration specifies a 10 per cent ad valorem duty alike on zinc ore and spelter, which on the spelter means a reduction from 1⅜ cents per pound to about one-half cent per pound, based on the present market prices.

From our experience we believe this great reduction is inadvisable and will seriously interfere with the production of spelter and the consequent consumption of ore now being mined in large quantities

in the following States: Arizona, Arkansas, California, Colorado, Idaho, Illinois, Kansas, Kentucky, Missouri, Montana, Nevada, New Jersey, New Mexico, Oklahoma, Tennessee, Texas, Utah, Virginia, and Wisconsin.

We can not understand why spelter should be singled out for such drastic treatment. Lead, which is closely comparable with it, from the mining and treating of the ore to the final product of the smelter and sheet rolling mill, has been dealt with so much more generously, and in a manner calculated to preserve this industry, which no more than zinc is necessary to the country's development.

The proposed bill provides a duty of one-half cent per pound on lead contents of imported lead ore and 25 per cent ad valorem on metallic lead in any of its commercial forms. This rate embodies substantially twice the protection accorded zinc or spelter. Why is spelter being discriminated against in this way?

There are about 19 independent smelting companies in the country, each of which maintains its own purchasing department for ore, and there is no general or central buying agency of any kind. The same condition also exists in reference to the sale of spelter, each company selling its spelter independently, either direct to the consumer or through brokers under commission.

Fostered by their respective Governments, European syndicates absolutely make the foreign price of spelter by fixing the output and control of the zinc ore. It is an economic practice with these syndicates for each to run continuously at the most economical operating capacity and to maintain in its own country a remunerative price for spelter by dumping into the American market at any obtainable price all surplus spelter. A careful study of the situation with the view of the present and future welfare of zinc smelting in this country convinces us that a duty of not less than 20 per cent ad valorem, or preferably a specific duty of 1 per cent per pound on spelter is required if a 10 per cent ad valorem duty is levied on the ore; and, furthermore, there should be excluded from section 165 the words "or sheets" and allow sheets to come under section 169, where, in justice to the American manufacturers, sheets properly belong with the highly manufactured articles.

The radical reduction proposed in the present duty on spelter seems to be prompted by the thought that the industry has been enjoying great benefits on account of conditions brought about by the Payne-Aldrich tariff law, and such a surmise is entirely wrong on account of the freely competitive ore buying and metal selling already alluded to and material increases for several years in most, if not all, of the manufacturing cost items, such as labor, fuel, etc.

The Geological Survey of the United States, in a report on the production of spelter in 1912, states there were in operation at the end of that year 107,948 retorts, with an annual output of 338,806 tons of spelter. This shows each retort to make barely more than 3 tons of metal per year. Since each retort must be charged and discharged once every 24 hours, and the zinc removed three times during the same period, it will be apparent to you that there is required an unusually large force of skilled smeltermen as compared to other metallurgical plants, which use continuously working blast furnaces which each use several tons of ore daily. This causes the labor alone to cost about 60 per cent of the gross cost of producing spelter.

We will also refer you to the general brief submitted and filed with the Ways and Means Committee January 11, 1913, by the manufacturers of spelter and zinc, which goes more into detail than we have been able to do in this letter.

We are at your service for any further information you may require and will be pleased to submit the same on request.

Par. 166.—BOTTLE CAPS.

LEHMAIER, SCHWARTZ & CO., 207 EAST TWENTY-SECOND STREET, NEW YORK, N. Y.

APRIL 21, 1913.

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: We respectfully protest against the reduction of the rates on bottle caps, as proposed by the House in paragraph 166.

Bottle caps are made chiefly of lead, containing from 95 to 99 per cent lead.

Lead in the Underwood bill receives protection to the extent of 25 per cent, and bottle caps, which go through 10 or 15 operations in their manufacture, get only a compensatory tariff of 30 per cent.

No lead to speak of is imported into this country for manufacture, and none will be, but more bottle caps are imported into this country than are made here, and none are exported.

Owing to the reduction of the hours of labor of women and children in this country, the manufacture of bottle caps to-day is carried on at hardly a margin of profit or at a loss.

We therefore respectfully urge you to lend us your assistance to a change of the schedule 168 to read:

Bottle caps, if not decorated, colored, waxed, lacquered, enameled, lithographed, or embossed in color, 3 cents per pound and 25 per cent ad valorem; if decorated, lithographed, or embossed, 6 cents per pound and 25 per cent ad valorem.

LEHMAIER, SCHWARTZ & CO., NEW YORK, N. Y.

NEW YORK, N. Y., *April 29, 1913.*

Hon. F. L. SIMMONS, *Washington, D. C.*

DEAR SIR: Since October 1, 1912, when the New York State nine-hour law went into effect, our bottle-cap business has been conducted at a loss.

Bottle caps are placed over bottles containing luxuries, and are placed there for decorative purposes only, and are therefore luxuries.

No bottle caps are exported from this country. My firm sells no caps to Cuba, although as American manufacturers we have a 20 per cent advantage over European makers.

I desire to call your attention to the fact that pig lead, under the new bill, receives a protection of 25 per cent, and uncolored bottle caps receive only 5 per cent more, although the metal has to be melted,

then cast into ingot shape, then broken down on large and heavy rolling mills, then rolled on finishing mills, then made into a cap and stamped, then counted out and a bung placed into every 100, then paper placed around each roll, then the rolls are placed in a case and the case is stuffed tight with sawdust, the case is then stenciled and put on a truck and then shipped. For all of this work, saying nothing about our overhead expenses, such as rent, interest on investment, etc., we get a compensatory duty of 5 per cent.

On a colored cap we have to clean the same, then lacquer the bands and fill in the wax colors, stamp on top and side and color the letters, paper each cap and pack as a plain metal cap. For all this work, material, etc., we receive a compensatory tariff of 15 per cent over pig lead.

Does this seem to you to be just?

It is a fact that no one has gainsaid the statement that more caps are imported into this country than are made in this country, although the tariff is now 45 per cent ad valorem and one-half cent a pound on plain metal caps (about 50 per cent ad valorem) and 55 per cent on colored caps. Although people of large means like the Waterbury Co., bankers, of New York, are behind the Denmark Cap Co., of Kingston; although the tobacco interests have been behind the Conley Foil Co., of New York; although the firm of Hochstaeder & Levy, of Chicago, own the American Bottle Cap Co., of Chicago; and although we have enough money to turn out all the caps used in this country, all have been unable to get more than a small percentage of the consumption of this country, because none could offer an inducement to the purchaser to buy here. Many consumers are public spirited in giving the American manufacturer the preference if he about meets the foreign price, and this accounts for the American manufacturer getting some business, but neither you nor we can expect the public-spirited buyer to give us American manufacturers business at a premium of 30 or 40 per cent over imported caps.

This is no juggling of figures, but plain business facts which can not be controverted.

If none of the four concerns engaged in making caps could keep foreign caps out of the market at the present rates, how can we expect any business when tariff rates are reduced 40 per cent on plain caps and nearly 30 per cent on colored caps?

I will be glad to furnish sworn statements of our profits and losses for last year and the first three months of this year or open our books for investigators to be appointed by you.

For 25 years we have tried to build up an industry in this country and have invested more than a hundred thousand dollars in machinery and have to-day probably as efficient an organization as possible and have built a factory to house this business. We know that we can move our machinery to Europe, but we can not move the factory nor our organization.

Either I am not telling the truth and am not worthy of any further consideration, or if I am telling the truth, even if I represent the smallest industry in this country, I merit your assistance in having the proposed wrong righted, saying nothing of the fact that President Wilson repeatedly said that no industry, if honestly conducted, need fear anything if the Democratic Party came into power.

Pardon me for writing so long a letter, but the matter is, as you can readily believe, of the utmost moment to us, and I know no one in Congress as well as you and no one I hold in greater esteem for trying to be fair and square.

Par. 169.—STEAM PUMPS.

JEANESVILLE IRON WORKS CO., HAZLETON, PA.; BY A. B. JENNINGS, VICE PRESIDENT AND GENERAL MANAGER.

HAZLETON, PA., *April 22, 1913.*

Hon. F. McL. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: The present tariff on machinery such as we manufacture at the present time carries a duty of 45 per cent under the basket or omnibus clause of Schedule C, metals and manufactures of.

In the tariff bill passed by the House and Senate last year the duty on steam pumps and other machinery such as we manufacture was reduced from 45 to 25 per cent. This bill was vetoed by the President. We find that bill H. R. 10, at the present time before the caucus of the House of Representatives, carries the same reduction, and it appears that this bill is likely to pass the House, and we therefore look to the honorable Members of the Senate to protect the interests of our workmen and ourselves.

We therefore desire to impress upon you the fact that we pay our workmen in this country double, and in some cases more than double, the wages paid for the same class of labor in Europe, and the only reason that we require the protection we ask for is to protect the wages of our workmen by keeping them up to the present high standard.

Our margin of profit is very small now, and if the tariff is reduced so that the European manufacturers can take the business in our home markets we will be obliged to reduce the wages of our workmen to meet this competition, owing to the fact that our margin of profit is at the present time so small that if we were obliged to reduce this profit it would be necessary to reduce wages.

It appears that a number of Members of Congress have the idea that no matter what European competition is the American manufacturers can be depended upon to work out methods to beat this competition. We desire to say, however, that competition in our line of business has been so keen for a number of years that we have been continuously endeavoring to devise methods to reduce cost of production, and we believe we have got to a point where it will be almost impossible to obtain further reduction. While we have been doing this the European manufacturers have been also introducing the most up-to-date tools and methods used in this country, and we believe it is generally conceded that the European workman, particularly the German workman, owing to the advanced educational system in Germany, is fully as efficient as our American workman.

The price of material is practically the same in Europe as it is in this country, and if the efficiency of the workman is the same it appears that the only difference would be in the rate of wages paid

to the workmen, and we believe that you will agree with us that we can not pay double the wages to our workmen unless we are protected to the extent of the difference in the rate of wages paid in this country and in Europe. We respectfully refer you to testimony given by Mr. Walter Laidlaw, a representative of this company, before the Ways and Means Committee, contained in Schedule Hearings before the Committee on Ways and Means, House of Representatives, Schedule C, metals and manufactures, and particularly refer you to pages 2102-2105, wherein examples are cited showing the protection we require. These examples were taken from actual shop costs at our factories.

Referring to bill H. R. 10, pages 206-207, article J, subsection 5, we call your attention to that section which states that all materials of foreign production necessary for the construction of vessels built in the United States for foreign account and ownership, or for the purpose of being employed in the foreign or domestic trade, and such material necessary for their outfit and equipment, may be imported in bond under such regulations as the Secretary of the Treasury may prescribe; and upon proof that such materials have been used for such purposes no duty shall be paid thereon.

Subsection 6 states that all articles of foreign production needed for the repair of American vessels may be withdrawn from bonded warehouses free of duty and under such regulations as the Secretary of the Treasury may prescribe.

Subsection 7 states that a discount of 5 per cent on all duties imposed by this act shall be allowed on such goods, wares, and merchandise as shall be imported in vessel built in the United States and which shall be wholly the property of a citizen or citizens thereof.

A large proportion of the machinery manufactured by our company and associated companies is pumps of the Navy and merchant marine, and we fear that without the necessary tariff protection that these pumps will be furnished by European manufacturers and that we will lose the business entirely. We feel that you are interested in keeping the American workmen employed at their present high standard of wages and respectfully ask you to do your best to give us the necessary protection, so that the wages of our workmen will be maintained at the present high standard.

BLAKE & KNOWLES STEAM PUMP WORKS, EAST CAMBRIDGE, MASS.

EAST CAMBRIDGE, MASS.,
April 24, 1913.

Hon. F. McL. SIMMONS,
Chairman United States Senate Finance Committee,
Senate Office Building, Washington, D. C.

HONORABLE SIR: I take the liberty of writing you concerning the revision of the present tariff, which is the cause of considerable apprehension to us at the present time.

We find that bill H. R. 10, at present before the caucus of the House of Representatives, carries the same reduction in tariff on pumps and other machinery such as we manufacture as did the tariff bill passed by the House and Senate last year and vetoed by the

President, i. e., from 45 per cent duty under the basket or omnibus clause of Schedule C, metals and manufactures of, to 25 per cent duty. From information at hand it appears likely that this bill H. R. 10 will pass the House, and therefore it is evident that we must look to the honorable Members of the Senate to protect the interests of ourselves and our workmen. Therefore we desire to place before you the fact that we pay our workmen double, and in many cases more than double, the wages paid for the same class of labor in European countries, and for this reason we require the protection heretofore given us under the 45 per cent duty. Our profits are very small, and it would be impossible to reduce these profits and pay expenses. Therefore, if this reduction in tariff takes place, it will be imperative to reduce the wages of our workmen so as to secure business in our domestic markets against European manufacturers' competition, and this necessarily will reduce the standard of living of our employees.

It is well known that many of the Members of Congress believe that all the home manufacturers have to do is to scheme ways and means to meet such European competition, but competition in our line of product has been so close for several years that continual scheming has had to be done to improve methods of manufacture and reduce costs. This has necessitated the installation of rapid producing machinery and up-to-date shop methods to get the maximum product at the minimum cost, and it is now next to impossible to scheme further reduction of costs by improved methods. In the meantime, while we have been pursuing this course, the European manufacturers have taken advantage of such machinery and such methods, and they were not slow in adopting these methods to reduce their costs, introducing up-to-date tools and methods as used in this country. Also, it is now recognized that European workmen, and particularly the German workmen (on account of the industrial education system of Germany), are just as efficient as the workmen of the United States; in fact, those who come to the United States and can talk the English language are on equal footing with the home workmen. It is also a well-established fact that the price of material used in the building of machinery is practically the same in Europe as in the United States.

Therefore, the efficiency of the workmen, price of material, and development being equivalent, the only difference is the wages paid the workmen, and you can readily perceive that we can not pay double wages, and in some cases more than double wages, to our workmen in this country over that paid in European countries and compete for business in domestic markets unless we are protected to the extent of the difference in wages paid in this country. In this connection I will cite the testimony of Mr. Walter Laidlaw before the Ways and Means Committee (see Schedule Hearings before Committee on Ways and Means, House of Representatives, Schedule C, metals and manufactures of), and I would particularly refer you to pages 2102–2105 of this testimony, as the examples cited show the protection required, which examples were taken from actual shop costs in our factories.

Also in this connection I would draw your attention to pages 206–207, Article J, subsection 5, of bill H. R. 10, stating that all materials of foreign production which may be necessary for the construction of vessels built in the United States for foreign account and ownership, or for the purpose of being employed in the foreign

or domestic trade, and all such material necessary for the building of their machinery, and all articles necessary for their outfit and equipment, may be imported in bond under such regulations as the Secretary of the Treasury may prescribe; and, upon proof that such materials have been used for such purpose, no duty shall be paid thereon. Subsection 6 states that all articles of foreign production needed for the repair of American vessels may be withdrawn from bonded warehouses free of duty and under such regulations as the Secretary of the Treasury may prescribe. Subsection 7 states that a discount of 5 per cent on all duties imposed by this act shall be allowed on such goods, wares, and merchandise as shall be imported in vessels built in the United States, and which shall be wholly the property of a citizen or citizens thereof.

I desire to state that a large portion of the machinery built at this plant is pumps for the Navy and merchant marine, and if we do not receive the necessary tariff protection these pumps will be supplied by European manufacturers and the business will be lost to us entirely. We assume you are interested to keep our home workmen employed with their present high standard of wages, and we respectfully request your efforts to see that we get the required protection to the end that our workmen's manner of living will be maintained at the present high standard.

POWER & MINING MACHINERY CO., H. N. MILLER, ASSISTANT MANAGER, CUDAHY, WIS.; A. NIEDERMEYER, GENERAL MANAGER, THE SNOW STEAM PUMP WORKS, BUFFALO, N. Y.; THE LAIDLAW DUNN GORDON CO., WILLIAM GOODMAN, MANAGER, CINCINNATI, OHIO; HENRY R. WORTHINGTON, GEORGE DE LAVAL, GENERAL MANAGER, HARRISON, N. J.; INTERNATIONAL STEAM PUMP CO., NEW YORK.

Hon. F. McL. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: We are very much concerned regarding reduction in the present tariff on machinery such as we manufacture and which at the present time carries a duty of 45 per cent under the basket or omnibus clause of Schedule C, metals and manufactures of. In the tariff bill passed by the House and the Senate last year and vetoed by the President, the duty on pumps and other machinery, such as we manufacture, was reduced from 45 to 25 per cent. We find that bill H. R. 10, at the present time before the caucus of the House of Representatives, carries the same reduction, and from all the information we can gather it is likely that this bill will pass the House, so that it is evident to us that we must look to the honorable Members of the Senate to protect the interests of our workmen and ourselves. We, therefore, desire to impress upon you the fact that we pay our workmen in this country double, and in some cases more than double, the wages paid for the same class labor in Europe, and the only reason we require the protection e ask for is to protect the wages of our workmen by keeping the up to the present high standard. Our profits are very small now, and it will be impossible to reduce these profits and pay our way. We believe that you will understand, therefore, that if the tariff is reduced so

that the Europeans can take the business in our home markets we will be compelled to reduce the wages of our workmen to meet European competition. We know that a number of the Members of Congress have the idea that no matter what European competition is the American manufacturers can simply put their brains to work and scheme out methods to beat that competition. I desire to say to you, however, that the competition in our line of business has been so keen in this country for a number of years that we have been continuously racking our brains and scheming out improved methods to reduce our costs. We have put in the most up-to-date rapid producing machinery; we have installed the most up-to-date shop methods to get the maximum output at the lowest possible cost. We have given our whole time and energy to our business and have got to a point where it is almost impossible to reduce our costs any more by improved methods. While we have been doing this the European manufacturers have been watching every move we have made and have not been slow in introducing the most up-to-date tools and methods used in this country. We also know, and we believe it is generally conceded, that the European workman, and particularly the German workman, on account of the advanced industrial educational system in Germany, is just as efficient as our American workman. It is also generally known that the price of material used in the construction of machinery is practically the same in Europe as it is in this country.

Admitting, therefore, that the efficiency of the workman in Europe and in this country is the same and that the price of material is the same, leaves the only difference in the rate of wages paid the workmen, and we believe that you will readily see that we can not pay double the wages to our workmen in this country that the European manufacturer pays to his workmen and compete for the business in our home markets unless we are protected to the extent of the difference in the rate of wages paid in this country and in Europe; and I respectfully refer you to the writer's testimony before the Ways and Means Committee contained in schedule hearings before the Committee on Ways and Means, House of Representatives, Schedule C, metals and manufactures, and I particularly refer you to pages 2102-2105, for the examples cited show the protection we require, which examples were taken from actual shop costs from our factories.

We also draw your attention to bill H. R. 10, pages 206-207, article J, subsection 5, which states that all materials of foreign production which may be necessary for the construction of vessels built in the United States for foreign account and ownership, or for the purpose of being employed in the foreign or domestic trade, and all such material necessary for the building of their machinery, and all articles necessary for their outfit and equipment, may be imported in bond under such regulations as the Secretary of the Treasury may prescribe, and upon proof that such materials have been used for such purposes no duty shall be paid thereon.

Subsection 6 states that all articles of foreign production needed for the repair of American vessels may be withdrawn from bonded warehouses free of duty and under such regulations as the Secretary of the Treasury may prescribe.

Subsection 7 states that a discount of 5 per cent on all duties imposed by this act shall be allowed on such goods, wares, and mer-

chandise as shall be imported in vessels built in the United States and which shall be wholly the property of a citizen or citizens thereof.

We desire to state to you that a large proportion of the machinery manufactured by our Blake & Knowles plant in Boston is pumps for the Navy and merchant marine, and if we do not have the necessary tariff protection these pumps will be furnished by European manufacturers, and we will lose the business entirely. We feel that you are interested in keeping the American workmen employed at their present high standard of wages, and respectfully ask you to do your best to give us the necessary protection, so that the wages of our workmen will be maintained at the present high standard.

Par. 169.—TEXTILE MACHINERY.

ROBERT F. HERRICK, SACO-LOWELL SHOPS, FOR COMMITTEE OF TEXTILE MACHINERY MANUFACTURERS.

THE TARIFF ON TEXTILE MACHINERY.

This brief shows that the imports into United States of foreign textile machinery are substantially $10,000,000 landed here duty paid, being one-third of the total American sales, and the domestic production is substantially $20,000,000, being two-thirds of the total American sales, under the present 45 per cent rate of duty; if the duty should be reduced to 25 per cent, no substantial increase in the American sales would result, so that either the revenue will decrease from $3,000,000 to about $1,666,666 (in the ratio of 45 to 25), or if the revenue is equalized importations must increase and the domestic production decrease, in a corresponding ratio, so that the American sales thereafter would be in the proportion of $18,000,000 of foreign machinery to $12,000,000 of American machinery. England produces over twice as much textile machinery as we do. English wages in this industry are less than half of ours, and their total cost is approximately 66⅔ per cent of ours. The textile manufacturers do not ask to have this duty reduced; if a reduction to 25 per cent is made, it will affect the wages and employment of from 12,000 to 20,000 workmen, and this industry, in which $50,000,000 is invested, can not live.

SUMMARY.

A. The rate of duty is now and has been for the last 15 years, 45 per cent; except during the three years of Wilson tariff, when it was 35 per cent. The proposed rate of duty in House bill No. 18642 of the Sixty-second Congress, second session, was 25 per cent.

B. The capital invested in this country is over $50,000,000, and the total annual product is from $20,000,000 upward, and the number of men employed is from 12,000 to 20,000.

C. The increase in production in this country during the last 15 years has been over 100 per cent, and prices have been materially reduced, and yet the English production exceeds the American by over 200 per cent. (See Daily Consular and Trade Reports, United States Department of Commerce and Labor, Sept. 26, 1908, No. 3289, p. 9.)

D. The importations at Boston from England in 1898 were $850,850, and they had increased in 1910 to $3,711,381. (Records of the appraiser of the port of Boston. See Appendix A.) The total importations into United States from England in 1909 were $3,689,810, and in 1910 were $5,559,881. (See Daily Consular and Trade Reports, United States Department of Commerce and Labor.

Apr. 6, 1911, No. 80, p. 68.) The importations into United States from other countries in 1910 were over $1,000,000, making the total importations into United States for 1910 (at their foreign value) over $6,500,000. Landed here duty paid these imports had a value of approximately $9,750,000, and took the place of American machinery to this extent.

E. The total annual revenue from importations in 1910 was approximately $3,000,000. If the duty were reduced to 25 per cent and importations remained as before, the revenue would be about $1,666,666. This means an actual loss in revenue of $1,333,333.

F. To obtain the same revenue, if the reduction to 25 per cent were made, importations must increase to (foreign value) approximately $12,000,000, equivalent to an American value or production of approximately $18,000,000. The American production would be reduced, as a result, by the amount of the increase in importations; that is, the difference between $18,000,000 and the $9,750,000 value of present importations, which difference is approximately $8,250,000, which is equivalent to 41 per cent of the American production; and this necessarily means a loss to American workmen of wages now paid them (approximately one-half total cost of production) of over $3,000,000.

G. At the present time the sales of textile machinery in this country consist of: Imported machinery (American value), $9,750,000, or 33⅓ per cent; domestic machinery, $20,000,000, or 66⅔ per cent. If the proposed reduction in the duty from 45 to 25 per cent were made, in order to secure the same revenue under the reduced rate the amount of imported machinery must increase by 80 per cent—that is, in the proportion of 45 to 25—and the production of American machinery must necessarily decrease by the same amount. As a result, the sales of textile machinery in the United States, after the reduction in the duty to 25 per cent, would be: Imported machinery, 60 per cent; domestic machinery, 40 per cent, which means a decrease in American production from the present figure of $20,000,000 to, say, $12,000,000.

H. American wages are greater than English wages by over 100 per cent (see British Board of Trade Report, C. D. [illegible]), and the percentage of total English cost to American cost is approximately 66⅔ per cent. The present duty of 45 per cent on the foreign cost no more than offsets this advantage in labor, cost of material, etc., and is a fair duty. If the duty should be reduced to 25 per cent, the above figures show that to equalize revenue substantially two-fifths of the American machinery must be displaced. Under these circumstances the industry could not live.

This is essentially a situation where no benefit is gained by a decrease in duty, and the increase in imports necessary to produce the same revenue is offset directly by a loss of wages to American workmen.

BOSTON, MASS., *December 31, 1912.*

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: This brief is filed with the committee on behalf of the principal manufacturers of textile machinery in the United States. The duty on textile machinery under the present tariff is 45 per cent ad valorem, assessed under paragraph 199 of Schedule C as a manufacture of metal not specially provided for. We ask that this rate be maintained.

PREVIOUS TARIFFS.

For the last 47 years the rate of duty on textile machinery has remained at 45 per cent, with the exception of the three years of the Wilson tariff, when the rate was reduced to 35 per cent. During this period this industry, in which more than $50,000,000 is invested and from 12,000 to 20,000 men are employed, has been built up.

It was proposed at the second session of the Sixty-second Congress to reduce the existing 45 per cent rate to 25 per cent. This figure was determined without any consideration being given to the particular conditions of the textile-machinery business and without any realization either of the effect of such a reduction from a revenue standpoint

or our need of the full amount of protection afforded by the 45 per cent rate. We ask consideration on the facts concerning our own business.

THE IMPORTS ARE EXTENSIVE.

As was shown in our brief filed with the Finance Committee of the Senate in February, the importations of textile machinery at the port of Boston alone, which are shown in detail in Appendix A annexed hereto, were over four times as great in 1910 as they were in 1898, having increased from $850,850 in 1898 to $3,711,381 in 1910. The reports of the Bureau of Manufactures of the United States show that the imports of textile machinery from England into the United States in 1909 amounted to $3,680,810, and that in 1910 they jumped to $5,559,884. We are advised that the importations of textile machinery in 1910 from countries other than England amounted to over $1,000,000, which makes the total imports into this country for the year 1910 amount at their foreign value to approximately $6,500,000, or at their value in the United States, duty paid, to approximately $9,750,000. This amount is practically equal to one-third of the entire sales in this country for the year, and constitutes over 75 per cent of the total imports of machinery of all kinds into this country.

PRACTICALLY NO EXPORTS.

There are practically no exports of American-made textile machinery to other countries. The reports of the Bureau of Manufactures as to foreign textile industries show conclusively that our textile machinery is practically never found in foreign textile mills. Such isolated instances as there have been of sales abroad by American manufacturers have been solely in cases where there was a desire to try the higher-priced American goods because of some special or patented feature. We can not compete abroad with the cheaper costs of our foreign competitors. On the other hand, England alone exported over $37,000,000 of textile machinery in the year 1910, an amount equivalent to over twice the total American production for the same period.

The fact that one-third of the textile machinery used in this country is imported and substantially no textile machinery is exported is in itself conclusive that the protection afforded the textile machinery manufacturers of this country is not only deserved but essential to the existence of the industry.

DOMESTIC AND FOREIGN OUTPUT COMPARED.

The production of textile machinery in this country at the present time averages from $20,000,000 upward per annum, and is about twice as great as it was 15 years ago. During this period the production has increased in England to a much greater extent, and in 1910 it is estimated that the English output was over three times that of the output in this country. England is the largest manufacturer of textile machinery, but during the last few years there has been a steady increase in the production of the French and German shops, and these countries, particularly France, have now become keen competitors of the American producers in certain lines and merit serious

consideration. In fact, the increase in the exports alone of textile machinery from Germany in the year 1910 over the year 1909 amounted to $2,146,700.

EFFECT OF A REDUCTION IN THE DUTY.

A reduction in the duty on textile machinery, even to 25 per cent, would not result in any substantial increase in its consumption in this country. The bulk of the sales are for new mill construction and equipment, which depend almost entirely upon the conditions in the textile industries. Any substantial reduction in the duty must therefore result either in a loss of revenue substantially corresponding to the amount that the duty is reduced or, if no loss of revenue results, in an increase of importations to offset the decrease in the rate, which means the taking away from the American manufacturer of a corresponding amount of business.

The importations average about $6,500,000 foreign value a year, and the revenue derived therefrom is over $3,000,000 annually. If the duty is reduced to 25 per cent and the imports do not increase substantially this revenue will be reduced, in the ratio of 45 to 25, to about $1,666,666, resulting thereby in a loss of over $1,333,333 annually.

On the other hand, if the importations should increase sufficiently to equalize the revenue, it would be necessary for the imports to increase at their foreign value to over $12,000,000, equivalent to a domestic production of $18,000,000, and would necessarily mean a decrease in our production corresponding to the increase in imports. In other words, if the duty is reduced from 45 per cent to 25 per cent, in order to equalize the revenue it is necessary for the importations to increase in a corresponding ratio—that is, by 80 per cent.

At present the importations are approximately $9,750,000 at their American value, or 33⅓ per cent of the annual sales in this country, and the American production is about $20,000,000, or 66⅔ per cent of the sales. If the imports increase by 80 per cent, which would be necessary in order to equalize revenue if the duty is reduced to 25 per cent, they would then amount to 60 per cent of the annual sales here, and the American production would be reduced to 40 per cent of the annual sales: that is, of the total sales in this country the foreign importations would be in the proportion of $18,000,000 to the American production of $12,000,000. To illustrate, let us assume that 300 machines of a certain kind are purchased annually. At present 100 are imported and 200 are made in this country. If the rate is reduced from 45 per cent to 25 per cent the importations must increase in the ratio of 45 to 25, or by 80 per cent, so that after the reduction, if the same number of machines is used, 180 would be imported and 120 made here.

We must then, if the duty is reduced to 25 per cent, either face a decrease in revenue of almost $1,500,000 or of necessity give to the foreign manufacturer to equalize revenue 60 per cent of the American business in textile machinery.

It was estimated by the committee in its report accompanying H. R. 18642, that no loss in revenue would result from the reduction. This as shown above would mean giving 60 per cent of the business to the foreign manufacturers. It is our belief, however, that the actual result of a reduction in the duty to 25 per cent would be for a consid-

erable period a loss in revenue corresponding to the decrease in the duty (approximately $1,333,333 annually), and that the foreign manufacturers would increase their sales here from year to year until they had in course of time supplanted the American machinery not only to the extent of 60 per cent but entirely.

CAPITAL INVESTED AND MEN EMPLOYED.

The capital invested in the manufacture of textile machinery in the United States is in excess of $50,000,000 and the total annual product of textile machinery in this country, as stated above, averages from $20,000,000 upward. It is estimated that the number of men employed in the United States in this industry is from 12,000 to 20,000. The estimated annual wages approximate one-half of the annual production.

AMERICAN AND FOREIGN COSTS.

A careful computation shows that labor constitutes approximately 50 per cent and material 50 per cent of the cost of production of textile machinery in this country. On the question as to the relative cost of labor here and abroad, we are fortunate in having a careful and complete record in recent English Board of Trade reports, an abstract from which (Appendix B) is appended. It will be seen from this abstract that the labor costs in France and Germany in machinery industries are much less than in England. However, taking England, which is the largest producer of textile machinery, and thus furnishes a fair basis for comparison, the reports show that labor costs there in the manufacture of machinery are less than half of those in this country. We believe that the English costs would be found to be comparatively even less if account were taken of the extensive use of boys, so-called "lads," in the English machine shops, at less than half the full wage.

As to material, the English costs are not as great as the costs in this country. We have carefully considered the question of a possible saving in the cost of production by reason of a reduction such as was proposed last spring in the duty on our raw materials, and are unable to estimate anything more than a negligible saving upon such reduction.

A still further saving is effected by the foreign producers in plant investment and working capital. Conservative estimates give the English plant investment as probably not over 85 per cent of ours, and their cheaper wages, material, and other costs enable them to effect a substantial saving in working capital.

FOREIGN MANUFACTURERS SELL THEIR MACHINERY IN THIS COUNTRY IN COMPETITION WITH US EVEN AT THE PRESENT RATE OF DUTY.

It is a fact that the English textile machinery manufacturers can add the present 45 per cent duty to their cost of production and sell their machinery in this country in competition with the American manufacturers, and they are doing so to-day.

As I have already stated, importations of textile machinery in 1910 at their foreign value exceeded $6,500,000. This machinery, duty paid, had a sale value in the United States of approximately $9,750,000 and was sold here in competition with American machinery, thereby displacing American machinery to that extent.

The cost of labor in the English shops making machinery similar to the American machinery is something less than 50 per cent of the American cost, and their materials also cost less than do ours.

This difference permits the English manufacturer to pay the present 45 per cent duty and the slight extra packing costs and freights and still permits him to lay his machinery down here in competition with ours and at a profit. The saving effected in England by cheaper plant cost and smaller working capital more than offsets the slight difference in costs for packing, the duty on packages, and in certain instances for freights.

Furthermore, the freights to southern points from England on direct shipments very slightly, if at all, exceed the same freights from New England and in many cases are less, and there is no reason why foreign manufacturers should not ship direct.

To New England points not on the seacoast the American manufacturer has a slight advantage, but in many cases, such as the great textile centers of New Bedford, Fall River, and Philadelphia, there is no advantage to American manufacturers.

TEXTILE MACHINERY AND TEXTILE MILLS.

It may be urged that the duty on textile machinery should be reduced in order to assist American textile manufacturers, even though it means sacrificing one protected industry to aid another, but we contend that a reduction of this duty would be of no substantial benefit to the American textile manufacturers. The decrease in the cost to the textile manufacturers of textile machinery as a result of a reduction in the duty would be slight, and it is obvious that this decreased cost would apply only to new construction. As to existing construction, it would mean a corresponding depreciation. It must be borne in mind at the same time that a large reduction in this duty means eventually the elimination of the American textile machinery manufacturer from the market. This would be a decided handicap to the American textile manufacturer and would more than outweigh any possible benefit from a decrease in the cost of textile machinery for new construction, which in the long run is sure to be slight.

The American textile manufacturers would in such event not only be forced to rely upon foreign machinery in the first instance, but would also have to look to England and Europe for supplies, spare parts, and repair parts. The annoyance and trouble and the expense of the delay necessarily involved would be very great. Furthermore, it would, of course, mean the wiping out of the large body of skilled American textile machinery workers, who would gradually be absorbed in other trades, and would leave the American textile mills without any body of men available to handle the machinery when it arrived and to repair and replace it as it wears out. The handicap to the American textile mills in having a base of supplies for their machinery over 3,000 miles away would be very serious.

For these reasons the American textile manufacturers have never asked for a reduction of the duty on textile machinery, but, on the contrary, have expressed the desire that it continue to receive fair protection, in order to secure the continued existence of the American manufacturers. (See American Cotton Manufacturers' Association Tariff Bulletin No. 3, July 18, 1911.)

American textile mills undoubtedly cost more to construct than do English mills. It is sometimes said that an American mill costs $20 per spindle, while an English mill costs only $5 per spindle, but this means only an English spinning mill or half an American mill. Accurate figuring shows that the cost of English mills similar to the American mills is fully $16 per spindle, and that $5 per spindle is only a little more than the cost of the textile machinery in an English spinning mill.

Appended is the estimate of a competent mill engineer, which shows that the cost of an American mill with automatic looms is $21.66 per spindle and with plain looms is substantially $19 per spindle, and the actual cost figures of a similar English mill (Appendix C).

ENGLISH SPINNING MILLS AND WEAVING SHEDS.

There is a fundamental difference between English and American cotton mills. English mills are practically always divided into separate classes, one for spinning and one for weaving, whereas the American mills practically always combine both spinning and weaving.

It is customary, in speaking of an English mill, to refer merely to a spinning mill, and weaving mills are ordinarily spoken of as weaving sheds. Statements about the cost of English mills practically always refer to the cost of spinning mills. The result is that the cost per spindle is stated at a very low figure, inasmuch as neither the weaving shed, the looms, nor any of the other weaving equipment is included.

There are a few American spinning mills, but these mills can not fairly be compared with the English spinning mills, since in practically every case the American mills, where they are equipped solely for spinning, carry the work on the yarn far beyond the stage of preparing it for weaving. Such mills make special yarns for knitting, mercerizing, etc., and are in a class by themselves. In England there is a distinct separation between the spinning of the yarn and weaving of the cloth, and yarn is spun simply for weaving purposes by the spinning mill, while the weaving is done by a separate mill. In this country, on the other hand, there is no separation between the spinning and the weaving and the cloth is made complete in one mill. Spinning mills here, by reason of extra and special machinery, cost very nearly as much per spindle as a cloth mill.

MILL COSTS IN ENGLAND AND THE UNITED STATES.

Automatic looms are now coming into general use both here and in England, and these looms cost a little more in England than they do in this country. In order to compare English mill costs with the American costs it is necessary to take the combined cost of an English spinning mill and weaving shed to compare with the American mill. If automatic looms are used in making the comparison, the percentage of difference in the mill cost, due to the machinery, becomes materially reduced. Of course, the use of these looms has no effect on the cost per spindle of the machinery other than looms. The most accurate figures that we can obtain make the cost of English textile machinery in England, not including automatic looms, about 30 per cent less than the cost of American machinery in this country.

It is customary in England to construct cotton mills more heavily than in this country, and as a result the building costs are often as great in England as here, though, owing to the low cost of labor in construction, the cost would be less if the mills were built as they are built in this country.

Textile machinery constitutes approximately one-half the cost of a cotton mill, and may be roughly estimated at from $10 to $12 a spindle here. In England the machinery costs from $8 to $10 a spindle, with automatic looms. With plain looms the machinery cost would be approximately $2.50 a spindle less in this country, and the difference would be a little more in England. We understand that the cost per spindle of an American cloth mill with the latest equipment, including automatic looms, is less than $1 more than the cost per spindle of a combined English spinning mill and weaving shed with the same equipment. If plain looms are used in place of automatic looms, the difference in cost is slightly greater.

EFFECT OF REDUCTION ON COST OF MACHINERY.

In considering the effect of a reduction in the duty on textile machinery on the cost of American cotton mills there are two other considerations to be borne in mind. Textile machinery constitutes only a part of the cost of the mill. The machinery in an American cotton mill, which combines spinning and weaving, costs, without looms, approximately $8 a spindle, or about 40 per cent of the total cost of the mill.

It is absurd to contend that a reduction of the duty to 25 per cent would give the American purchasers the benefit of the entire 20 per cent reduction. The bulk of English textile machinery is produced by seven large firms. It would be convenient and natural for them to maintain prices here at a figure just low enough to prevent competition by American manufacturers, but considerably higher than the English price. English manufacturers can and do compete to-day with the American manufacturers even with the present duty. It is evident that with the duty reduced and the American manufacturers once out of business the English manufacturers would not keep their prices very much under the present figures.

Assuming that the duty were reduced to 25 per cent and the American purchasers given the benefit of the entire reduction, which is improbable if not impossible, this would mean a reduction of approximately 12 per cent in the cost here of English textile machinery and a decrease at the most of 6 per cent in the cost of new mill construction. In working out these figures as to the effect of the reduction of the duty on the cost of mill construction we have not made any substantial allowance for working capital, and if this is taken into consideration the percentage of saving would be even smaller. It can readily be seen that the saving in the cost of textile fabrics would be infinitesimal and that the benefit to the textile manufacturers would not be sufficient to compensate for the elimination of the American manufacturer of textile machinery.

The result of a reduction to 25 per cent in the tariff on textile machinery would be to destroy the business of the American manufacturers, and would probably mean that such of the American manufacturers as have an established business, and particularly such of the

manufacturers as have valuable patents, would transfer their business to England and establish factories in that country, and the others would be forced to go out of business altogether.

In many instances, such as in the silk and other industries, the foreign shops have moved to this country to meet various conditions. It is equally easy for the American shops to go to the foreign countries, particularly where the trade is highly developed. To move the shops to England would be the ready and natural way of avoiding the difference in labor costs between this country and England in case the duty on textile machinery should be so reduced.

THE TEXTILE MANUFACTURERS DO NOT DESIRE REDUCTION OF THE DUTY ON TEXTILE MACHINERY.

The most significant fact in this connection, however, is that the textile manufacturers do not ask to have this duty reduced, as will be seen from the tariff memorandum filed with the Ways and Means Committee of the House of Representatives by the American Cotton Manufacturers' Association on July 18, 1911, referred to above. The textile manufacturers are entirely willing that we should be given such protection as we need, and do not dispute the fact that we need every bit of our present duty. They have no desire to mark down their plant values by the amount of any reduction, though slight, and they do not feel that any saving that might be effected by a reduction of this duty would justify them in asking to have any part of our needed protection removed.

Furthermore, the textile manufacturers desire to have a substantial domestic production of textile machinery, and feel that they are far safer with a well-established and well-equipped body of American producers protected sufficiently to enable them to continue in business rather than to be forced to rely on foreign-built machinery, practically entirely, as would be the result should the duty be reduced and the American shops forced either to give up their business or to establish their factories abroad.

DEVELOPMENT OF AMERICAN MACHINERY GREAT ADVANTAGE TO TEXTILE MILLS.

The development of the textile-machinery industry in this country has been a great factor in the rapid growth of the textile business of the United States. The many improvements in textile machines which have originated in the American machine shops, such as, for instance, the development of special looms, have been of immense importance to our textile manufacturers. Most important of all, however, has been the decrease in the price of textile machinery since the entry of the American textile-machinery manufacturers into the market. For example, England formerly sold cards in this country at $1,200 for each machine or, upon very large contracts, at $1,000 for each machine. This was before the competition of the American shops. Now American cards of superior quality are selling at less than one-half of these figures.

This illustration is typical of the decrease in cost in practically all lines of textile machinery, since the growth of the American manufacture of textile machinery.

EARNINGS OF THE BUSINESS.

The return upon capital invested in this country in the manufacture of regular textile machinery has averaged, according to our best information, approximately 7½ per cent. It should be borne in mind, however, that, as the gross business done in a year averages only about one-half of the capital invested in the plants and working capital, the profit on sales must necessarily be twice as great as the amount earned on the capital. Confusion has sometimes arisen from this fact, and the percentage of profit to business done has been erroneously taken as the net earning rather than the percentage of profit to capital invested. No one can fairly contend that 7½ per cent on capital actually invested is more than a fair return for a carefully managed and long-established industrial business. It is interesting to note in this connection that one English shop has paid dividends averaging 15 per cent per annum for the last four years and averaging over 11 per cent per annum for a period of 10 years. The American shops represent the experience, labor, and savings of generations. From these figures alone it is clear that there is no undue profit in the business.

EFFECT OF PREVIOUS REDUCTION.

Following the Wilson tariff, in which the duty on textile machinery was reduced to 35 per cent, there was an immediate and serious loss of business, and this was followed necessarily by a reduction both in wages paid and the number of men employed. Since that time the American manufacturers have been gradually building up the business and this has been accompanied by a steady rise in wages in the United States, while the wages in England have increased but slightly. A reduction even to 35 per cent would cripple the business, as did the reduction in the Wilson tariff, and, should a reduction to 25 per cent be made, it would be very difficult, if not impossible, to avoid the extermination of the American manufacturers of textile machinery, unless wages could be reduced to the English level (which we believe impracticable), in which case we would ask for no protection.

SOLELY A QUESTION OF WAGES.

The report of the Ways and Means Committee on House bill No. 18642 of the Sixty-second Congress, second session, to amend the metal schedule, shows plainly that no loss of revenue was expected by the reduction to 25 per cent proposed in that bill. This meant, as we have stated above, that, in order to collect the same revenue, importations must increase by 80 per cent and domestic production correspondingly decrease. Our business, then, was to be reduced from 66⅔ per cent of the total American business to 40 per cent. The direct and immediate result would be a corresponding decrease in wages.

CONCLUSION.

We have shown that this is an industry in which other countries not only can but do compete in spite of the present duty, and manage

to do about one-third of the business; that our cost of labor is over twice the English cost, and that therefore the present duty of 45 per cent upon the English cost is not excessive; that a reduction to 25 per cent would either mean a corresponding loss in revenue of nearly $1,500,000 or would necessitate an increase of 80 per cent in importations to equal present revenue, and thereby give to our foreign competitors practically 60 per cent of the entire business; that this means to us shutting down or reducing wages, one or the other; that the benefit to the cotton mills by a reduction in our duty is negligible and not even asked for; that no gain in revenue would result therefrom. Consequently nothing but harm would be done, and no possible advantage would be gained in return for crippling or ruining a substantial and long-established business.

We ask therefore that the rate of duty upon textile machinery be maintained at the present figure of 45 per cent.

Respectfully submitted.

ROBERT F. HERRICK.

APPENDIX A.

Imports of textile machinery at the port of Boston.

Year	Amount	Year	Amount
1898	$850,850	1905	$1,394,237
1899	1,277,135	1906	2,185,644
1900	2,535,737	1907	2,113,528
1901	1,514,160	1908	1,490,213
1902	1,753,530	1909	2,711,013
1903	1,681,424	1910	3,711,381
1904	1,142,068		

APPENDIX B.

Comparative weekly wages in the engineering trades in United States, England and Wales, Germany, France, and Belgium.

[Compiled from reports of inquiries by the British Board of Trade.]

	United States, February, 1909.[1]	England and Wales, October, 1905.[2]	Germany, October, 1905.[3]	France, October, 1905.[4]	Belgium, June, 1908.[5]
Fitters	$15.84-$31.25	$8.00-$9.00	$6.70-$8.40	$6.00-$7.20	$4.49-$5.70
Turners	17.83- 18.62	8.00- 9.00	6.75- 8.25	6.00- 7.62	5.12- 6.08
Smiths	16.91- 21.53	8.00- 9.00	7.12- 8.25	6.20- 7.93	5.02- 6.12
Pattern makers	18.62- 22.91	8.50- 9.50	6.37- 7.50	6.37- 7.43	4.89- 6.00
Laborers	9.37- 10.93	4.50- 5.50	4.50- 5.50	3.89- 4.79	3.22- 4.06
Average	18.16	7.90	6.87	6.35	5.11

[1] British Board of Trade Report Cd. 5609—1911.
[2] British Board of Trade Report Cd. 4032 1910.
[3] British Board of Trade Report Cd. 4512—1909.
[4] British Board of Trade Report Cd. 5065 1910.
[5] The wages in England in February, 1909, were about 1½ per cent higher than in 1905.

APPENDIX C.

[C. R. Makepeace & Co., architects and mill engineers, Providence, R. I.]

We estimate the cost of a mill of 60,480 spindles, built in New England, for manufacturing standard print cloths, as follows:

Item	Cost
Buildings	$287,020.50
Textile machinery (automatic looms)	652,302.00
Steam plant	128,000.00
Supplies (bobbins, belting, etc.)	30,000.00

Transmission machinery	$35,000.00
Humidifier system	16,000.00
Fire protection	10,200.00
Electric lighting	7,500.00
Heating	3,800.00
Plumbing	4,000.00
Incidentals	119,182.25
	1,311,004.75

$21.66 per spindle.
Textile machinery, 50 per cent.
Textile machinery per spindle, $10.78.

If plain looms are used instead of automatic looms, deduct $163,200 from the cost of textile machinery, making the cost with plain looms $18.07 per spindle.

Below find cost as given us of an English mill of 36,984 spindles, with 992 automatic looms, all frame spinning, similar to above:

Buildings, including chimney, sprinklers, heating, lighting, wiring, plumbing, and shafting	$252,100.00
Machinery, including bobbins, belting, cans, reeds, harness, and all other small supplies	303,750.00
Engines, boilers, pumps, and foundations	48,750.00
	604,600.00

$17.96 per spindle.

COMPARISON.

	Per spindle.
American mill, with automatic looms	$21.66
English mill, with automatic looms	17.96
Difference	3.70

BOSTON, MASS., *May 10, 1913.*

HON. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SIR: On Thursday last I had the privilege of speaking to you for a moment in your room as to the propriety of lowering the duties on textile machinery from the 25 per cent duty provided in section 169 of Schedule C of the House tariff bill. I said a further reduction to at least 10 per cent would greatly benefit textile manufacturers and not damage manufacturers of textile machinery.

Textile machinery, whether foreign or domestic, whether sold in Canada or the United States, is always sold at a final price erected and completed, ready for running in the mills.

Duty on textile machinery entering Canada, whether foreign or made in the United States, is 10 per cent ad valorem. Prices of American machinery sold in Canada are invariably as low and usually lower than the prices of the foreign machinery sold in Canada. If there were no duty at all on machinery entering into Canada, American machinery interests would not be injured in that market. Fully half the Canadian textile machinery is American.

Machinery entering the United States for many years past has paid a duty of 45 per cent on the machinery itself and 45 per cent additional upon the packing cases, which average 10 per cent on the original cost of the machinery, making the total duty assessed 49½ per cent on the foreign value of the machinery. Expensive pack-

ing is not necessary for American machinery, hence the protection hitherto afforded American machinery shops has amounted to 49½ per cent, plus 10 per cent for packing, plus freights and insurance necessary to land in this country (amounting to not less than 5 per cent), making a total protection to the American shops of considerably over 60 per cent. These shops compete successfully in Canada under 10 per cent duty.

The present bill assesses 25 per cent duty on the machinery itself and 25 per cent on the packing, making a total of 27½ per cent. The 10 per cent for packing and other expenses will leave the duty at over 40 per cent.

Purchasers of foreign textile machinery of a kind also made in the United States have paid not less than 20 per cent more than domestic prices for the purpose of getting superior quality. The present duty under the Payne bill of 45 per cent, plus 4½ per cent on the packing, or 49½ per cent in all, does not exceed 30 per cent of the total price of the foreign machinery when set up in this country. If foreign textile machinery were made free, its price to domestic manufacturers could not fall more than 30 per cent. Under free textile machinery there would always be at least a 15 per cent duty and perhaps more, as ocean freights have lately risen tremendously.

FREE TEXTILE MACHINERY WOULD MEAN BUT A VERY SLIGHT MARKING DOWN OF MACHINERY INVENTORIES IN TEXTILE MILLS.

In considering this question bear in mind that there is a great difference between cotton and worsted machinery. The former is imported very little into this country. (See Report of the Tariff Board on Cotton Manufactures, vol. 2, p. 473.)

On the other hand, almost all the worsted machinery is imported from abroad. (See Report of the Tariff Board, Schedule K, p. 1042.)

Take cotton mills first. As to machinery bought in America, there would have to be no marking down of equipment. Ring spinning frames, forming eight-tenths of the spinning machinery, sell as low as $2.35 a spindle. The best price the English make in Canada on a 10 per cent duty is $2.69 per spindle, and if there was no duty in this country they could not sell at less than $2.50 per spindle. Therefore the American cotton mill would not have to mark down its spinning machinery at all.

A cotton mill may have some foreign machinery, but even this would have to be marked down very little on a free-trade basis, assuming the total cost of a cotton mill to be $20 per spindle. Of this, according to a brief filed with the Ways and Means Committee by the manufacturers of textile machinery, the machinery in the mill amounts to about 50 per cent of the total cost. This makes the cost per spindle for machinery alone $10. Of this $10 the spinning frames and looms, which on a free-trade basis would not be imported into the United States at competitive price, amount to one-half, or 25 per cent of the total cost of the mill. Of the remaining machinery cost (25 per cent of the total cost of the mill) a small proportion, not over 33 per cent, has been imported.

Of the total cotton machinery equipment, therefore, existing in the United States to-day, not over 33 per cent of 25 per cent, or 8¼ per

cent, is foreign. Assume that machinery were made free and the price of this foreign machinery standing on the manufacturers' books were cut by 30 per cent, owing to the enactment of free machinery, the result would be the marking down of the machinery inventories, as shown on the statements of domestic textile manufacturers, by 2½ per cent. This is a bagatelle and not worth considering.

As to worsted mills. When the existing worsted-machinery equipment of the country is considered the same results will be shown, although not to such a degree, because the existing worsted plants have a larger proportion of foreign machinery. In spite of this, however, a very large proportion of the worsted machinery, viz, all the looms, all the dyeing and finishing machinery, and everything except the spinning machinery has been made in this country, so that the marking down of plants, due to a free-machinery enactment, would be much more than compensated to the manufacturers by their ability to put themselves in future more nearly on a par with their foreign competitors as regards equipment.

The following figures, taken from the certificates of corporations filed in Massachusetts for 1911, show that the 10 most prominent worsted mills, incorporated under Massachusetts laws, had a capital of $15,650,600; real estate, $6,492,500; machinery, $4,371,000. The machinery item includes, of course, all power equipment (all made in this country), all the looms made in this country, and many other machines made here. It is safe to say that less than half of this machinery was imported machinery, or say $2,185,500. Free machinery would cut this item down by 30 per cent, or by $655,650. Said amount is actually 6 per cent of the above total of real estate and machinery; therefore to mark down the worsted plants by the enactment of free machinery would not amount to more than 6 per cent. This is again a bagatelle.

As compensation for this very slight mark down of machinery inventories consider what an inestimable advantage it would be to the textile interest in the future to be in a position to buy the very best foreign machinery available at moderate prices, so that their equipment cost would be placed on an equality with foreign competitors. Moreover, American manufacturers of textile machinery would have to pay more attention to quality than they have had to in the past.

Yours, very respectfully, ROBERT HEMANS.

GEORGE H. STEVENS, 259 BEACON STREET, BOSTON, MASS.

MAY 6, 1913.

Hon. FURNIFOLD McL. SIMMONS,
Chairman Senate Finance Committee,
United States Senate Office Building, Washington, D. C.

DEAR SIR: The other day I was interested and somewhat surprised to hear the statement made by the general manager of a large and important Canadian cotton manufacturing concern that the wages which they pay in Canada are precisely the same as those paid here in the States, and although they are only protected from British competition by a duty of 15 per cent on coarse goods and 17½ per cent

on fine goods and have no protection whatever against the English on 40's yarns or finer, yet trade was never better in Canada than it has been for the past year. He was of the opinion that the injury which a reduction in the American duties would be likely to inflict upon the cotton trade in this country was more imaginary than real.

If the mills here have anything to fear from foreign competition and are at a disadvantage which the Canadian mills are not under it is entirely in the matter of equipment, due to the fact that the Canadian mills are able to purchase the best English machinery at a reasonable figure, whereas the prohibitive duty on cotton machinery in this country has compelled manufacturers to purchase inferior equipment.

There is no semblance of a controlling factor in the cotton industry, but I understand that there is a combination of American machine builders and that practically no cotton machinery is now imported, so the Government is deriving no income from this source. From the viewpoint of an investor and consumer it would therefore seem perfectly obvious that with the reduction that has been made on manufactures of cotton goods, cotton machinery should be put on the free list or duty assessed at a very much lower rate than the 25 per cent provided for in the present bill.

LEIGH & BUTLER, BY C. E. PILLSBURY, ATTORNEY, 120 TREMONT STREET, BOSTON.

The COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Leigh & Butler, of 232 Summer Street, Boston, Mass., in whose behalf this brief is submitted, are importers of textile machinery and have the sole selling rights in the United States and Canada of the machinery manufactured by Platt Bros. & Co., of Oldham, England.

It is true, as stated in the brief filed by Mr. Robert F. Herrick, page 2118 of the record, that England is the largest manufacturer of textile machinery; also page 2120, that "the bulk of English textile machinery is produced by seven large firms."

The names of said firms, with the approximate number of hands employed by each, follows, viz:

Firm	Hands
Platt Bros. & Co.	12,000
Asa Lees	3,000
Howard & Bullough	3,500
Tweedales & Smalley	2,000
John Hetherington & Co.	2,000
Dobson & Barlow	4,000
Taylor & Lang	750
	27,250

It will be noted that Platt Bros. & Co. alone employ nearly as many hands as all the others combined and, assuming Mr. Herrick's figures on page 2116 to be correct, practically as many as are employed in the entire textile machinery industry in the United States.

Being engaged solely in importing English goods, we have decided not to ask this committee to put any particular rate of duty on textile machinery in the revised tariff, but to content ourselves with placing

before you, as nearly as we can, the real facts in relation to the subject, although, aside from the question of revenue for the Government, no duty at all is required. Time and again the American machine men have appeared here and, by every known trick, have so juggled figures and distorted facts as to successfully throw dust in the eyes of the people's representatives. Now, however, we believe we are in position to expose some at least of their misstatements and to present the matter more nearly in its true light.

There is no real competition between English and American machine builders as to price; there never has been under a 45 per cent rate of duty, and there never can be.

It is an absolute fact that the major part of English textile machinery could never compete with the American as to price unless Congress should, in addition to putting it on the free list, grant a substantial bonus on the imported machinery.

Practically all the English machines imported under the present high rate of duty are of the kinds and classes not made or not made successfully in this country.

The following is a substantially correct statement showing the kinds and classes of textile machinery produced in the United States and those imported, viz:

Looms (of all kinds).—Made in the United States by the Draper Co., of Hopedale, Mass.; Crompton & Knowles Loom Co., of Worcester, Mass., Providence, R. I., and Philadelphia, Pa.; Mason Machine Works, of Taunton, Mass.; Whitin Machine Works, of Whitinsville, Mass.; Kilburn Machine Co., of Fall River, Mass.; Stafford Loom Co., of Readville, Mass. None imported.

Ring spinning frames.—Made in the United States by the Whitin Machine Works, the Saco-Lowell Co., Mason Machine Works, Fales & Jenks Machine Co., H. & B. American Machine Co. None imported.

Cotton-mill machinery (of all kinds except mules, which are not successfully made here).—Made in the United States by a combination of machine shops in Massachusetts consisting now of the Whitin Machine Works and the Saco-Lowell Co. A combination of shops in Rhode Island consisting of the Potter & Johnson Machine Co., of Pawtucket; Fales & Jenks Machine Co., of Pawtucket; and the Woonsocket Machine & Press Co.; and by the Howard & Bullough American Machine Shops, of Pawtucket, formerly affiliated with the Massachusetts shops, but may not be now. Very little imported, except certain special machines for working waste, etc.

Woolen machinery (of all kinds).—Made in the United States by the Davis & Furber Co., of North Andover, Mass., and various concerns producing specialties. Practically none imported.

Worsted machinery.—Beginning with the preparing machines and up to and including the cards made in the United States by the Davis & Furber Machine Co. and various concerns producing specialties. Practically none imported.

Beyond the cards and up to but not including the looms, made in the United States, to a certain extent, by the Saco-Lowell Co., at Lowell, Mass. About 75 per cent imported.

Silk machinery (of all kinds).—Made in the United States by various concerns with whose names we are not familiar. None imported.

Bleaching and finishing machinery.—Made in the United States by the Textile Finishing Machinery Co., of Providence, R. I.; H. W. Butterworth & Sons Co., of Philadelphia. Pa.; and other small concerns making specialties. None imported.

Flax, hemp, jute, lace making and embroidery machinery (of all kinds) and machinery for working all kinds of fiber, other than cotton, wool, and silk. Not made in the United States. All imported.

Keeping in mind these particulars we ask the committee to follow us through the subjoined statement, necessarily somewhat extended, but founded upon statements of well-known banking and publishing houses, and supported in other essential points by the affidavits of reputable persons who are ready at any time to appear before you and testify orally, which shows, as we believe, that the American machine builders have knowingly and willfully misrepresented to you every vital fact bearing upon the issue.

First. As to the earnings of American machine shops:

In 1908 Mr. Herrick filed a brief with the Committee on Ways and Means (see p. 2799 of the record of tariff hearings of that year) in which, after citing a plank in the Republican platform of the campaign then just ended to the effect that duties should be levied to compensate for the difference between cost of production in the United States and in foreign countries, and to allow a fair profit to the American manufacturer, he states as one of his principal reasons why the rate of 45 per cent should be retained, that over a period of years (10) three of the oldest and largest companies had earned only 7½ per cent on their capital invested, which he insisted was only a reasonable return. This meant, without any possible doubt, and taking them in the inverse order of their importance, the Lowell Machine Shops, of which Mr. Herrick was then treasurer; the Saco-Pettee Machine Shops, of which his brother-in-law, Mr. Frank J. Hale, was then general agent; and the Whitin Machine Works, of Whitinsville, Mass., a close corporation owned absolutely and entirely by the Whitin family, who, if reports freely circulated and generally believed are true, also own control of the other two.

We present you herewith (Appendix A) a circular issued in 1912 by the well-known banking house of Lee, Higginson & Co., offering to the public $1,250,000 of preferred stock in the Lowell Machine Shops, in which it is stated (p. 2) that for a period of 12 years the company had averaged to earn $287,651 on its capital of $900,000, average yearly earnings, if our arithmetic is not a fault, of 32 per cent. That is only about 325 per cent above the figures (7½ per cent) given by Mr. Herrick (it seems as though he must have known about it, as he was treasurer of the company), and the variation is so small and insignificant compared with the showing made by at least one of the other two concerns that it is hardly worthy of notice.

We also beg to hand you herewith (Appendix B) a certain clipping from the Boston News Bureau, which shows some interesting points in the financial history of what, in 1908, was the Saco-Pettee Machine Shops, with a capital of $800,000, to wit:

In 1910 the capital stock was doubled to $1,600,000, and in addition large portions of assets were segregated and dividends paid in liquidation to the amount of $205 per share on the old stock " with a

final yet to come." In October, 1912, plants, good will, and a portion of quick assets were sold to the Saco-Lowell Co. (the old Lowell Machine Shops, whose capital had been increased to $1,250.000 preferred stock and $2,350,000 common) for $1,600,000 of the common stock of the latter (control being over 66⅔ per cent of the common), and in addition a new securities company was formed, of which the entire stock went to shareholders of the Saco-Pettee Co. to take over notes receivable and mill stocks on hand, and from which the returns "at the minimum will be $75 per share" on the 16.000 shares of the Saco-Pettee Co.

Thus it will be seen that the Saco-Pettee concern, within the four years since Mr. Herrick assured the Congress that average earnings of three of the oldest and largest shops were only 7¼ per cent, has distributed in cash and securities to the holders of its $800,000 capital in 1908, including the 8 per cent dividend regularly and openly paid, nearly, if not quite, 400 per cent, and there is "a final yet to come." No wonder the Boston News Bureau joyfully remarks that this company has made money so fast that its profits could only be distributed through reorganizations, and as it adds that still other mergers are possible we may confidently expect soon to see Jonah swallow the whale again and the Saco-Lowell Co. take over the Whitin Machine Works in exchange for the bulk of its own stock. The Whitin Machine Works is universally understood in textile-machinery circles to be a corporation owned entirely and outright by the Whitin family, and its methods of paying dividends or distributing profits are apparently unknown to anyone outside of the family, but from its beginning—away back in the forties—on a capital of $600,000, of which $400,000 was said to have been paid in, it has grown steadily, until now its plant alone is estimated in the trade to be worth anywhere from $15.000,000 to $18,000,000 (see H. G. McKerrow, brief, p. 2127), and that is but a fraction of the profits made, as their holdings of mill stocks and securities of other machine shops and of other and allied industries are far beyond what persons outside of the trade could imagine.

This is undoubtedly one of the colossal fortunes referred to by Mr. Langshaw, of New Bedford, in his brief presented to this committee (not included in the first print) as having been made by the American machine builders, and certainly in cotton-mill machinery, so far as success and profits are concerned, the Whitin Machine Works is the father of them all.

These must necessarily be the three oldest and largest shops referred to by Mr. Herrick in his brief in 1908, unless he included the Draper Co. instead of the Lowell, but in that case, as the Drapers have averaged to pay 15.33 per cent for 12 years or more, besides a stock dividend of 50 per cent in 1902, and, as shown above, the Saco-Pettee had on hand an enormous amount of undivided earnings, he must have been claiming that the poor Whitins were losing a lot of money at their little plant, which would be a joke that even an Englishman could see the point of.

Second. As to competition between English and American machine builders, shown by the volume of importations:

In his brief, page 2116 of the present record, Mr. Herrick states that "the reports of the Bureau of Manufactures of the United States show that the imports of textile machinery from England into the

United States in 1909 amounted to $3,680,840, and in 1910 they jumped to $5,559,884," and from the summary of his brief, page 2114, it appears that these figures are from the Daily Consular and Trade Reports, United States Department of Commerce and Labor, April 6, 1911, No. 80, page 68. We have taken the trouble to inquire what this particular report covered, and we find it was not limited to textile machinery in any way, but included every namable kind of a machine (as well as numberless articles other than machines) exported from England to the United States and that the figures given are absolutely valueless so far as textile machinery is concerned.

Furthermore, it is impossible to obtain figures of any value from any United States Government report upon this subject, because the statistics do not separate textile from other machinery, but include and lump together everything in the shape of a machine assessed at 45 per cent under paragraph 199 from a hamburg-steak cutter to stone crushers. He also presents what he calls a statement from the records of the appraiser of the port of Boston, showing the "imports of textile machinery at the port of Boston" from 1898, when they were $850,850, to 1910, when they were $3,711,381. We have seen Mr. Winthrop M. Hodges, the local United States appraiser, who furnished the statement referred to, and we find that it includes besides machinery certain manufactures of emery, wood, and wire, and about $270,000 worth of card clothing, a considerable portion of which was imported by some of the American machine shops represented by Mr. Herrick, and that the American machine men were so informed when it was given to them.

All textile machinery is examined at the mill after being set up instead of as it comes, in cases, at the appraiser's store, and the same is true of practically all heavy machinery.

Mr. Hodges has given us a statement of importations where mill examination was ordered during 1910, from which we find that the total value of textile machinery for that year was $2,901,815, showing that Mr. Herrick's figures are exaggerated about 50 per cent.

But even the last named amount nearly all represents kinds and classes of machines not made, or not made successfully, in the United States, as we will proceed to show. The only way to get the exact amounts and value of importations of various kinds of machinery is from the importers, and after much trouble and pains we are able to present to you such a statement (Appendix C) compiled from the books of every house of any importance importing cotton, woolen, and worsted machinery, which are the principal kinds manufactured in the United States and the only kinds in which the people represented by Mr. Herrick are interested.

These figures are as exact as they can be made, and can be substantially verified by the books of the United States machinery examiners at Boston, New York, and Philadelphia, where practically all textile machinery is imported.

They show that in the years 1910 to 1912 the total value of imported new machines of the classes made in the United States was $1,967,760, an average of $655,920 per year, and that consisted to a considerable extent of special machines not made successfully here, while Mr. Herrick says the amount made and sold in the United States averages $20,000,000 and up yearly (but is in fact nearer

forty than twenty millions, in our judgment). Can anybody call that competition?

The only instance in which we are ever able to sell a Platt machine of the kinds made here is when a mill is willing to pay a high price solely for quality, and this fact can not be disputed by any honest man in the trade. To illustrate: The lowest price at which we have ever been able to obtain a Platt carding engine, on the floor of their shops in England, during our 25 years of dealings with them was, in American money, $378.89; adding inland freight to Liverpool, ocean freight to Boston, insurance, and duty at 45 per cent, it stood us $562.13 landed on the wharf in Boston. Mr. Herrick states, page 2121, that superior carding engines are selling here at less than one-half the former English price of $1,200, which would be under $600.

We know of an instance where they sold cards for $365, many at $375, and during the past year their price has been around $425, while Mr. Coffin states in his affidavit (Appendix D) that they cost $305 to build at the American shops. This cost includes the clothing.

We ask the committee to note that in cotton machinery of the classes made in this country, and which is the only kind of machinery made by the Whitin Machine Works and the Saco-Lowell Co., except a very small amount of worsted machinery made at Lowell, only an average of $586,264 worth of new machines were imported during the years 1910 to 1912, many of which were special machines, as against at least $20,000,000 worth produced and sold in the United States.

In other words, the American machine builders have a complete monopoly in their lines of manufacture, thanks to the tariff, and the Government receives no revenue worth speaking of from the kinds and classes of textile machinery made in the United States.

Third. As to prices. American machines are invariably sold in the United States at lower prices than we can meet, whenever the purchaser is free to buy from whomsoever he likes; and this is also true in Canada where the English and American machines are exactly on a level so far as the Canadian tariff is concerned. There are many instances no doubt where American builders do get high and even exorbitant prices, in cases where the machine men are so heavily interested in the mill as to be represented on the board of directors, and where the mill management would never dare to buy foreign machinery, but those are simply instances where the machine builders rob their associates in the mill for their own benefit.

That such instances may form a very large proportion of the business done in cotton, woolen, and worsted machinery, may readily be guessed from the names of the mills in whose directorates the machine men are represented given elsewhere in this brief.

We refer you to the affidavit of Mr. M. H. Coffin (Appendix D) which shows the cost as nearly as can be estimated by competent persons, to the American builders of various important kinds of machines used in cotton mills; the highest and lowest prices he has known their machines to be sold for, also the lowest prices he can sell similar machines of our own importation for.

Fourth. As to wages and labor cost. The same old and well-known claims are advanced that wages here are 100 per cent and over more than are paid in England for the same kind of work, and to substantiate that Mr. Herrick gives on page 2123 of the record a

table compiled from the British Board of Trade Reports showing the weekly rates of wages and the average weekly wage paid to five classes of workmen in the engineering trades in the United States, England, and three other foreign countries, but textile machine shops are not referred to by name therein.

Why should he go to foreign statistics for wages paid here, when the pay rolls of the very shops he represents will show the exact rates paid?

The affidavit of Mr. Charles E. Quinn (Appendix E) presents a table compiled from information furnished, not by the manufacturers in either case, but by men actually employed and receiving the wages which shows the real average rates of wages paid in the shops of Platt Bros. & Co. and in the shops of the Whitin Machine Works and the Saco-Lowell Co. in Lowell.

Mr. Coffin states in his affidavit (Appendix D) that 18 years ago the average wage in the fitting department at the Saco-Pettee shops was $10.01 per week of 60 hours; that since then labor cost has decreased considerably through the use of automatic machinery, which less skilled labor and a less number of operatives can handle, and he adds that in his judgment the average present wage through American plants is not over $9 per week of 56 hours.

In view of the fact that the men here tend a larger number of machines and work at higher speed and longer hours, it is evident that the labor cost per unit of production is even less in American than in English textile machine shops.

Fifth. Mr. Herrick lays great stress upon the fact that no textile-mill men have asked your committee for a lower rate of duty upon the machinery they use. (See p. 2121 of the record.)

There are several reasons why this is so. The principal one, perhaps, is that they themselves are beneficiaries of some of the very highest rates of duty imposed by the United States tariff law.

Another very good reason may be deduced from the fact that in the following-named mills, which is only a partial list, the American machine builders are not only interested, but have representation in the directorates, viz: Harmony Mills, Hartsville Cotton Mill, Indian Head Mill, International Cotton Mills Corporation (control the following mills: Tallassee Mills, Hogansville Mills, La Grange Mills, Mount Vernon and Woodberry Mills, Lowell Weaving Co. Mills, Warner Cotton Mills, Stark Mills, Le Roy Cotton Mills, Columbia Mills, Imperial Mill, Hamilton, Ontario, and Cosmos Mills, Yarmouth, Nova Scotia), Lanett Cotton Mills, Lincoln Manufacturing Co., Loray Mills, Parker Cotton Mills, Quissett Mills, Tabor Mill, Davis Mill, Drayton Mills, Gainesville Cotton Mill, Hoosack Mills, Monarch Cotton Mills, Great Falls Manufacturing Co., Stevens Linen Works, Laurens Cotton Mill, Queen City Cotton Co., Brogon Mills, Burgess Mills, Calhoun Mill, Albany Cotton Mills, Draycott Mills, Olympia Cotton Mill, Union Buffalo Mills, Brooksville Mills, Lawton Mills, Maverick Mills, Warwick Mills, Lockhart Cotton Mill, Madison Woolen Co., Mills Manufacturing Co., Abbeyville Cotton Mills, Cascade Woolen Mill, Cowan Woolen Co., Dallas Manufacturing Co., Darlington Manufacturing Co., Forest Mills Co., Arnold Print Works, Garner Print Works, Pacolet Manufacturing Co., Worumbo Manufacturing Co., Spartan Mills, Whitney Manufactur-

ing Co., Arkwright Mills, Barnard Manufacturing Co., Hargraves Mills, King Philip Mills, Luther Manufacturing Co., Seaconnet Mills, Tecumseh Mill, Berkshire Cotton Manufacturing Co., Bourne Mills, Bristol Manufacturing Co., Cornell Mills, Arlington Mills, Manomet Mills, Nonquit Spinning Co., Whitman Mills, Paul Whitin Manufacturing Co., Bay State Corporation, Holmes Manufacturing Co., Hawthorne Mills, Franklin Mills, Rockville Mills, City Mills, and Essex Felting Mills.

It has been stated to us by reputable persons that of the cotton mills alone 184 have machine men on their boards of directors.

Still another reason is that the millmen are absolutely at the mercy of the machine builders in relation to certain kinds of machinery, covered by patents or otherwise, and would never dare to antagonize them upon the question of duties.

The mill men very well know that if they were to come forward and demand a reduction of duty on machinery, the next time they had occasion to buy machinery of the kinds mentioned they would be handed something they would long remember.

Sixth. We beg also to present to you a table (Appendix F) prepared by the department of trade and commerce of Canada, showing the importations of textile machinery into the Dominion during the years 1908 to 1912, inclusive. Please note that all textile machinery of the class mentioned is imported into Canada by Canadian textile manufacturers (none is imported by anyone else), otherwise it would be dutiable at 15 per cent instead of 10 per cent. English and American machine builders are upon exactly the same footing so far as duties are concerned, although even there the Englishman is handicapped by more expensive packing charges and higher freight and insurance rates. Nevertheless, this table shows that, as between English and American machinery, the Americans during a period of five years have secured about 60½ per cent of the business and have sold about 59½ per cent of all such machinery imported. These same percentages would unquestionably hold good in the United States if textile machinery were put on the free list, except that the American share of the business would be considerably greater by reason of the large interests held by the machine builders in the textile mills. In all cases where American textile machinery has gone into Canada it has been on account of lower prices. We know this by experience, and we can cite instances where the Americans have supplied machinery in Canada at prices we could not touch.

Seventh. As to special privilege. As Mr. Herrick in his brief of 1908 quoted from the Republican platform of that year and the speeches of the then President-elect, we presume we may be allowed to remind you that the Democratic platform of 1912 and the public utterances of its candidate for the Presidency made one thing clear above all others, i. e.—that whatever else might be done, special privilege would be cut out of the tariff. And if a more complete and clear-cut case of special privilege than that possessed by the American builders of cotton-mill, woolen, and certain classes of worsted machinery can be imagined we are at a loss to know what it could be.

They have a complete monopoly of the market in the lines of machinery they make.

The Government gets no revenue to speak of from those classes of machines.

They pay their help very little, if any, more than the same class of workmen receive in England and less per unit of production, and in any event the very lowest rate of wages at which they can secure help at all.

The American mills are fitted out with an inferior class of machines, because the exorbitant rate of duty prohibits them from buying those of the best quality; and the owners of the machine shops are piling up fabulous fortunes at the expense of the Government's revenue, their workingmen, and the people.

To show you how complete their special privilege has been, during the revision of 1908-9, at the request of another machinery-importing house, we agreed to join with them and stand one-half the expense of retaining a prominent Boston attorney to go to Washington and ascertain if anything could be done toward reducing the rate of duty on textile machinery, which we knew to be prohibitive.

This attorney reported that he had interviewed one of the Massachusetts Senators who was on the Finance Committee, and had been informed by him that it would be useless to attempt anything not satisfactory to Gov. Draper, who, at that time, was agent of the Draper Co., of Hopedale, and, if we are not mistaken, president of the Textile Machinery Club.

As we paid to learn this fact, i. e., that the United States Congress would give absolutely no heed to evidence in support of any contention in reference to the duty on textile machinery, unless it was satisfactory to the Draper Co. and the Textile Machinery Club, it seems as though it ought to be a fact of some importance and at least worthy of mention.

SUMMARY.

First. In 1908-9 Mr. Herrick assured the Committee on Ways and Means that the combined figures for 10 years of three of the largest and oldest textile machine shops showed average earnings of only 7½ per cent on capital invested.

One shop (the Lowell) has earned on an average of 32 per cent, according to Lee, Higginson & Co., for the past 12 years. Another (Saco-Pettee), since Mr. Herrick filed that brief, has, according to the Boston News Bureau, paid to its stockholders in cash and securities nearly, if not quite, 400 per cent. A third one (Whitins), if people in the trade are not mistaken, has unquestionably made better earnings than either of them.

And the Draper Co., if it was one of the three in mind, has paid 15.33 per cent on its common stock for 12 years besides a stock dividend of 50 per cent in 1902.

And yet Mr. Herrick has the effrontery to say now and to this committee (see p. 2121 of the record) that "the return upon capital invested in this country in the manufacture of regular textile machinery has averaged according to our best information approximately 7½ per cent."

Second. Mr. Herrick tells you in his brief that practically one-third of the textile machinery sold in the United States is imported.

We show you (the figures can be verified by the United States machinery examiners at the various ports) that of the kinds and classes manufactured in the United States (which Mr. Herrick admits represents $20,000,000 up, and it is actually nearer $40,000,000 in our

opinion) only an average of $655,020 (a little over 3 per cent on $20,000,000) worth was imported in the years 1910 to 1912, giving the Government approximately $295.164 annual revenue on new machines. This absolutely bears out our statement that no competition exists in the kinds of machines made in this country.

Third. American machines are sold at prices with which we can not compete, and they could be sold at very much less, in some instances 50 per cent less, and still give the manufacturers a profit.

Fourth. Wages paid in American textile machine shops are very little higher than in England—never more than the lowest wage at which such help can be obtained, and when amount of work done is considered, actually less per unit of production.

Fifth. The textile millmen have not asked for a reduction of duty on their machinery because, for the very good reasons stated, they do not dare to.

Sixth. In Canada American machine builders are on exactly the same footing, so far as duties are concerned, as the English, although the Englishman must pay higher packing charges, freight, and insurance, and yet the Americans sell over 60 per cent of the textile machinery used in Canada as against the English, and 59¼ per cent as against the world.

In other words, in Canada without customs protection they get nearly the same percentage of the business they claim to get in the United States, where they are protected by an ad valorem rate of 45 per cent and which really gives them 60 per cent and over, when packing charges and duty on same, freight, insurance, and other items are taken into account.

Seventh. The special privilege given to the American manufacturers of cotton mill machinery (except mules), woolen, and certain kinds of worsted machinery is the most glaring and complete that exists under the United States tariff law, and they are making enormous fortunes at the expense of the Government's revenue, their help, and the American people both by increasing the already high cost of living and by debasing the quality of the fabrics the people must wear.

In conclusion we beg to refer the committee to our brief filed with the Committee on Ways and Means in December, 1908 (see p. 2807 of the record of that year), in which, among many other things, it is demonstrated that an ad valorem rate of 45 per cent gives the American manufacturers protection to the extent of 62 to 66⅔ per cent, because it is levied on the foreign market value of the machinery packed ready for shipment, and consequently must include duty on the packing charges and the foreign manufacturer's profits, and also because of higher freight and insurance charges. Since 1908 there has been an enormous advance in ocean freight rates, which will increase considerably the percentage of protection afforded the American machine builder as shown by the figures above referred to.

APPENDIX A.

[Extract from a circular issued by Lee, Higginson & Co., Jan. 10, 1912, offering for sale $1,250,000 6 per cent cumulative preferred stock of the Lowell Machine Shop. Full copy of original with the committee.]

ORGANIZATION AND BUSINESS.

The Lowell Machine Shop, which now includes the Kitson Machine Shop, is one of the five largest manufacturers of cotton-mill machinery in the United

States, and in addition manufactures worsted-mill machinery. It was incorporated under the laws of Massachusetts in 1845 with a capital of $500,000, which was increased in 1849 to $600,000, in 1881 to $900,000, and is now being increased to $2,250,000, of which $1,250,000 is the preferred stock purchased by you.

The Lowell Machine Shop manufactures practically all the machinery, including plain looms but not automatic looms, necessary for the complete equipment of a cotton mill.

The Kitson Machine Shop was founded in Lowell in 1849. It was acquired by the Lowell Machine Shop in 1905, and the two companies are now consolidated. The Kitson works produce pickers and other preparatory cotton-mill machinery not made in the Lowell works.

Practically all the machinery made by both shops is made upon orders and sold before it is manufactured.

VOLUME OF BUSINESS AND EARNINGS.

The history of both shops has been one of steady growth. The figures for the Lowell shop are available since 1865 and for the Kitson shop since 1877.

The gross earnings of the two shops for the last 12 years have averaged approximately $2,600,000 per year, with average annual net earnings of $287,654, or nearly four times the amount required for the dividend on the $1,250,000 preferred stock.

Consolidated earnings, 12 years ending Mar. 31, 1911.

	Total, 12 years.	Average per year.
Gross earnings	$31,475,585	$2,622,965
Cost of manufacture and other expenses	28,023,732	2,335,311
Net earnings	3,451,853	287,654

Six per cent dividend on $1,250,000 preferred stock will require $75,000.

APPENDIX B.

[Extract from an article published in the Boston News Bureau Oct. 24, 1912, on the merger of the Saco-Pettee Co. and the Lowell Machine Shop into the Saco-Lowell Shops. Full copy of original with the committee.]

The career of Saco-Pettee has been extremely prosperous, and the company has, as a matter of fact, accumulated earnings so fast that the only method of distributing them has been through reorganizations. This is the third such instance within about a decade.

The most recent was the formation only two years ago of the present Saco-Pettee Co. to take over the former Saco-Pettee Machine Shops. The old $800,000 Machine Shops common was doubled, and 8 per cent has been regularly paid on the new $1,600,000 Saco-Pettee "Co." common. In addition, a large portion of the "Machine" assets were segregated, and dividends have since been paid in liquidation. These have already amounted to $205 a share, and a "final" is yet to come.

In other words, for the $800,000 Machine Shops common stock there has in two years been paid from liquidation $1,640,000 and $256,000 in dividends, or a total of $1,896,000. In addition, there will come at least a $75 distribution from the new "securities company," amounting to $1,200,000. This will make over $3,000,000, while the annual 8 per cent return of course will continue. This is an earnings record which can be duplicated by but few New England industrials.

APPENDIX C.

[Original with the committee.]

I, Carroll E. Pillsbury, of 120 Tremont Street, Boston, Mass., on oath depose and say that in order to determine as nearly as possible the real amounts of textile machinery of the kind and classes made in the United States imported during the years 1910, 1911, and 1912 I have secured from the six houses that bring in practically all of it the exact foreign value in United States currency of such machinery imported by each of said houses during said years; that the table given below is a true compilation from the statements made to me by

said importers from their own books; and that the figures can be substantially verified from the records of the United States machinery examiners at the ports of Boston, New York, and Philadelphia, where practically all foreign textile machinery is entered: that I have been obliged to give the figures for the three years together because one of said importing houses, in Philadelphia, misunderstanding my request, has made its return in that way, instead of each year separately, viz:

Importations of—	1910 to 1912, 3 years.	Average per year.
Cotton mill machinery, except mules (largely special machines such as waste working, etc.)	$1,758,792	$586,264
Woolen machinery of all kinds	7,316	2,439
Worsted machinery, up to and including cards	127,290	42,430
Looms (largely special looms for weaving wire, etc.)	50,298	16,766
Ring-spinning frames	1,470	490
Bleaching and finishing machinery	22,594	7,531
	1,967,760	655,920

CARROLL E. PILLSBURY.

Subscribed and sworn to at Boston, Mass., this 14th day of March, 1913, before me.

CHARLES E. QUINN, *Notary Public.*

APPENDIX D.

[Original with the committee.]

I, Melvin H. Coffin, of No. 53 Walter Street, Boston, Mass., being first duly sworn, do say that I have been engaged in the textile-machinery business since I was 16 years of age, when I entered the employ of the Davis & Furber Machine Co., of North Andover, Mass.; that in 1885 I went to work for the Saco-Pettee Co., at Newton Upper Falls, Mass., where I remained 10 years, until 1895, and during that time had general charge of various departments manufacturing different machines, the hiring and discharge of men, the regulation of wages, and was familiar with all the various machines built and with the cost of producing same; that from 1895 to 1911 I was in the employ of the Whitin Machine Works, of Whitinsville, Mass., as salesman, and was familiar with the prices, highest and lowest, at which American-built cotton-mill machinery was sold; that since 1911 I have been employed by Leigh & Butler as salesman, and am familiar with the lowest prices at which textile machinery built by Platt Bros. & Co., at Oldham, England, can be sold in the United States; that the following table shows, as nearly as may be, the approximate cost to build various important machines at American machine shops, the highest and lowest prices at which I have known such machines to be sold by the American builders, and the lowest prices at which such machines can be imported and sold by Leigh & Butler, viz:

	Cost at American shops.	Prices I have known American builders to receive.		Lowest price at which Leigh & Butler can sell.
		Highest.	Lowest.	
Carding engines, including clothing	$305.00	$710.00	$880.00	$727.50
Drawing frames, 6 deliveries, per delivery	35.00	61.00	38.00	82.25
Ring frames, 300 spindles, 2¼-inch gauge, 6-inch lift, per spindle	1.40	3.50	1.65	4.05
Comber	300.00	1,250.00	900.00	1,085.00

I further, on oath, declare that during the time I was with the Saco-Pettee Co. I was familiar with the wages paid to its employees, and that the average wage in the fitting room was $10.01 per week of 60 hours; that, in my judgment, the average wage now paid throughout the plants of the American machine shops is not over $9 per week of 56 hours; that the labor cost to-day is very much less than formerly, because automatic machinery has been largely introduced which can be operated by less skilled labor and a less number of

operatives in all departments; in other words, that an operator of these machine tools will produce a great many times as much as was possible for a better mechanic to produce under the old system, which is still mainly used at the works of Platt Bros. & Co.; that the introduction of automatic machinery in the American shops has also forced the use of a much softer, inferior, and lower-priced material in the construction of textile machinery than is used by Platt Bros. & Co., or than was formerly used in the United States, for the simple reason that automatic machinery can work successfully only that kind and quality of material.

I further on oath declare that the chief concerns manufacturing a regular and practically full line of cotton-mill machinery in this country are in the order of their importance as follows, viz:

The Whitin Machine Works, plant at Whitinsville, Mass. The Saco-Lowell Co., plants at Newton and Lowell, Mass., and Biddeford, Me.

A combination in Rhode Island of the Potter & Johnson Machine Co., of Pawtucket; Fales & Jenks Machine Co., of Pawtucket; and the Woonsocket Press & Machine Co., each manufacturing different machines and the three together producing practically a full line of cotton-mill machinery.

The Howard & Bullough American Machine Shops, at Pawtucket, R. I.

That the Draper Co., of Hopedale, Mass., a particularly large concern, produces looms, ring spinning spindles, and a great variety of specialties.

That the only concern producing a practically full line of woolen-mill machinery in this country, so far as I know, is the Davis & Furber Co., of North Andover, Mass., but many and various shops manufacture specialties in that line. That worsted machinery beginning with the preparing machines and up to and including the cards is made by the Davis & Furber Co., and many other shops producing specialties; that worsted machinery beyond the cards and up to the looms is manufactured in this country, so far as I know, only by Saco-Lowell Co., at Lowell, Mass., and that to a limited extent.

MELVIN H. COFFIN.

Subscribed and sworn to this 12th day of March, 1913, before me,

CLYDE F. BAUMHOFER,
Notary Public, Niagara County, N. Y.

APPENDIX E.

[Original with the committee.]

I, Charles E. Quinn, of No. 43 Stearns Street, Newton Center, Mass., being first duly sworn, do say that I am in the employ of Leigh & Butler, of No. 232 Summer Street, Boston, Mass., and that I have charge of their importations and all their United States customs and tariff matters; that I have investigated to the best of my ability the question of rates of wages paid to certain classes of workmen in the shops of Platt Bros. & Co., at Oldham, England; in the shops of the Whitin Machine Works, at Whitinsville, Mass.; and in the shops of the Saco-Lowell Co., at Lowell, Mass.; that the figures below given were obtained, not from the manufacturers, but in all instances from employees of the shops mentioned, and that they show the average wages received by each of the classes named according to the statements of said employees, made in some cases to myself and in others to persons whom I have been obliged to employ in order to get the true facts, viz:

	Average wage per hour Platt Bros. & Co.	Average wage per hour Whitin Machine Works and Saco-Lowell Co.	American per cent higher than English.	American per cent lower than English.
	Cents.	*Cents.*	*Per cent.*	*Per cent.*
Molders	19[illegible]	32	66	
Snaggers	13[illegible]	15[illegible]	15	
Planers	14[illegible]	20[illegible]	36	
Turners	18[illegible]	19	3[illegible]	
Fitters	21[illegible]	23[illegible]	7[illegible]	
Blacksmiths	23	21[illegible]		7[illegible]
Grinders	23[illegible]	20[illegible]		14
Glazers	21[illegible]	16[illegible]		25

The so-called molders operate semiautomatic molding machines; planers and turners operate automatic tools; in the American shops each man running a greater number of machines and turning out many times the product that a more skilled mechanic is able to under the system employed at the shops of Platt Bros. & Co.

CHARLES E. QUINN.

Subscribed and sworn to at Boston, Mass., this 15th day of March, 1913, before me.

JOSEPH H. CULLIS, *Notary Public.*

APPENDIX F.

[Original and letter of transmittal with the committee.]

DEPARTMENT OF CUSTOMS,
Ottawa, February 15, 1913.

Messrs. LEIGH & BUTLER,
232 Summer Street, Boston, Mass.

GENTLEMEN: Referring to your letter of the 11th instant, asking to be furnished with a statement showing the imports into Canada during the years 1908 to 1912, inclusive, of machinery for carding, spinning, weaving, etc., covered by tariff item 468, I beg to inclose herewith a statement, by countries, affording the information requested, for the fiscal years ended March 31, 1908 to 1912, inclusive.

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

JOHN McDOUGALD,
Commissioner of Customs.

Statement, by countries, showing the imports for consumption in Canada during the fiscal years ended Mar. 31, 1908-1912, inclusive, of "Machinery for carding, spinning, weaving, braiding, or knitting fibrous material when imported by manufacturers for such purpose.

1908.

Country	Value
United Kingdom	$279,517
France	120
Germany	21,064
United States	407,248
Total	707,949

1909.

Country	Value
United Kingdom	531,152
Belgium	1,834
France	19
Germany	10,782
United States	279,911
Total	823,698

1910.

Country	Value
United Kingdom	281,637
Belgium	210
Germany	20,655
United States	544,745
Total	847,247

1911.

Country	Value
United Kingdom	$270,925
Belgium	275
France	170
Germany	11,317
Holland	86
United States	610,640
Total	893,413

1912.

Country	Value
United Kingdom	216,942
Austria-Hungary	41
Belgium	589
France	170
Germany	8,592
Switzerland	4,948
United States	580,028
Total	811,310

THE AMERICAN COTTON MANUFACTURERS' ASSOCIATION OF NORTH CAROLINA, CHARLOTTE, N. C., STUART W. CRAMER, PRESIDENT.

MAY 2, 1913.

Senator F. M. SIMMONS,
Senate Office Building, Washington, D. C.

DEAR SIR: I am informed that some one has suggested a greater reduction on the duty on textile machinery than the reduction from 45 (the present duty) to 25 per cent, the rate in the new Underwood bill, H. R. 3321. In this connection I beg to say:

(1) The only demand of which I have heard is a brief submitted by an importer through his attorney, Mr. Pillsbury, from which I herewith quote as follows:

"It is an absolute fact that the major part of English textile machinery could never compete with the American as to price. unless Congress should, in addition to putting it on the free list. grant a substantial bonus on the imported machinery."

I do not believe his statement is true; but, if so, it certainly is a sufficient argument against any reduction whatsoever on duty on machinery. The revenue then would be reduced without lowering the price to the American consumer. In other words, if that statement of the English importer be true, there is no call for even the reduction proposed in H. R. 3321, and certainly none for a further reduction on that proposed rate, which nearly cuts the present duty in half.

(2) From the standpoint of the American cotton manufacturer, the only consumer in this case. I wish to say that even the proposed reduction in the duty on textile machinery of 45 to 25 per cent is not desired, for the following reasons:

(*a*) There are about 30,000,000 spindles in this country, with an investment of about $800,000,000. Of this about $400,000,000 is represented in capital stock, about $250,000,000 is surplus and reserve for depreciation, etc., and about $150,000,000 in money borrowed on the plants. The total amount of borrowed money is $260,000,000, the excess over the $150,000,000 borrowed on plants being for working capital. The machinery in the plants probably amounts to one-half their value, or $400,000,000, all invested under the present tariff rate of 45 per cent. Therefore the reduction in present prices, due to cutting the duty practically in half, means a corresponding depreciation in the value of the plants. This reduction already proposed, if it accomplishes its object, represents a hugh sum to be charged off—a staggering blow—many mills owing much borrowed money which was secured upon their present valuations, and they will be naturally called upon by their creditors to reduce their indebtedness in proportion to the reduced valuation of their plants. A further reduction would be only to blot out many who can not pay up.

(*b*) Besides, please remember that there is already an overproduction of textiles in this country and there is no economic need for adding to the capacity of existing mills for some time, and especially if the reduced tariff on textiles brings in more importations. So existing mills would gain nothing by a reduction in the duty on ma-

chinery. Such new mills as may be established would have the advantage not only of latest and most improved equipment, but also of a cheaper outfit—a further hardship on the hundreds of millions of dollars worth of mills now in the country and constituting the cotton industry for which this proposed legislation is intended to benefit.

(*c*) There might be some benefit to the relatively few mills who have old equipments and who want to replace them with new, but the proportion is small, because cotton machinery lasts 20 to 30 years and the very large majority of the industry is of recent growth, and the larger part of the older machinery has been replaced under the low prices on machinery prevailing during the last 3 years, much of which was sold so low as to show an actual loss to the machine builders.

Hence the 50 per cent reduction already proposed in the duty on textile machinery offers, to say the least, enough relief to these very few who have new machinery to buy, bearing in mind the hardship any further reduction would be upon the very large majority of the industry whose equipment is comparatively modern and who have no machinery to buy.

(*d*) This condition of affairs was recognized by the American Cotton Manufacturers' Association when they adopted the following resolution:

"(6) We are opposed to reductions of duty on machinery and other items entering into the cost of mills, except such as will keep them on a parity with our own industry as to labor and other costs at home and abroad. We do not want our property depreciated, nor do we want broadly to injure other industries to help our own. Let each case rest on its merits and benefit equally."

(NOTE.—Mr. Underwood states in his new tariff handbook that the proposed reduction on cotton goods is 42.75 per cent to 26.44 per cent; therefore it will be noticed that the reduction already proposed on machinery of 45 per cent to 25 per cent is even greater than that on cotton goods; nearer 30 per cent on textile machinery would meet the expressed wishes of the consumers, the cotton manufacturers of America.)

So much for the points of view of the English importer of textile machinery and of the American cotton manufacturer, the consumer.

It is more than likely that the makers of American-made textile machinery need the 25 per cent duty placed on it in the new Underwood bill or they would not have been accorded the rate, for the one unanimous and compelling comment on that bill is that its rates are surely low enough, and certainly are not too high.

Thanking you for giving the case such consideration as it merits, and particularly asking that in deciding it that you bear in mind how a further reduction on the proposed duty of 25 per cent on textile machinery would work a hardship on the consumer, the American cotton manufacturers, and how it would not be the help to them which might at first thought be supposed.

I beg to remain, very truly, yours,

STUART W. CRAMER,

President American Cotton Manufacturers' Association.

MAY 15, 1913.

The honorable Senators CHARLES G. JOHNSON (chairman), HOKE SMITH, and WILLIAM HUGHES,

Members of the Subcommittee of Finance Committee.

GENTLEMEN: As I had the honor of addressing you on the subject of the duty on cotton-mill machinery in my communication of the 2d instant, I feel that I should place before you some new and very pertinent additional data that I have discovered.

Table 148, page 473, volume 2, Tariff Board's Report, shows the relative amounts of American and foreign made machinery in the many mills that the agents of the Tariff Board examined in collecting their material—which mills were chosen as representing an average of the conditions in all mills throughout the country both as to their products and their equipment. A brief summary of the results shown in that table I herewith append with explanatory remarks thereto:

Cards.—Domestic, 83.7 per cent; foreign, 16.3 per cent, a competitive amount.

These machines are very much alike, of both domestic and foreign make, and although American mills naturally prefer machinery of home make, if for no other reason on account of the convenience of getting repairs and men from the shops quickly in case of trouble, still there is a competitive number of these machines in the large number of representative mills examined by the Tariff Board's agents. It is true that few have been imported during the last couple or three years in the present and recent depression existing in this industry, but that was to be expected as the American shops have fought among themselves so desperately for the relatively small amount of work being placed that the work has been taken often at less than cost rather than to shut down their plants.

Roving machinery.—Domestic, 85.8 per cent; foreign, 14.2 per cent, a competitive amount.

The same remarks apply to these machines as to cards as above.

Ring-spinning machinery.—Domestic, 99.9 per cent; foreign, 0.1 per cent, practically nothing.

But it is to be remembered that this is the distinctively American type of spinning machinery developed in this country and not equaled by anything abroad; it is in use in 80 or 90 per cent of the American mills, whereas mule spinning is in use in the same overwhelming proportion of English mills.

Mule-spinning machinery.—Domestic, 16.9 per cent; foreign, 83.1 per cent; very largely of foreign make, you see.

This is just what would be supposed, for in England, where mule spinning is the rule, naturally their mules are of the best, and even our own mills buy them, believing them to be the best.

Looms.—Domestic, 99.7 per cent; foreign, 0.3 per cent, practically nothing.

Except automatic looms, which are peculiarly American and protected by patents, looms are so cheap and simple in construction that they are sold at very near the price of finished castings, common looms selling for $50 to $60 each, as compared to other more elaborate and expensively finished cotton-mill machinery, the individual ma-

chines of which cost each from ten to twenty times as much. Therefore, looms could not be imported at even 10 per cent duty, and would not be, anyhow, because American mills prefer to get spare parts and repair parts to replace loom breakages from American shops, where they can get them quickly and promptly, the work on looms being of a very hard and exacting character and the repair bills being great.

And so, there is no cause for reducing the duty on machinery, even from its present rate, although it has been reduced from 45 per cent to 25 per cent, which is in proportion to the reductions on cotton goods, and therefore both reasonable and proper.

I would again emphasize to you that the American Cotton Manufacturers' Association has emphasized its views on the subject of machinery reduction, asking only the same reduction in the duty on machinery as on their own cotton products, and distinctly urging that nothing more be done in the way of reducing machinery, as it would have at least a sentimental effect of depreciating the value of the machinery in American mills, and thereby causing them embarrassment, as they are both capitalized and have borrowed money based upon the present conditions and the present tariff, and certainly cutting that tariff in half should be enough of a reduction at one time.

I beg to remain, very truly, yours,

STUART W. CRAMER,
President American Cotton Manufacturers' Association.

Par. 169.—TUNING PINS.

AMERICAN MUSICAL SUPPLY CO., 445-457 COMMUNIPAW AVENUE, JERSEY CITY, N. J., BY F. HESSMER, VICE PRESIDENT.

JERSEY CITY, N. J., *May 26, 1913.*

Hon. F. M. SIMMONS,
Chairman Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: Having observed in the revised tariff bill that our product, tuning pins, has been reduced 10 per cent, and as your honorable committee is now discussing this revised tariff bill, we respectfully submit our case to you as follows:

This company has been engaged in the manufacture of tuning pins, commonly known as piano tuning pins and zither tuning pins, for the past 15 years.

Our company is capitalized at $100,000 and the value of our plant and open accounts ranges between $50,000 and $60,000. We average from 40 to 50 employees on our pay roll, two-thirds of whom are boys and girls ranging from 16 to 20 years of age, and the balance are men. Our average pay roll is upward of $18,000 per annum.

Our concern is the only one manufacturing tuning pins in this country. We are in competition with tuning pins which are manufactured in Germany. When we started in the business 15 years ago the price of tuning pins ranged from $3.25 to $3.75 per 1,000 pins. As soon as our competition commenced to be felt the price

was gradually reduced until at the present time it ranges from $2.15 to $2.60 per 1,000 pins. During the past year the prices of the imported pins were reduced about 15 per cent and we have been obliged to accordingly reduce our prices in order to meet this ruinous foreign competition. Judging by our knowledge of the prices at which tuning pins are sold in Germany and other European countries, we are convinced that the imported pins are greatly undervalued. We understand that these pins are subject to duty at 45 per cent ad valorem under paragraph 193 of the Dingley tariff act and paragraph 199 of the Payne-Aldrich Act.

For your information we beg to state that the cost of the pins manufactured in Germany, as compared with ours, all expressed in United States currency, is as follows:

	Average cost per 1,000 pins, all sizes.	
	Germany.	United States.
Raw material (wire)	$0.71	$1.08
Labor cost, including all expenses	.39	1.24
Total	1.10	2.32

The average selling price for the past six months in the United States has been less than $2.40 per 1,000 pins. Without taking into consideration the interest on our investment, you will observe from the foregoing figures that the average difference in cost of manufacture between the German tuning pins and our own is about $1.22 per 1,000 pins. This difference in cost is principally on account of labor, the German labor cost being less than one-third of ours. We pay more in this country in weekly wages to the boys and girls we employ than is paid in the German factories to the men employed there, and to the men employed by us, all of whom are experienced mechanics and good workmen, we are obliged to pay three times as much in labor as is paid to like workmen in the German factories.

We would also call your attention to the fact that our raw materia costs us on the average 50 per cent more than the German manufacturers have to pay for theirs. As our company is distinctly an American enterprise, employing American workmen, using only American material, we claim that we are entitled to a reasonable amount of protection, equivalent at least to the difference between the foreign cost of production and our own, plus a reasonable profit. In view of the fact that undervaluation is very easily practiced in this commodity, we respectfully request that you make a special provision in the proposed new tariff bill covering tuning pins.

The costs mentioned above relate only to tuning pins, blued, bright, or tinned. Nickel-plated pins, which are used to a limited extent, cost about 75 per cent more to manufacture both in Germany and this country. In view of these facts we respectfully suggest that the following provision be included in the new tariff bill:

Tuning pins of iron, steel, or other metal, for pianos, zithers, or other similar musical instruments, plain, blued, bright, or tinned, $1.50 per 1,000 pins; all of the foregoing, nickel plated, $1 extra per 1,000 pins.

The foregoing provision will enable us to continue in business in competition with the foreign pin manufacturers employing low-priced foreign labor and preserve for the American workmen now employed in this industry the reasonable standard of wages they are now receiving. At the same time, only a fair return can be obtained on the comparatively large amount of capital invested in the business.

During the past 15 years since we have been engaged in this business we have been obliged to fight very hard in competition with the foreign manufacturers to gain a foothold and establish ourselves in the trade. During all of this time we have been obliged to meet constantly reducing prices, until at the present time the foreign material is being offered in this country at figures which on many sizes of these pins are lower than our cost. We feel confident, therefore, that your committee will give our case the consideration it deserves and grant to us the measure of protection we ask for, thus assuring the continuation of this industry in this country.

At the present rate of duty (45 per cent) we have all we can do to sell our goods in competition with the foreign goods, but if tuning pins should be still further reduced we would either have to reduce our wages or go out of business.

By reducing the tariff on tuning pins the piano-buying public will be benefited absolutely nothing. The proposed reduction will simply put us out of business and put money into the pockets of the piano manufacturers.

Would say, further, that by putting us out of business by the proposed reduction the foreign manufacturers will be in a position to obtain any price they demand, as they will have no competition in this country.

SCHEDULE D.

WOOD, AND MANUFACTURES OF.

SCHEDULE D.—WOOD, AND MANUFACTURES OF.

Par. 170.—BRIER ROOT.

L. M. FRANK & CO., 928-930 BROADWAY, NEW YORK, N. Y.

NEW YORK, *April 30, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Washington, D. C.

SIR: Schedule D, paragraph 170, of the proposed Underwood tariff bill, provides for a duty on brier root or brier wood and similar wood unmanufactured or not further advanced than cut into blocks suitable for the articles into which they are intended to be converted of 10 per cent ad valorem.

Schedule A, paragraph 37, of the proposed Underwood bill, provides for a duty of $1 per pound on amber and amberoid unmanufactured. This raw material has always been admitted free of duty and should remain so. Most of the following facts regarding brier wood also apply to amber and amberoid unmanufactured.

We are engaged in the manufacture of pipes in this country, and as such protest against any duty upon this raw material. The industry in this country has reached considerable proportions, employing about 3,000 persons, mostly skilled laborers. These plants are located in the States of New York, Pennsylvania, New Jersey, Massachusetts, and Illinois.

The duty on the finished merchandise has gradually undergone a reduction, the Underwood bill providing for 50 per cent ad valorem against 60 per cent under the Payne-Aldrich tariff bill, and we can demonstrate by authentic figures that, notwithstanding the 60 per cent protective duty, the European manufacturers have been able, owing to the immense difference in the cost of labor, to export large amounts of goods to the United States, until the same now reaches the dangerous proportion of about 50 per cent (cost including duty) of the entire amount consumed here.

The European pipes are manufactured largely in the mountainous sections of France, where the price of labor is exceedingly low, being considerably less than in the commercial and manufacturing centers of continental Europe.

For many years prior to the enactment of the Payne-Aldrich tariff law, which imposed 15 per cent duty on brier blocks, this material was admitted free ot duty, and this duty of 15 per cent has proven a hardship to the American manufacturer and a benefit to the European producers.

Owing to the increased importations of pipes from abroad and the proposed reduction of 10 per cent on the finished product, we would ask you to kindly consider the inconsistency of the proposed 10 per cent duty on brier wood and the $1 per pound on amber, as

this proposed duty offers no protection to an American product, as the only competitive material found in this country is known as laurel wood, which in appearance is somewhat similar to brier, but its fiber is of such a nature that it will not permit of the intense heat accompanying pipe smoking.

Statistics will prove that the so-called laurel wood found in one or two of the Southern States has not increased since the Payne-Aldrich law which took brier from the free list and made the same dutiable at 15 per cent, but on the contrary has decreased owing to its being unfit for pipe smoking.

We earnestly request your kind consideration of foregoing facts and ask your cooperation by admitting both brier wood and amber free of duty.

WILLIAM DE MUTH & CO., 507-509 BROADWAY, NEW YORK, N. Y.

NEW YORK, *April 29, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, Washington, D. C.

SIR: We would respectfully call your attention to that portion of paragraph 170, Schedule D, of the proposed new tariff bill which has reference to brier root or brierwood, as well as to that portion of paragraph 37, Schedule A, which has reference to amber or amberoid.

Brier root or brierwood is a raw material which had been on the free list up to 1909. Under the tariff law of 1909 it was subjected to a duty of 15 per cent ad valorem at the suggestion of the producers of laurel wood in this country as a protection to their industry.

The fallacy of this intended protection has been proven by the fact that since the enactment of the 1909 tariff law the consumption of domestic laurel wood has not increased one iota. The reason for this is that laurel wood is impractical for the manufacture of pipes, its fiber being entirely too soft to withstand the heat of pipe smoking, in consequence of which any pipes manufactured from laurel wood burn out very readily.

While the proposed new tariff bill calls for a reduction of 5 per cent on brier root or brierwood (that is, from 15 to 10 per cent), we respectfully maintain that this article should be returned to the free list.

Amber or amberoid, a raw material which is used almost exclusively by the pipe industry, has always been admitted free of duty. As it is only found on the shores of the North Sea, no protection to an American product is required; therefore we respectfully urge that this article also be returned to the free list.

The logic of our contention concerning these two raw materials will be more than apparent by considering the fact that the proposed new tariff bill suggests a reduction of 10 per cent on the finished pipe; that is, from 60 per cent to 50 per cent.

The difference in the cost of labor between Europe and America is so enormous that the foreign manufacturer has been able to bring into this country a large proportion of the pipes consumed. This proportion will naturally be increased if Congress accepts the proposed reduction on the finished product, and still more so if it puts the American manufacturer at additional disadvantage by placing a duty on all raw materials.

We feel that it is the intention of Congress to make this a competitive tariff; therefore, in order not to discriminate against our home industry, we respectfully urge that you place brier root or brierwood and amber or amberoid on the free list.

WILLIAM BONDY, 149 BROADWAY, NEW YORK, N. Y.

NEW YORK, N. Y., *May 31, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SENATOR: Messrs. Kaufmann Bros. & Bondy and the Manhattan Briar Pipe Co. of this city, and Leonard Nax, of Philadelphia, believe that the proposed duty on brier root, Schedule D, section 170, and amber, Schedule A, section 37, is so unjustifiable that they have requested me to submit for the consideration of the members of the Finance Committee of the Senate the following facts, all of which they will be happy to confirm by affidavit on request:

At no time heretofore under the tariff acts which have been drawn for the purpose of protection of American manufacturers has any duty been imposed on brier root or amber, both being raw material, with the exception that under the act of 1909 a duty of 15 per cent was imposed on brier root for the first time, at the request of growers of laurel wood in Virginia.

Under the following facts it is submitted that the proposed duty can not be justified as a protective, competitive, or revenue provision. Neither amber nor brier root nor any substitute therefor, has ever been produced in the United States. Germany is the only country in which amber is produced, and the product is under the sole control of the German Government, which sells the product cheaper to German manufacturers than to anybody else. I have a letter in my possession written by the Royal Prussian Amber Works, of Germany, stating:

> In order to enable the German manufacturers to compete with success, there remains nothing else for us to do but to sell to them at preferential rates. We regret to say that we can not make any changes in our price for America, even if the proposed tariff should be enacted.

Inquiry among pipe manufacturers will confirm the statement that notwithstanding the duty of 15 per cent imposed on briar root under the last tariff act, not a single pipe was manufactured of laurel wood grown in the United States.

The imposition of the proposed duties on briar root and amber will prejudice the American consumer and laborer, as well as manufacturer. It was not imposed under protective tariffs and can not be sustained with reason under a tariff drawn to encourage competition. Neither can it be justified as a revenue measure. Only 22,000 bags of briar wood were imported during the last year, of the value of $275,000, on which the proposed duty would amount to the insignificant sum of $27,500. Only 35,000 pounds of amber were imported during the last year. Under the proposed act the duty would yield the insignificant sum of $35,000, which is out of all

proportion to the disadvantages at which it would place the American consumer, laborer, and manufacturer and the great advantage it would give to the foreign manufacturer who manufactures the same article with a preference in the cost of his raw material granted by the home government.

The foregoing manufacturers will take pleasure in substantiating the facts by affidavits or in person, on request.

Par. 171.—SAWED BOARDS, ETC.

WILLARD HAWES & CO. AND OTHERS, LEWIS, CORNER SEVENTH STREET, NEW YORK, N. Y.

NEW YORK, *April 25, 1913.*

Hon. OSCAR W. UNDERWOOD,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: Proposed tariff, Schedule D, paragraph 171, sawed boards, planks, deals, and all forms of sawed cedar, lignum vitæ, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, and all other cabinet woods not further manufactured than sawed, 10 per cent ad valorem; veneers of wood, 15 per cent ad valorem; and wood unmanufactured, not specially provided for in this section, 10 per cent ad valorem.

The cabinet-wood dealers who convert the logs here into lumber and veneers, have asked your committee to make this paragraph more clear; but evidently, by reason of the great amount of work you have been doing, it has been overlooked.

Millions of feet of thin sawed cedar for cigar boxes are being imported from Cuba and Mexico yearly, and recently the importers of this sawn cigar-box cedar have appealed to the Board of Appraisers to have it admitted free "because it is not used for cabinet purposes, but for cigar boxes." It has always been and still is clearly the intention of Congress to impose a duty on sawn cedar, lignum vitæ, lancewood, etc., as they are all woods of luxury, whether used for cigar boxes, tenpin balls, or for fishing rods. These continual controversies before the Board of Appraisers could be entirely stopped by simply omitting the word "other," as above.

The cabinet-wood trade begs that you will make this correction before the bill is prepared for final passage.

(The foregoing bore the following signatures: Willard Hawes & Co.; Uptegrove Cigar Box Lumber Co., W. E. Uptegrove, president; American Cigar Box Lumber Co., Theo. A. Lees; [illegible]oger's Sawmill, Chas. E. [illegible]ogers, jr., per D.; Edgewater Sawmills Co., Thos. Williams, president; Ichabod T. Williams & Sons; Julius [illegible]ayner; J. C. Van Brunt & Sons; J. H. Monteath Co., H. T. Dayton, president; Louis G. Jones; J. & F. Eifert; F. A. Mulgrew & Sons, Geo. B. Mulgrew, treasurer; Isaac I. Cole & Son, Geo. O. Cole; Schwarzkopf & [illegible]uckert, M. Schwarzkopf; The Brunswick-Balke-Collender Co., of New York, per C. [illegible]. [illegible]ogers; Geo. D. Emery Co., George F. Herriman, treasurer; Wm. Booth & Bro., by William Booth; Edward A. Siemon.)

Par. 171.—CEDAR LUMBER.

BROOKS-SCANLON LUMBER CO., MINNEAPOLIS, MINN., BY M. J. SCANLON, VICE PRESIDENT.

MINNEAPOLIS, MINN., *May 8, 1913.*

Hon. KNUTE NELSON,
Washington, D. C.

DEAR SIR: Upon examination of the lumber schedule of the tariff bill now under consideration by Congress we notice that it provides a 10 per cent duty on rough cedar lumber, but does not state what the duty shall be if it is further manufactured. We presume it was the intention, when this bill was prepared, to have the duty apply on Spanish cedar lumber, which is very valuable and is usually found in Mexico and South American countries. We are of the opinion that the duty will also apply on red cedar lumber from western Canada. This is not a valuable lumber and is never used in the manufacture of cigar boxes or for cabinetwork. Spruce lumber from western Canada, white pine and Norway pine from eastern Canada are more valuable than red cedar and are on the free list. Under the circumstances we think the western Canada red cedar should be admitted free of duty as well. If you agree with us, we would like to have you give this matter your attention when the bill is up before the Senate for consideration. We have also written Senator Clapp, calling his attention to this matter. If you desire any additional information, kindly advise us.

Par. 175.—CHAIR CANE, ETC.

RATTAN & CANE CO., PER JULIUS WARNECKE, PRESIDENT.

MAY 2, 1913.

Hon. F. M. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

SIR: The undersigned beg to call your attention to the following facts in relation to chair cane, rattans, and reeds, all of which we respectfully submit:

"Chair cane, rattans and reeds wrought and manufactured from rattans," as embraced in paragraph 212 and "whip reeds" in paragraph 713 of the tariff act of August 5, 1909.

While these articles have been left respectively with the same rates of duty under paragraph 175 and in the free list under paragraph 652 in the proposed new tariff bill, we respectfully request that "chair cane and reeds, wrought and manufactured from rattans and reeds" as embraced in paragraph 212 of the act of August 5, 1909, be also placed on the free list, on account of same being purely and simply a raw material, which is neither grown nor produced to any extent in this country.

These goods are the raw material of hundreds of American manufacturers who employ thousands of hands in the manufacture of whips, chairs, reed furniture, baskets, carriages, baby carriages, hats, harness, etc.

There is a further reason why these goods should be on the free list, as the new bill proposes under paragraph 180 to reduce the duty on certain manufactures of wood, which includes all house or cabinet furniture, from 35 to 15 per cent; you will readily see that if the raw material is compelled to pay a duty of 10 per cent, that it will be impossible to compete with any manufactured article like reed chairs and furniture, which are already largely imported from Asiatic countries with only a duty of 15 per cent; 5 per cent is not enough difference between the raw material and a finished article, under no consideration.

The manipulation of the rattan and reed does not require skilled labor, but is done by automatically working machinery, labor therefore being extremely small. It is a simple process of feeding the rattan into machines which split same, taking off the outside part, which is called chair cane, slab rattan, or binding cane, and leaving a round pith or reed used as a raw product by the various manufacturers, as stated above.

The reeds referred to in these paragraphs have no relation to the so-called swamp reeds grown in some of our Southern States and do not compete with same in any way.

In view of the above-stated facts, we hope that "chair cane and reeds" as now embraced in paragraph 212 of the tariff act of August 5, 1909, will be placed in the free list, together with "whip reeds," covered in paragraph 713 of the tariff act of August 5, 1909.

MURPHY CHAIR CO., DETROIT, MICH., BY JAMES F. MURPHY.

DETROIT, MICH., *May 2, 1913.*

Hon. F. M. SIMMONS,
Chairman of the Senate Finance Committee,
Washington, D. C.

DEAR SIR: I assume it is a rather late date for me to write anything in reference to the proposed changes in tariff, but I notice in the proposed Underwood tariff bill, paragraph 180, house or cabinet furniture can be imported at a rate of duty of 15 per cent ad valorem. This reduction will no doubt apply to reed chairs that are at the present time being sent in here from China and Japan, particularly from China, and when the tariff is reduced 20 per cent they will no doubt be sent to this country in much larger quantities.

Now, while there is a 20 per cent reduction proposed on the manufactured furniture, we note that no change is proposed on the duty on chair cane or reeds, wrought or manufactured from rattan or reeds, as mentioned in paragraph 177 of the proposed new tariff. It would seem only fair to the manufacturers in this country that if the manufactured product is admitted with only 15 per cent duty that chair cane or reeds from which these chairs are manufactured should be let in free or with a largely reduced tariff.

Chair cane or reeds that are manufactured from rattan (the raw material), are manufactured in this country by not over four people. The process is a secret one and the amount of labor connected with the manufacture of cane and reeds is a very small proportion of its cost. Therefore, as far as a protection to labor is concerned, there is

no sane reason why there should be any duty on chair cane or reeds at all.

I trust it is not too late for this matter to be adjusted in some way to give the American manufacturers some advantage in the way of raw material if the proposed reduction in the tariff on furniture is to become operative.

Par. 176.—TOOTHPICKS OF WOOD.

THE HYGEIA ANTISEPTIC TOOTHPICK CO., 154-160 WEST FOURTEENTH STREET, NEW YORK, N. Y., BY A. HERZ.

April 28, 1913.

The Chairman Senate Committee on Finance,
United States Senate, Washington, D. C.

My Dear Sir: In the daily press I read that your committee will not give hearings on matters pertaining to the proposed tariff and understand that on any matters concerning the schedule a brief should be filed with your committee.

Although I have addressed a number of the honorable Senators of your committee, and also have furnished the necessary information and data, I beg leave to file this brief with your honor for the benefit of the committee as a whole and trust that same will have your valued attention.

I invite your attention to the fact that paragraph 178 of H. R. 3321 provides for duty at 25 per cent ad valorem upon "toothpicks of wood or other vegetable substance." The total value of such articles imported for the year ending June 30, 1912, as shown by the official statistics, was less than $5,000, and the total duty collected is given at $2,240.04—not a very important article of commerce which is thus thought worthy of a special provision.

I am a manufacturer of quill toothpicks, and as sold by me they are individually encased in paper wrappings with an appropriate monogram or stamp. The demand for such articles has increased enormously of late years—due, in part, to hygienic considerations—and as the committee is no doubt aware they are to be found in practically every high-class hotel and restaurant to-day. There is, however, no specific tariff provision for toothpicks when made of quills under the present tariff act. They pay a duty of 35 per cent as manufacturers of quills, and under paragraph 383 of the proposed law they would be assessed under the same language at 20 per cent ad valorem. I note that the official statistics give the amount of duties collected upon quill toothpicks for the year ending June 30, 1912, as $2,858.10. There is some error typographically or otherwise here, as I can personally testify, for I pay duties myself annually to the extent of approximately $7,500, and this amount by no means represents the total collected from this source. It would seem, therefore, that some special provision for toothpicks of quill, as well as for toothpicks of wood, should be made.

I import quill toothpicks in bulk, treat them antiseptically by dipping them in a solution of permanganate of potash or sodium of peroxide, sterilize them, and then incase them individually in paper containers. I make these containers, and print them, and for this

purpose I am importing a paper on which I am at present paying a duty of 60 per cent, because it resembles cigarette paper, and is assessed as such, though it is never so employed. My difficulty is that importing the quill toothpicks in bulk form, I am obliged to pay the same rate of duty as my foreign competitors, who send their toothpicks into this market antiseptically treated, printed, and individually incased in competition with me. I am seriously handicapped by this fact, because not only is the rate of duty upon what may be called the raw material and the finished product the same, but the difference paid by me upon one form of raw material, to wit, paper, is excessive. The suggestion which I make, and which I trust will have the approval of your committee, is that some words of amendment be inserted which will discriminate between the two varieties of quill toothpicks, and take into account the fact that one is virtually the raw material of the other. Perhaps this can best be accomplished by an amendment to proposed paragraph 176, as follows:

Toothpicks of wood, quills, or other substance, in bulk, 25 per cent ad valorem; if individually incased, 35 per cent ad valorem.

It will thus be seen that the discrimination which I ask for is not very great, and I trust it will appeal to you as entirely reasonable. Indeed, if only one flat rate is to continue to be imposed, the present existing rate of 35 per cent ad valorem is much fairer than the rate of 20 per cent ad valorem. Under the latter rate, competitive conditions will be utterly destroyed, whereas under the amended form of language as suggested they will be maintained.

May I not ask your favorable cooperation in this matter?

Schedule E.

SUGAR, MOLASSES, AND MANUFACTURES OF.

SCHEDULE E.—SUGAR, MOLASSES, AND MANUFACTURES OF.

Pars. 179-182.—CANE SUGAR, ETC.

DOMESTIC SUGAR PRODUCERS, 322 COLORADO BUILDING, WASHINGTON, D. C., BY E. E. PAXTON.

MAY 17, 1913.

Hon. CHARLES F. JOHNSON,
United States Senate.

DEAR MR. SENATOR: We beg to call your attention to the following statement made in the House of Representatives by Hon. Thomas W. Hardwick, of Georgia, on April 28, 1913, and appearing on page 1643 of the Congressional Record:

> The cost of producing a pound of raw cane sugar in Java is 1.5 cents per pound. In the Philippines it is 1.75 cents per pound, and in Porto Rico, Cuba, and Hawaii, about 2 cents per pound. There is no dispute whatever about these facts, as will be seen on examination of the evidence submitted to the special committee on sugar and from the report of that committee (p. 23) and from the recent hearings before the Ways and Means Committee of the House of Representatives (Hearings, Schedule E, p. 2268).

The foregoing statement is incorrect and misleading so far as Hawaii is concerned, and for your information we beg to submit the following facts:

At the time the reciprocity treaty was made with the Kingdom of Hawaii in 1876 the islands were producing only about 12,000 tons of sugar per annum, and the few small plantations then in existence were on the verge of bankruptcy.

Under the stimulus of tariff protection the output has increased to 600,000 short tons per annum. Nearly all of the land suitable for cane is now under cultivation.

In 1898 the Republic of Hawaii voluntarily ceded its sovereignty to the United States and in 1900 was organized as a Territory.

Hawaii gained nothing through annexation by way of additional protection, as its principal product—sugar—for 22 years prior thereto had been admitted free; on the other hand, by the same token, Hawaii ceased to collect duties on imports and the same were diverted into the United States Treasury. This loss of revenue has resulted in heavily increased taxation for the running expenses of the government and the development of the Territory along American lines. This item alone amounts to about $4 per ton of sugar.

COST OF PRODUCING SUGAR HAS GREATLY INCREASED SINCE ANNEXATION.

It is claimed, and we believe rightly so, that Hawaii leads the world in scientific sugar production. Yet the cost per ton of sugar in Hawaii is increasing year by year, and is much higher than in other tropical countries for the following reasons:

(1) As a rule 18 months are required to grow a crop of cane in Hawaii, as compared with 12 months or less in other cane-producing countries.

(2) Not more than two or three crops can be grown in succession on the same field without replanting, whereas in Cuba, our greatest competitor, planting is required only once in from 10 to 20 years.

(3) The labor cost has fully doubled since annexation in 1898. Prior to that time the islands were fairly well supplied with oriental labor, but with the change of government that source of supply was cut off. There has since been a steady decrease of Asiatic laborers, and the same have been replaced to a large extent with a Caucasian population eligible for citizenship and receiving much higher rates of wages. These people have been brought mostly from Europe at an expense of over a million dollars, the greater part of which has been contributed by the sugar companies, through the medium of a special income tax. As labor constitutes about 50 per cent of the total cost, the importance of this factor can readily be seen.

(4) Since Hawaii has become an integral part of the United States strenuous efforts have been made to develop the territory "along traditional American lines." Not only have white laborers been brought in by the thousand to take the place of orientals, but a splendid school system has been developed, by which good American citizens are made out of the second generation of these immigrants. Owing to the insular position of Hawaii it is exposed to epidemic diseases from all sides, necessitating extraordinary expenditures for public health and sanitation; much has been done to better the condition of plantation laborers, and now their wages are greater, their housing better, their standard of living higher, and opportunities of advancement broader than ever before, and in all respects they are better off than the laborers in other tropical and insular countries having similar industries, all of which is a heavy drain on the chief industry in the way of greatly increased property and income taxes and direct expenditures by the plantations.

(5) Hawaii is 2,100 miles from San Francisco and 5,220 miles from New York via the shortest route. The cost of marketing Hawaiian sugar in the United States is $10.35 per ton, as compared with from $3 to $3.50 per ton from Cuba or from Europe. While the Panama Canal may reduce the freighting charges to some extent, Hawaii's marketing cost will always be at least three times that of Cuba.

(6) Climatic and soil conditions in Hawaii require extensive irrigation and heavy fertilization, while very little of either is practiced in Cuba. Although a larger yield per acre is secured than in Cuba, the gain is far more than offset by the extra cost of production.

IMPOSSIBLE TO COMPETE AGAINST CUBA AND EUROPE WITHOUT TARIFF PROTECTION.

The average cost of producing and marketing sugar for all the plantations in Hawaii is not less than 3 cents per pound. This means, however, that while a few of the large plantations operating under extremely favorable conditions can make sugar for less than 3 cents, on many others less favorably located the cost is much higher.

Cuban sugar is selling to-day in New York in bond for a fraction over 2 cents per pound. According to Messrs Willett & Gray the average price for Cuban 96° sugar in bond for the past 23 years is 2.71 cents. Cuban sugar has sold as low as 1.56 cents at New York in bond, and the average for one entire year (1902) was 1.857 cents per pound.

The average cost of producing Cuban sugar and delivering the same at New York is not over 2 cents per pound. This is fully substantiated by testimony before the Hardwick committee (hearings, Post, 515; Havemeyer, 581). That is the selling price to-day, and that is what Hawaii would have to take if sugar were on the free list. There is not a single plantation in Hawaii that can produce and market its sugar within $10 a ton of any such figure. As already shown, the cost of producing and marketing sugar on fully one-half of the Hawaiian plantations is $20 per ton more than could be obtained for it to-day with the duty removed. It is therefore self-evident that free sugar under anything like present world prices would put every plantation in Hawaii out of business. Even under the average price of Cuban sugar for the past 23 years (2.71 cents per pound) only a few of the most favorably located plantations could survive, with little or no profits.

It is estimated that not over 8 per cent of the arable land in Cuba is under cultivation. It can double its production without using half of its available sugar lands. Under the stimulus of a larger market Cuba can supply all American requirements within a few years, supplemented with cheap European sugar in the meantime.

COMMERCIAL ENTERPRISES DEPENDENT UPON SUGAR.

On July 1, 1912, the total assessed value of all real and personal property in the Territory of Hawaii was $176,834,801.

Nearly all of the business enterprises in the Territory are incorporated. The capital stock of these corporations is widely distributed among all classes, including shopkeepers, professional men, and employees. Many of the Portuguese and other nationalities who originally came to the islands as laborers are now stockholders in the plantations and in mercantile enterprises in Honolulu and elsewhere. There is probably no better example in the world of community interest under corporate form than is to be found in Hawaii, without any abuse of corporate powers.

The total capitalization of the 54 sugar plantation companies in Hawaii is $81,671,141.69. The assessed valuation of all the property of these plantation companies on which taxes were paid for 1912 is $92,486,046. Hawaiian plantations are, therefore, capitalized nearly 10 per cent under their assessed value, and yet, during the

past 10 years, the average yearly dividends have been only slightly over 8 per cent on the issued capital stock.

On July 1, 1912, there were 691 Hawaiian corporations of which 486 were mercantile, 170 agricultural, 12 railroad, 11 savings and loan, 6 trust companies, 4 banks, 1 street car, 1 steamship company. In addition to the above, 4 national banks and 136 foreign corporations (nearly all American) do business in the Territory.

The total capitalization of all Hawaiian corporations is $168,217,578, of which about one-half is directly engaged in sugar production and the other half is represented by commercial, manufacturing, and transportation enterprises directly dependent upon the maintenance of the sugar industry, with the exception of a small amount employed in diversified pursuits.

One of the greatest problems in the development of Hawaii, in such a manner as to encourage homesteading and settlement, is that of inland transportation. The country is mountainous and cut up by deep gorges, making road building extremely expensive. Seven railroads are in operation in various parts of the islands, aggregating about 270 miles in length. Not less than $10,000,000 have been expended in the construction of these railways. A line has just been constructed through one of the most highly developed districts, at a cost of $100,003 per mile. This has been done entirely with local capital, with no subsidy from the local government and no guaranty of interest on bonds by the United States Government, as has been accorded to Philippine railways. All of this investment is directly dependent upon the maintenance of the sugar industry, for without sugar to carry these railroads can not pay the interest on their bonds and operating expenses. Millions of dollars are also invested in other enterprises, such as interisland steamers, fertilizer factories, machine shops, and foundries, which will be jeopardized if sugar is placed on the free list.

Free sugar means ruin, not only to eighty-four millions of dollars directly invested in plantations, but also to the merchants, manufacturers, and freight carriers of the Territory, representing an actual investment of a like amount—an investment accumulated with the savings of half a century and a lifetime of struggle in overcoming tremendous physical difficulties.

HAWAII'S COMMERCE WITH THE MAINLAND.

Hawaii now imports $30,000,000 worth of products from other countries, $25,000,000 of which comes from continental United States. Nearly everything that is consumed by the sugar plantations comes from American farms and factories. The Pacific coast exports to Hawaii lumber, grain, feed stuffs, groceries, fruits, fertilizer, building materials, etc., to the amount of $20,000,000 per annum, while about $5,000,000 worth of machinery, manufacturing materials, hardware, and other general supplies are imported from the Atlantic coast.

Free sugar will, of course, mean the extinction of the greater part of that commerce. Much is being said about the importance of our trade with the Orient, yet we would remind you that mainland exports to Hawaii nearly equal those to China, and are nearly 70 per cent of our total exports to Japan.

LOSS TO AMERICAN MERCHANT MARINE.

Under existing laws all freight and passengers between Hawaii and the mainland of the United States must be carried in American vessels. Nineteen-twentieths of the entire commerce of Hawaii is now carried in American ships and is valued at $79,723,975 per annum. At least four-fifths of this depends directly upon the sugar industry. The total value of merchandise carried in American ships in foreign trade for the fiscal year ending June 30, 1912, was $321,452,000. It will thus be seen that little Hawaii's trade is equal to 25 per cent of the entire value of merchandise transported to and from foreign countries in American vessels.

NO SUBSTITUTE FOR SUGAR.

Hawaii has long recognized the disadvantages and dangers attendant upon a one-industry country. Millions have been spent by those engaged in the sugar business to find other crops which might be substituted for it. Several years ago not less than $2,000,000 were spent in trying to grow coffee before it was found impossible to compete with the cheap labor of Central America and Brazil. One sugar agency firm alone lost a half million dollars in backing coffee ventures. It is now fully demonstrated that coffee can be successfully produced in Hawaii only in a few of the most favored localities. Extensive experiments are being made with tobacco, cotton, and sisal, as yet with no permanent success. It is impossible to grow fruits or vegetables in competition with the Pacific coast after paying shipping charges covering 2,000 miles. The climatic conditions do not permit the growing of cereals, fodder, hay, and other Temperate Zone products. Copra has been suggested as a possible substitute for sugar. Not only is this product subject to destructive insect pests, but it could not be produced except on the seacoast fringes of the islands, and only after years of waiting, during which the entire industrial and commercial fabric of the country will have fallen into ruin. Furthermore, it would be impossible for Hawaii to raise copra or any other tropical product in competition with oriental countries, such as the Philippine Islands, Java, Sumatra, and the Straits Settlements, where the wage rate is from 10 cents to 25 cents per day.

The only crop aside from sugar which has been developed on a paying basis is pineapples. The value of pineapples exported in 1912 was $2,567,564, as compared with $49,958,509 received for sugar. The chief difficulty is that the market for pineapples is now supplied and will permit of very slow expansion of this industry. Furthermore, a large proportion of the sugar lands are unfit for profitable pineapple production, and there are plenty of available lands yet to be homesteaded to supply the needs of this crop for many years to come.

Unlike Louisiana and the beet-growing States, it is absolutely impossible for Hawaii to substitute any other industry for sugar except on a very small scale.

WHAT FREE SUGAR MEANS TO HAWAII.

1. Under ordinary world prices for sugar at least three-fourths of the plantations of Hawaii will be put out of business. The few plantations which may possibly survive will be reduced to a hazardous and precarious existence.

2. The entire commercial interests of the Territory, exclusive of what is directly invested in sugar plantations, representing an actual investment of not less than $80,000,000, will be paralyzed, forcing many of the corporations and firms so engaged into bankruptcy.

3. In the attempt to survive, the remaining plantations will be forced to employ oriental labor only, at reduced wages. The Caucasian and citizen labor will be forced to leave, which will result in completely orientalizing the Territory. Ten years of earnest and honest endeavor to Americanize the islands will be utterly lost. The result will be that America's principal military and naval outposts will be confronted with the problem of a resident population with practically no admixture of American citizenship.

4. Most of the trade of this country with Hawaii will be extinguished, resulting in a direct loss of many millions of dollars, particularly to the Pacific coast. The United States Treasury will also lose the greater part of the $1,700,000 per annum receipts from the customs district of Hawaii.

5. American shipping will be deprived of its greatest source of revenue in the carrying trade with noncontiguous territory.

6. Free sugar in three years, as provided in the bill now before Congress, will be just as effective a death blow to Hawaii as if it went into effect immediately. No crop substitution can possibly be made and no other use can be made of the fields and factories now engaged in the production of sugar.

STATEMENT RELATING TO THE PRODUCTION, DISTRIBUTION, AND CONSUMPTION OF RAW AND REFINED SUGAR, TOGETHER WITH QUESTIONS AND ANSWERS TO AND FROM J. A. JOHNSTON, POPLAR BLUFF, MO.

Q. Where do you live?—A. Poplar Bluff, Mo.

Q. How long have you lived there?—A. About 20 years.

Q. Are you familiar with conditions in that section of the country?—A. On some conditions; that is, conditions in general, and some specific.

Q. Are you engaged in any business?—A. Yes.

Q. What kind?—A. Grocer business. Wholesale grocer and distributing business.

Q. How long have you been engaged in this business?—A. Eight or nine years.

Q. What did you do previously to entering the wholesale or distributing business?—A. Was engaged in the retail grocer business.

Q. When engaged in the retail business did you buy and sell sugar?—A. Yes.

Q. As a retail merchant, how much per pound gross profit did you figure to make?—A. About 1 cent per pound, sometimes less.

Q. Why did you not add more?—A. Competition and a clamoring public would not permit it.

Q. Do you know how much gross profit a retailer makes on an average sale of sugar in your territory at this time?—A. Yes; about 1 cent per pound, as I used to do.

Q. Why do they not add more?—A. On account of competition and the contending public.

Q. Do you, as a wholesale grocer, sell sugar?—A. Yes.

Q. Where do you get it?—A. From New Orleans.

Q. Why from New Orleans?—A. Can not get it from any other place.

Q. Why?—A. No other place to buy it.

Q. Do you mean to say sugar is not refined any place except New Orleans? You do not mean that?—A. No; I do not mean that.

Q. Then, what do you mean?—A. I intended to say, we could not buy it any other place on account of freight rates.

Q. Why do you say "freight rates"?—A. Because that is the reason. Sugar, as a rule, is the same price for same service at all refineries.

Q. What do you mean by "service"?—A. Day of shipment.

Q. Do New York refineries ship sugar to St. Louis and Cairo?—A. Yes.

Q. What is the additional cost at your place over these points, when shipped from New York?—A. Seventeen cents per hundredweight.

Q. In buying sugar from New Orleans, who sells it to you?—A. Do you mean who calls on us?

Q. Yes.—A. No one.

Q. Do not the refiners call, or offer their sugars?—A. No; they have a scheme that beats drumming all to death.

Q. What is it?—A. A broker.

Q. A broker?—A. Yes.

Q. What is a broker?—A. He is a sales agent with an office, but no authority to bind his principals.

Q. And he calls on you?—A. Never did.

Q. How did you get onto him?—A. When we ordered our first car we wrote a refinery and they advised us to whom to apply. They also advised the broker, and he wrote us.

Q. How many refineries do you buy from?—A. Two.

Q. Why only two?—A. Because there are only two in New Orleans that have sugar throughout the year and one small one that has sugar part of the time and one or two little fellows "up State," but if we buy from the little fellows, when they run out we are told frankly by the broker that their principals, the refiners, do not accept business from anyone except regular customers during a rush.

Q. Why don't the little fellows have it all the time?—A. Run out of raw sugar that is produced in Louisiana and Texas.

Q. Do you know how much raw sugar is produced in these two States?—A. Somewhere between three hundred and fifty and five hundred thousand tons annually.

Q. How does this compare with the total consumed in the United States?—A. About 10 per cent.

Q. How many States get their sugar supply from New Orleans?—A. A part or portion of 15.

Q. About what is the population of these States and parts of States that are dependent upon this port for sugar?—A. Twenty million or more people.

Q. Do you mean to say that 20,000,000 people living in 15 States must get their sugar from two refineries?—A. Yes; or do worse.

Q. What do you mean by "worse?"—A. Order it from some other place taking a higher rate.

Q. How is it possible for two concerns to supply as many people with sugar?—A. Can't say.

Q. Do you know anything of those refiners?—A. What do you mean?

Q. Who owns them?—A. Don't know.

Q. Do you do business with them?—A. Yes. Buy from their broker and pay the refinery.

Q. Have you been on the sugar market and observed conditions of purchase and sale?—A. Yes.

Q. You stated only about 10 per cent sugar used in the United States is produced here. Where does the supply come from?—A. From Cuba, Mexico, Central America, islands of the West Indies to a large extent for this section.

Q. How do refiners get it?—A. Some cases, buy it at port of production. In most cases, it is shipped in by owners and sold at sugar exchange.

Q. Did you see it sold on the exchange?—A. Yes. I remember one occasion where there were 25 sellers of raw sugar and 2 buyers for it.

Q. How do you know how many sellers?—A. A sugar buyer told me.

Q. How did you know how many buyers?—A. He, the buyer, told me. He said he was out of it, that the "old man" had all he could handle for a few days and the Colonial and the American were the only ones buying. I asked it all the men there seemingly buying sugar were representing the one refinery. He said, "No; two." I asked why several men. He said several were needed on account of speaking languages of different nationalities; that each buyer had certain trade to take care of. I asked him how he knew what to pay. He said that he had it in black and white; said that he had orders before he came on the exchange what to buy, what to pay, and how much to take. Also had a list of all cargoes at port and afloat for that port. I asked if the purchase price and the sale price was issued by the same man. He said, "Yes; from the main office;" that is, give orders and bulletins to men employed as buyers and sales bulletins to the brokers—were issued to us at close of business to use next day.

Q. What did these conditions indicate to you?—A. It indicated to me that whether or not there was such a thing possible as restraint in trade, that there was but little competition at the source of supply.

Q. With such a limited competition, in your opinion, was there a possibility of an exorbitant profit?—A. Yes. Conditions impressed me that if I could place such a close control on the supply of the article as come to our town alone, I could soon reap a fortune.

Q. Then in reality you do not feel there is much real competition in the sugar that is refined for the 20,000,000 people in the 15 States you referred to?—A. No; not much, but some.

Q. Well, how much?—A. About twice as much as on the postage stamps they buy.

Q. Suppose you wanted to quit buying from that point?—A. I might want to but could not, as all sugar refined and used in the ter-

ritory described outside of New Orleans would not supply the hotels in St. Louis. It would be just as easy to cut out the use of stamps issued by the Postmaster General because he was an autocrat.

Q. You seem to think that it is compulsory?—A. From my standpoint I know it, and the same shoe fits all dealers and consumers alike who use it in the territory described to a large extent.

Q. If to a large extent, why not all?—A. Some little is sold by the individual refiners on plantations.

Q. Do they sell any cheaper?—A. No.

Q. Why not?—A. Do not need to.

Q. What, in your opinion, would reduce the cost of refined sugar?—A. There are two conditions I think, if in effect, would reduce it.

Q. What are they?—A. Produce more of it at or near point of consumption.

Q. How would that reduce it?—A. I figure the nearer it was to point of consumption when produced the cheaper the price to consumer, because the net cost of getting it to him would be less.

Q. What was the other condition?—A. By making it possible to ship any kind of sugar from any sugar-producing country to any port or point in the United States with only actual freight charges and 50 cents per hundredweight duty added.

Q. You do not mean you would reduce rate of duty on refined sugar to the same as raw?—A. Yes; I would make the rate on any and all sugar the same.

Q. What do you think this would do to refiners?—A. Do not know.

Q. Do you think it would encourage the production of raw sugar?—A. If it did not, it would encourage the importation of refined at 50 cents per hundredweight, or $10 per ton.

Q. About how many tons are imported each year?—A. Personally I do not know, but have seen statements and figures, something about 4,000,000 tons used.

Q. Is there 1,000,000 tons, all told, produced in the United States?—A. I have never seen any figures showing so much.

Q. Then if it was all imported and a duty of 50 cents per hundredweight, the Government would get from thirty to forty million dollars duty?—A. Yes; something like that.

Q. This idea would reduce the duty from $1.98 to 50 cents, a reduction of $1.48 per hundred. Suppose the producers claim 50 cents did not allow them enough?—A. It would be easy for producers to claim and want most anything. You know it is not an easy matter to close the mouth of a young mocking bird with food, but I suppose if the growers and producers of raw sugar in the United States howled too much you could increase the flat duty.

Q. Why do you say "flat"?—A. Because I mean flat. The differential is where the seller of raw loses; is where the one or two buyers he has to face uses the differential to pull down the grades and prices and to the jobber, the dealer, and the consumer turns the price of refined in Europe plus the freight and the $1.98 duty to his eyes and sell him accordingly, and at the same time, in many cases, bought the same sugar almost free of duty under the differential scheme, under a flat duty. On any and all kinds of sugar this practice would not be possible. In other words, it would discourage instead of encourage fraud, and at the same time impress the layman that a fair, square

deal was the letter and intent of the law and of the fellow who wrote it.

Q. What about the effect of such a duty rate on the refining industry?—A. If we can get some one to produce the raw article, haven't much fear about getting it refined.

Q. What would a flat duty do to the beet-sugar industry?—A. I do not know.

Q. Do you know how much it cost to produce beet sugar?—A. I do not.

Q. Do you know how it is sold?—A. Yes; I know how some of it is sold.

Q. Have you observed beet-sugar conditions in States where produced?—A. Some in Montana and Colorado.

Q. What is the basis for selling it?—A. By refiners; all they can get.

Q. Do they use cost of manufacturing for a basis to sell from?—A. No; why should they? No other refineries do.

Q. How do they arrive at a selling price?—A. Competition fixes that.

Q. What competition?—A. Cane-sugar competition.

Q. Is cane sugar shipped into beet States?—A. Some; but very little.

Q. Why not more?—A. For the same reason that beet sugar is not shipped into cane States.

Q. Where cane sugar is shipped into Colorado, how is it done?—A. It is bought of the refiners through the brokers at the marked or ruling price day order is received and shipped to destination and the freight to said destination added.

Q. Then the price of refined beet sugar at Colorado refinery would be the same price as cane sugar at cane refineries with the freight on cane added to the price of the beet at the refineries?—A. Something like that; yes.

Q. Why not just like that?—A. Well, they told me the jobber added an extra 25 cents on cane sugar. I asked why, and he said it encouraged the sale of home sugar, and if a buyer was determined to have cane sugar he would take it anyway, besides it required more money to handle cane than same amount of beet as he had to pay for it before he got it or lose the discount.

Q. If the duty on raw sugar was more than that of the refined, what would be the effect?—A. That would depend on the rate of the refined.

Q. Well, say, refined 50 cents, raw 60 cents?—A. It would encourage the production of raw sugar.

Q. How much do you figure it would increase the production of raw?—A. Have not figured it, but if increased a million tons in three years it would help.

Q. Help who?—A. Consumers and producers.

Q. Would not consumers go to foreign countries and buy it cheaper?—A. No.

Q. Why?—A. New York or St. Louis could get all the granite blocks they could use from Pikes Peak for nothing, but I have never heard of them doing it and never will on account of transportation cost.

Q. Then you do not believe that refined sugar produced in a foreign country could be shipped to Colorado or Kansas over a duty of 50 cents and be sold in competition with refined sugar in the country or State made from raw sugar grown under 60 cents duty?—A. I know it could not be done at a profit.

Q. Why?—A. The freight rate in cents per hundred pounds from tidewater alone to point of consumption would equal to duty on raw and refined, say nothing about what it cost from point of production to port of entry of United States.

Q. Do you know that most people in Louisiana are for a high duty on refined sugar?—A. Yes, but all of them do not understand duty rates and how they are manipulated by refining interests; the people or individuals in Louisiana active in the campaign would not likely be for a flat duty on all grades of sugar.

Q. Why?—A. Because it would be plain language and no room to juggle it and no room to go back to influential interests and show what they had done for manufacturing interests; it would mean the same treatment for all and not likely be favored by refining interests on that account or by men in politics under their influences, directly or indirectly.

Q. Do you mean to infer that men elected in sugar districts would owe their election to sugar interests?—A. Not necessarily.

Q. Then what do you mean?—A. That if party leaders got too much in the way they would see that they were retired or had some good strong opposition; there is a lot of influence and favors; as a priest from Oregon once said to me, there is a great deal of reciprocity handed out where no money is exchanged.

Q. Then you would not figure or count on reasonable support from sugar districts?—A. No.

Q. Why?—A. Well, it would be about as reasonable to expect a Member of Congress to vote to reduce his own salary or his mileage rates.

Q. Then you would not favor sugar people in sugar States having anything to say about tariff rates?—A. Did not say that; but would not expect them to be reasonable; they would necessarily listen to their leaders.

Q. What would you suggest to offer sugar interests?—A. Apply the lesson prescribed by King Solomon to the two women with the babe.

Q. What do you mean?—A. I mean I would offer the opposition of this change and the advocate of duty a proposition to place 60 cents on raw and 50 cents on refined.

Q. Then you would not think refiners would be for such a rate?—A. Not likely.

Q. What about refiners closing down if producers are encouraged by a duty on raw and refined alike?—A. Don't know, but if enough of it is produced some one would likely look after getting it in shape to go to the table, just as is done with wheat and corn.

Q. In your business do you make more on sugar when it is at a high point than when it is low?—A. Yes; do you mean per barrel?

Q. Yes.—A. Yes; of course.

Q. Why?—A. Four per cent on $4.80 would be 18 cents; 4 per cent on $6 sugar would be 24 cents, yet the same physical effort and same storage space.

Q. Then would you favor a flat rate duty of 50 cents on refined and 60 cents on all grades of raw sugar?—A. Yes.

Q. Why?—A. Because it would cause increase in production of raw, and if not, makes refined cheaper by letting in more of the foreign sugar, thereby helping more than it would damage.

Q. You say you have observed sugar conditions; what do you think would lead to reducing the cost to consumers?—A. The increase of production in all States that can produce it; this would make more producing markets, as is the rule with wheat and corn.

Q. Are you in politics?—A. No.

Q. Do you vote?—A. Yes; Democratic ticket.

Q. Do you get letters and circulars on sugar-duty rate?—A. Yes.

Q. What do you do with them?—A. Read some of them.

Q. Who do you consider is for a high duty on sugar?—A. Several classes of people.

Q. Who or what are the classes?—A. First, the sugar interests—the trusts, so called, and their officers and stockholders.

Q. How many officers in the American Sugar Refining Co.?—A. Do not know. I saw a statement not long ago purporting to come from the secretary of the American Sugar Refining Co. showing something over 35,000 stockholders.

Q. What is their capital stock?—A. $90,000,000 is the capital, which would indicate an average holding of about 35 shares of $100 each, or $3,500 to the individual.

Q. Then you would figure all stockholders for a high duty on refined?—A. Sure.

Q. Why do you figure so many stockholders?—A. Policy.

Q. What kind of policy do you mean?—A. In times like this they help to create pressure on Congressmen and Senators, and if in the end a flat-footed flat duty is enacted and the industry being stripped of its profits, then the lambs would own the stock and could do plenty of "wailing."

Q. What other classes of people will be for a high duty?—A. Those who are under the influences of the officers and stockholders and those for a high tariff on everything.

Q. Is it your idea to reduce price by increased production?—A. Yes; the Government should protect it in about the same way it does corn.

Q. What do you mean by "protect it"?—A. By encouraging growth and making it impossible to manipulate the manufactured articles, as is the case in the cereal production.

Q. Would a duty on raw and refined sugar equal to the freight rate from Bremen, Germany, to Kansas City via New Orleans be out of reason?—A. No; I think not.

Q. Would you as soon pay the duty as to pay the freight?—A. Yes. Would think anyone would prefer it, as it would encourage production near by and might in the end reduce the cost.

EXTRACT FROM THE DETROIT NEWS, APRIL 25, 1913.

BUYERS OF MICHIGAN SUGAR CO. STOCK PAID $5,000,000 FOR GOOD WILL—LESS THAN HALF THE STOCK SOLD IS REPRESENTED BY TANGIBLE PROPERTY—EXACTLY $4,500,000 WAS ADDED TO THE "VALUE" OF THE "GOOD WILL" IN A SINGLE YEAR—SUGAR TRUST NOW OWNS MOST OF PREFERRED STOCK, WHICH HAS FIRST TITLE TO PROPERTY THAT NOW EXISTS.

When buyers of stock of the Michigan Sugar Co. invested their money they got $5,000,000 worth of "good will" for their cash.

They also invested $909,165.90 in stock that is represented by no value at all, either tangible or intangible.

The value of the tangible holdings of the company do not amount to one-half the amount of stock sold.

The last report of the financial condition of the company, filed with the secretary of state (July 3, 1912), shows the following "assets":

Real estate	$2,994,217.41
Goods, chattels, merchandise, materials, and other tangible property	1,509,007.13
Cash on hand and in banks	275,171.05
Good will	5,000,000.00
Credits due company	487,038.51
Total	10,265,434.10

The stock issues of the company are listed as follows:

Common stock sold and paid for	$7,471,100.00
Preferred stock sold and paid for	3,703,500.00
Total	11,174,600.00

The "good will" of the company was carried on the books at $500,000 until 1909, when $4,500,000 more was added to this item, making the total $5,000,000.

Taking the "good will" out of the assets it leaves $5,265,434.10 of tangible property.

It means that the Michigan Sugar Co. was doing business with that amount of real value, was formed with an authorized capitalization of $12,500,000, of which stock $11,174,600 was sold and paid for.

That means for every $100 of stock sold only $47 of real property was put into the company.

The question that naturally interests the men, their wives, daughters, and sons who have invested in the common stock of this company is, what is the real value of their holdings now?

The preferred stock comes in first. There is $3,703,500 of this stock out. More than half of this preferred stock is owned by the Sugar Trust—to be exact, $2,043,800 worth.

Deducting the preferred stock from the tangible property the following is reached:

Value of tangible property	$5,265,434.10
Amount of preferred stock	3,703,500.00
Difference	1,561,934.10

Against this value of $1,561,934.10 over and above the preferred stock there has been $7,471,100 worth of common stock sold and paid for.

That is, for every dollar of value in property above the preferred stock there has been $5 of common stock sold. This common stock is held by the "investing public."

The amount of stock sold in excess of the tangible value of the property is $5,909,165.90.

At the company's office in this city the News was told that the company did not care to give out to the public the amounts that had been paid in dividends.

"I don't think it is a matter that interests the public," said Secretary Douglas. "The statement of dividends concerns the stockholders only."

With the sugar companies asking that the tariff on their product be continued, and that the public pay for it, there is much interest at this time.

With the company refusing to give exact information, the nearest accurate statement available is from the evidence given by Charles B. Warren, president of the company, before the congressional committee.

In 1906 the company was formed, with $4,644,153.26 worth of property.

This was capitalized at $12,500,000 and $9,245,755 of stock issued on the property that year.

The company for the first four years paid 6 per cent dividends on the preferred stock and 6 per cent one year and 7 per cent another year on the common stock, had a surplus left of about $3,000,000, making the total profit of about $4,000,000 for the four years, or about $1,000,000 a year. The surplus was afterwards distributed among the stockholders in the shape of stock dividends.

The investment (in round figures) of $5,000,000 paid 11 per cent on a capitalization of $9,000,000.

Here is where the tariff comes into the question and is of vital interest to both holders of sugar stock and buyers of sugar for table use.

The Democrats figure if a company goes into business with an investment of $5,000,000 and gets 6 per cent on the investment it does fairly well.

Six per cent on the $5,000,000 invested in the Michigan Sugar Co. would produce an annual dividend amounting to $300,000.

To raise 6 per cent on the $5,000,000 of assets classed as good will would require another $300,000 a year, but, according to Mr. Warren, the company was able to raise both items during each of the first four years and have $400,000 a year besides.

Mr. Warren's testimony covered up to 1910. What the company's profits have been since then can not be stated, as the officers in charge refuse the information.

The Democrats figure that if the company can pay the profits it did under the tariff it can pay a reasonable profit without the tariff and that the $300,000 asked for dividends on "good will" should remain in the hands of the consumers by reducing the price of sugar.

The Republicans claim that to take the tariff off will injure the industry and reduce the profit to nothing.

Charles B. Warren, the president of the Michigan Sugar Co., who unloaded most of his holdings in the company before the recent slump in market price of stock, reducing his interest from $455,000 to $84,000, has invested in a Minnesota sugar factory.

A statement sent out by the wholesale grocers' committee on holdings of the Sugar Trust says:

> In 1912 the Sugar Trust announced the sale of its holdings in the Carver County Sugar Co. (Minnesota) to Charles B. Warren, president of the Michigan Sugar Co. The effect of this transfer was a change of name to the Minnesota Sugar Co. and the increase in the captial stock from $600,000, under the trust, to $1,200,000 under Mr. Warren and the rest of his associates of the Michigan Sugar Co. The officers of the Iowa Sugar Co., with one or two exceptions, are either officers or directors of the Michigan Sugar Co.

We desire to point out that none of the beet-sugar companies who are so earnestly asking for the privilege of taxing the American people through a high tariff has coupled with their pleadings a statement of their earnings for, say, the last three years, so that these might be compared with their actual investment.

W. R. FARRINGTON, HONOLULU, HAWAII.

HONOLULU, *April 14, 1913.*

Hon. C. F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SENATOR JOHNSON: I hand you herewith a copy of the statistics which I have recently assembled from the official records of the Department of Commerce and Labor, and which is now being used in pamphlet form by the committee in charge of the work of instructing our mainland fellow citizens on what "free sugar" will do for us.

To my mind, the impressive feature of this statement is the wide range of products which we consume in good-sized quantities. The figures here given are not shaped to exaggerate the horrors of the situation, nor are the percentages in the latter part of the statement overdrawn or manipulated. It is as clear-cut and exact a statement as it is possible to secure. If you have the time to glance over these figures, you will see that "the butcher, the baker, and the candlestick maker" of the mainland of the United States are all interested from a business standpoint in the prosperity of this Territory.

And we do not appeal by any means to the selfish interests alone. You can well understand what would happen to our community if conditions were brought about by legislation which would spread disaster and ruin in an industry which represents 90 per cent of the total business of that section. This would mean that the activity of the Government itself, in carrying forward necessary and important public works, and especially in developing the educational system so necessary to a proper American development, would not only be hampered, but practically brought to a standstill. And the thought just occurs to me as I am writing this that in the event of the "free sugar" program being carried out practically the only people who would think of staying by the land would be the Japanese. They might be able to make a living, and if they were not their Government would be sufficiently interested in strengthening the Japanese hold on Hawaii to probably invent some means of giving them aid, comfort, and support. This may appear to you as raising a Japanese "bogie," but it is nevertheless a real problem and must be considered by those who are shaping our national policies, especially in the Pacific, where

our future destiny was never more an enigma for the men on the frontier of our land than at the present time.

It may be that in the last few days the telegrams from Hawaii have made mention of the so-called "secession" story that gained some local prominence. I want to assure you that the proposition has no material or moral backing here. It started from a street-corner conversation and the remark of two or three prominent men that it might be a good thing. It was promptly repudiated as soon as it was found that the "wings of gossip" had given it widespread circulation.

Ex-Gov. George R. Carter is to leave next week for Washington to take part in Hawaii's fight to save its industry from "free sugar." I have told him that I am an old acquaintance of yours, and if you have time to see him I am sure that you will give him a thoughtful hearing. Mr. Carter is a very aggressive gentleman, whom I have at various times fought and fought with, but regardless of any differences of the past we are all uniting in the effort to save our main industry. If it were possible for me to so arrange it, I should like to go East myself, but the lawyers and capitalists seem to be the strongest men in handling the present situation, and we are putting what seems to be our best men first.

Personally, I can well understand why the ruling party should make a reasonable reduction in the tariff on sugar, but I can not bring myself to believe that any possible good can be obtained by adopting the "free-sugar" policy. Though the date when the "free-sugar" policy is to go into effect be deferred for three years, that is merely a matter of prolonging the agony that precedes certain death. If Congress and the President could see the justice and good statesmanship of making a fair reduction and allowing that figure to remain permanent, I feel certain that public interests would be best served.

We of Hawaii have our faults like the rest of average humanity, but we want to live and be able to have our being under fairly prosperous conditions, if that be possible.

[Inclosure.]

HERE IS WHAT HAWAII BUYS WHEN HAWAII IS PROSPEROUS.

[Hawaii Sugar Protection Committee.]

Here are a few figures taken from the statistical records of the Department of Commerce and Labor, which show what Hawaii has bought during the year ending December, 1912, from the producers—the farmers, manufacturers, lumbermen, jobbers, and merchants—of the mainland.

LOOK IT OVER.

Animals	$343,794
This was made up in parts of $18,870 for cattle, $93,265 for horses, $203,640 for mules, and $28,019 for all others, including fowls.	
Brass, manufactures of	101,272
Breadstuffs	2,396,062
Barley $594,758, bran middlings $556,482, bread and biscuit $93,922, corn $72,663, oats $183,074, table food preparations $154,565, wheat $109,314, wheat flour $556,414.	
Brooms and brushes	36,205
Cars, carriages, vehicles	1,388,536
Automobiles $1,024,238, auto parts (excepting tires and engines—see india rubber) $86,331, passenger and freight cars $84,658, bicycles, tricycles, etc., $84,658, all others $114,699.	
Cement, hydraulic	281,708

Item	Value
Chemicals, drugs, dyes, medicines	$401,497
Baking powder $22,498, calcium carbide $11,425, medicines, proprietary and otherwise, $43,063, all other $324,511.	
Clocks, parts of	24,456
Watches, parts of	12,031
Confectionery	79,875
Cocoa and chocolates prepared (not confectionery)	34,664
Copper, manufactures of	86,112
Cotton, manufactures of	2,605,868
Cotton cloths, $687,225; wearing apparel—knit goods, $174,884; all other, $686,519; all other manufactures, cotton, $1,057,210.	
Earthen and china ware	96,885
Eggs	45,062
Electrical machinery	65,328
All other electrical	303,314
Fertilizers	1,037,882
Fibers:	150,808
Vegetable and textile grasses manufactures, cordage, $77,916; twine, $30,339.	
Fish	414,009
Canned salmon, $138,262; dried and smoked fish, $82,390; all other, $193,357.	
Fruits	380,376
Apples, green, $74,472; oranges, $103,926; all other fruits, green and dried, $105,689; prepared and preserved, $73,380; nuts, $22,909.	
Furniture of metal	34,409
Glass and glassware	238,634
Gold and silver, manufactures of	33,814
Jewelry	114,986
Hay	331,191
India rubber, manufactures	497,671
Of this, $395,165 for auto tires.	
Iron and steel, manufactures	5,335,173
Builders' hardware, $94,553; adding machines, $9,142; cash registers, $11,225; stationary engines, $32,009; all other engines, $265,867; pumps and pump machinery, $55,322; refrigeratory machinery, $10,049; sewing machines, $65,531; typewriting machines, $25,296; total machinery, $1,193,422. Nails, tacks, etc., $119,386; pipes and fittings, $100,436; rails for railways, $128,191; safes, $15,431; scales and balances, $15,431; iron and steel sheets and plates, $224,879; stoves and ranges, $62,640; structural iron and steel, $335,662; tin plates, templates, taggers tin, $503,882; tools, $116,830; other manufactures of iron and steel, $1,831,445.	
Lamps, chandeliers (not electric)	31,990
Lead, manufactures of	83,658
Leather and tanned skins	136,597
Boots and shoes	432,471
Harness and saddles	55,724
Meat and dairy products	1,131,432
Canned beef, $71,548; fresh beef, $18,838; bacon, $44,700; hams, shoulders, cured, $120,192; lard compounds and substitutes, $123,255; poultry and game, $39,067; other canned meat products, $95,631; butter, $259,959; cheese, $51,678; condensed milk, $199,914.	
Pianos and musical instruments	87,352
Mineral oils	1,882,224
Paints, pigments, varnishes, etc	307,989
Paper and manufactures of	665,629
Perfumes and toilet preparations	32,279
Phonographs, records, etc	119,342
Soap, toilet, etc	222,712
Spirits, wines, and liquors	801,550
Distilled spirits, $176,860; wines, $406,112; malt liquors, $218,578.	
Starch	22,203
Stone (including marble) manufactures	39,578
Straw and palm leaf, manufactures of	87,975

Tobacco, manufactures	$772,027
Cigars, $121,615; cigarettes, $175,621; plug, $42,350; smoking, $528,311.	
Toys	61,049
Vegetables	369,755
Beans and dried peas, $54,237; onions, $24,887; potatoes, $143,188.	
Wood and lumber, manufactures of	2,101,486
Doors, sash, and blinds, $256,133; furniture, $256,133.	
Wool, manufactures of, including wearing apparel	840,127
Total value of domestic merchandise shipped to Hawaii from mainland for 12 months ending December, 1912	28,029,240
Total for same period, 1911	21,917,747
Total for same period, 1910	21,637,751
Of this total for 1912—	
Carried in American steamships	26,249,916
Carried in American sail ships	1,779,234
Of this total for 1912—	
Shipped from port of San Francisco	18,193,850
Shipped from Puget Sound	3,750,067
Shipped from port of New York	5,631,684
Remainder shipped from ports of Astoria, Humboldt, Los Angeles, Portland, Oreg.	

Hawaii's products sold to the United States mainland increased approximately 5½ per cent from 1911 to 1912.

Hawaii's purchases from the United States mainland increased approximately 30 per cent from 1911 to 1912.

Sugar represents 90 per cent of Hawaii's products sent to the mainland market.

Seriously cripple the sugar industry of Hawaii with drastic tariff legislation and the result to Hawaii purchasing power is obvious.

In the event of the reduction of the sugar tariff, business in Hawaii will be practically ruined and our purchases reduced accordingly.

Sugar is 90 per cent of the industry of Hawaii.

HON. J. H. KALANIANAOLE, DELEGATE FROM HAWAII.

Hon. Charles E. Johnson,
United States Senate.

Dear Mr. Senator: As the official Representative of the Territory of Hawaii in Congress, I would like to present some reasons that seem to me important why the duty on sugar should not be abolished.

I do not appeal to you, primarily, on behalf of the sugar planters who have the largest amount of capital invested in that industry. As Delegate from that island Territory, my purpose is to show you the inevitable effect of this legislation on our community as a whole, and particularly on the Caucasian and native Hawaiian citizens of our islands.

EFFECT OF FREE SUGAR.

If this were merely a question of cutting down the profits of the sugar planters, I would leave it to their attorneys to argue the questions of comparative costs and the proper tariff rate best calculated to maintain the relatively low price of sugar which the American consumer has enjoyed during the past 20 years while still building up a large American sugar production. But the tariff bill now before Congress provides for the total abolition of the sugar duty three years hence. It is admitted that this radical reversal of the long-established policy with respect to sugar will destroy four-fifths

of the plantations in Hawaii, and it is the resulting conditions in the Territory of Hawaii that I wish to call your attention to. It is true that the proposed measure provides for a duty on sugar until May 1, 1916, but free sugar in three years will be just as effective a death warrant for our industry as if the execution took place immediately, the only difference being that more time is allowed for the funeral arrangements.

The Hawaiian Islands form an extreme example of a one-industry country. Ninety per cent of the commerce of those islands is based, directly or indirectly, upon sugar production; necessarily, therefore, the wiping out of four-fifths of our plantations by free-sugar legislation will mean industrial disaster for those islands.

SUBSTITUTION OF DIVERSIFIED INDUSTRIES IMPOSSIBLE.

But the rapid decline and collapse of our present industrial life will not be the worst form of the disaster to Hawaii; the most serious factor in the Hawaiian situation is the inherent obstacles to substituting other forms of industrial life and in making them succeed, under the physical and geographical limitations of that territory.

We can grow neither wheat nor corn successfully. It is impossible for us to compete with continental United States and Canada in either cereals or fodders; we can not begin to compete with California in citrus fruits, nor with the Pacific Northwest in potatoes or vegetables. Our area of arable land is very small; it is scattered around the fringe of the various islands, and is cut up into small tracts by deep gulches. Most of the land requires expensive irrigation and fertilization.

ATTEMPTS TO DIVERSIFY INDUSTRIES.

Hawaii has literally spent millions in trying to diversify her industrial productions. At one time it was believed that a large coffee industry could be built up, but more than $2,000,000 was sunk in that effort before the impossibility of competing with Brazil was proven to us. Similar efforts have been made to develop the cultivation of sisal, cotton, and rubber, but they have been commercially unsuccessful. While pineapple growing has been developed to a profit-yielding basis, the market is limited, production now exceeding consumption, and our growers are encountering difficulty in disposing of their product. Aside from pineapple and the product of certain limited areas where tobacco can be grown, we have been unable, even with the aid of long and costly experiments, to find other crops to take the place of sugar. Every effort to diversify Hawaii's industries has been supported and financed by the sugar planters. For years they have realized the importance of having other crops to take the place of, or to supplement, sugar in the event of disaster to the main industry; and they have sunk fortunes in agricultural enterprises which have eventually been abandoned because of unfavorable climatic and soil conditions, or because found to be commercially unprofitable. Free sugar will not alone ruin nearly all the sugar plantations, but will also stop any further investment of Hawaiian capital in other agricultural enterprises to supplement sugar.

FREE SUGAR WILL NOT PERMANENTLY BENEFIT CONSUMER.

In making the statement of fact that free sugar will undoubtedly mean industrial disaster for the Hawaiian Islands, I frankly recognize that Congress might have an excuse for enacting such legislation if it would permanently confer a benefit on the people of the United States. While I do not contend that the 90,000,000 of people in the United States should be taxed to support the sugar industry of Hawaii and the beet-sugar States, I hold to the fact that this Government, through the power of congressional enactment, will unquestionably bring disaster to Hawaii without permanently benefiting the people here by giving them so-called cheap sugar.

In this connection it might be pertinent to remark that refined sugar in the United States to-day is cheaper than it has been in 15 years past.

Among the various items contributing to the present high cost of living, sugar has been practically alone in having steadily decreased and not increased in price.

Sugar now constitutes one of the chief sources of revenue of this Government. I do not believe that Congress should enact a law that will cause both the loss of that revenue and, at the same time, disaster to the entire people of Hawaii, without first having it clearly proven that the American people will be assured of an important gain to offset this serious loss.

AMERICANIZATION OF HAWAII WILL STOP.

The economic effect upon our islands of this drastic legislation will be to change Hawaii from a one-industry to a no-industry country. But I wish to go beyond that and point out its probable effect on the future of the citizenship of Hawaii.

During all the years since annexation, the Federal Government has been advocating the "Americanization of Hawaii" by the Territory offering inducements to Americans and other Caucasian immigrants to overcome the Asiatic preponderence in those islands. Within the last four years the Territory of Hawaii, through its board of immigration, has expended about three-quarters of a million dollars to promote and assist Caucasian immigration.

These funds are raised by a special income tax of 2 per cent, restricted to persons and corporations with an income in excess of $4,000 per year. In addition to that the sugar plantations have directly aided the movement to Americanize the islands by voluntarily paying a higher wage to citizen labor and to those eligible to become citizens. As a result there is now a steady decline in the percentage of Oriental labor engaged in plantation work. There has been no Oriental immigration to Hawaii for the past four years, while there has been a more or less steady stream of oriental departures.

What, then, must be the inevitable effect of free sugar upon the labor and citizenship of Hawaii? The weaker plantations—the ones producing sugar at the highest cost—will at once be forced to close. The stronger plantations in their struggle to continue as going concerns will be forced to employ the oriental at declining wages, and the citizen and Caucasian labor obliged to leave the country to find profitable employment.

ORIENTALS WILL CONTROL INDUSTRIES.

The effect of free sugar will be to stop the process of Americanization and to force a considerable part of the white population now in Hawaii to leave the islands. It will result in having whatever is left of our agricultural industries turned over almost exclusively to oriental laborers, that being the only kind of labor that can compete in free sugar production, even on our best plantations.

The destruction of the larger part of our sugar industry will work direct hardship on our native Hawaiian people. It will take away the means of livelihood from the native Hawaiians, whose labor as stevedores, boatmen, railway and plantation employees is based directly or chiefly on the sugar industry. It will greatly lessen, and in some cases wholly destroy, the value of plantation shares held by school-teachers, clerks, mechanics, and all classes of citizens in Hawaii, representing in many cases their entire savings. To every class that goes to make up the citizenship of Hawaii this bill would mean the loss of their means of earning a living for themselves and families.

TERRITORY WILL LOSE REVENUE.

To our Territorial government it would mean a tremendous shrinkage in tax receipts and would make it necessary to abandon the building of new roads, wharves, bridges, schoolhouses, and other public works absolutely vital to the development of those islands. That this would be the result is fully shown by the following figures: In 1912 the total territorial tax receipts on real and personal property and incomes was $2,702,533.07; of this amount the sugar plantations paid $1,903,935.71.

The Hawaiian Islands were not secured to this country either by purchase or conquest. They became a Territory of the United States by treaty between two independent nations; and it was both represented to and understood by all concerned that the welfare of the Hawaiian people would be sedulously fostered by this nation.

If Congress were passing a bill to abolish duties in the United States on all commodities, Hawaii could not well protest, even though she would have to bear an undue proportion of the burden of change. But it is a grave question as to whether it will not in effect amount to a breach of good faith on the part of this Government toward a separate people, who voluntarily merged their government and very being in that of the United States, to bring industrial disaster to that island community by singling out this one great commodity for transfer to the free list while continuing many other staples and many necessities of life on the dutiable one.

I do not question the right of Congress to readjust the fiscal system of the Government, but I do ask that in making such readjustment due consideration be given to sources of revenue and to the proper rights and claims of all Territories, States, and dependencies that go to make up the Nation.

COMMITTEE OF WHOLESALE GROCERS, FORMED TO ASSIST IN OBTAINING CHEAPER SUGAR FOR CONSUMERS THROUGH REDUCTION OF DUTIES ON RAW AND REFINED SUGAR, BY FRANK C. LOWRY, SECRETARY, 138 FRONT STREET, NEW YORK, N. Y.

OUR HIGH TARIFF ON SUGAR FROM THE CONSUMERS' STANDPOINT.

[Compilation from 28 bulletins.]

Present rates: Refined sugar per pound, 1.90 cents; raw sugar 96° test, per pound, 1.685 cents; assessed difference per degree per pound, 0.035 cent. Rates we propose: Refined sugar per pound, 0.62 cent; raw sugar, 96° test, per pound, 0.60 cent; assessed difference per degree per pound, 0.006 cent. Under reciprocity treaty, importations from Cuba pay 20 per cent less in both cases.

Committee of wholesale grocers: Carl Schuster, Koenig & Schuster, New York City; B. F. Parsons, Parsons & Scoville Co., Evansville, Ind.; R. E. Collins, Collins & Co., Birmingham, Ala.; G. Thalheimer, Syracuse, N. Y.; F. J. Dessoir, R. C. Williams & Co., New York City; W. E. Small, The A. B. Small Co., Macon, Ga.; A. Blanton, A. Blanton Grocery Co., Marion, N. C.; W. H. Baker, Baker & Co., Winchester, Va.; H. C. Beggs, Dillworth Bros. Co., Pittsburgh, Pa.; R. E. Bentley, Bentley, Shriver & Co., Baltimore, Md.; A. S. Hammond, Monypeny Hammond Co., Columbus, Ohio; W. E. Cooper, Cooper Bros., Winchester, Va.; H. T. Gates, E. W. Gates & Co., Richmond, Va.; E. L. Woodard, E. L. Woodard & Co., Norfolk, Va.; Jacob Zinsmeister, J. Zinsmeister & Bro., Louisville, Ky.; A. Brinkley, A. Brinkley & Co., Norfolk, Va.; Isaac Horner, Hy. Horner & Co., Chicago, Ill.; E. P. McKinney, McKinney & Co., Binghamton, N. Y.; H. Y. McCord, McCord Stuart Co., Atlanta, Ga.; A. S. Webster, Webster Grocery Co., Danville, Ill.; Edward Cumpson, T. & E. Cumpson, Buffalo, N. Y.; F. J. Dessoir, Chairman; Frank C. Lowry, Secretary.

EFFECT OF TARIFF UPON PRICE.

Testimony before the Hardwick committee showed that the tariff on sugar increases the price to consumers from 1½ to 2 cents per pound, and Mr. C. A. Spreckels, president of the Federal Sugar Refining Co., estimated that it cost the American people $140,000,000 annually. This is forcibly illustrated by the following comparison of domestic and export prices:

Refiners quotations, Apr. 27, 1912, on granulated to the domestic trade (Willett & Gray):		Cents.
In New York	per pound..	5.05-5.20
In Philadelphia	do....	5.20
In New Orleans	do....	5.20
In Boston	do....	5.20
In San Francisco, where only domestic beet or Hawaiian cane sugar is sold on which no duty has been paid—		
Cane	per pound..	5.50
Beet	do....	5.30

Export price in New York on same sugar free on board steamer is 3.50 cents to 3.55 cents per pound.

Let those who, through unfamiliarity with the situation, do not believe that a reduced tariff would mean a lower price on sugar to consumers refer to the year 1891, when the tariff law became effective April 1, removing the duty of about 2 cents per pound on sugar, and they will find that refiners' quotations fell from 6¼ cents, as quoted on March 26, to 4⅞ cents on April 2, and by May 14 granulated sugar had reached 4⅜ cents per pound.

The Federal Sugar Refining Co. recently made the Government a price of 5.35 cents on a 700,000-pound contract, calling for summer delivery, with a proviso that if the bill, passed by the House of Representatives, placing sugar on the free list became a law before they

are called on to make delivery of the sugar their price will be reduced 1¼ cents per pound, because of the fact that they will not be required to pay any duty on the raw sugar imported. (Senate hearings, p. 460.)

INTERESTS FAVORING HIGH TARIFF AND WHY.

There is absolutely no question but that the consumer will get all the benefit from "free sugar," or a reduction in the tariff rate on raw sugar, with a corresponding reduction in the rate on refined sugar. Those in the sugar trade fully recognize this. It is also shown by the domestic producer's anxiety. He well knows that a reduced tariff rate means that he will have to sell his product at a lower price. If it were not so, he would not be working so hard to have the present rate maintained, but in the hope of confusing the issue he does a lot of talking about it being useless to reduce the rate because the "consumer will not get the benefit," knowing that this is "rot."

This is not a question that should be settled only on what this or that "interest" wants, but let us see who it is that wants the present rate maintained, so that consumers will continue to be taxed for their benefit. First, we have the American Sugar Refining Co., commonly known as "The Sugar Trust." Their interest in the matter is clear.

The Hardwick committee developed the heavy interest which the Sugar Trust has in the domestic beet-sugar industry. (Hardwick hearings, pp. 58, 100, 2884, and 2992.) These factories obtain a heavy indirect bounty through our present high tariff on sugar, and the trust, becoming fond of the Government "pap" fed to its offspring, naturally desires it to be continued. They are clearly on record to this effect, as reference to the Payne-Aldrich tariff hearings, 1909, shows a brief, pages 3430–3440, filed by the American Sugar Refining Co., urging that the present tariff rate be maintained This is the official position taken, and it has never been changed. To insure this they have worked mainly through their domestic-sugar allies.

The American Sugar Refining Co. also profits by a contract which it has with the Hawaiian planters, which insures their getting all the sugar produced in Hawaii with the exception of that shipped to the C. & H. Refinery in San Francisco, which is said to be controlled by the Hawaiian planters. (See Hardwick hearings.)

The American Sugar Refining Co. also profits by very favorable contracts which they have been able to make with the Louisiana planters (see report of Hardwick committee, p. 19), which enables them to purchase Louisiana sugars below the ruling market in New York.

As the price of all sugar in this country is based on the in-bond price of foreign sugar, plus the duty and cost of refining, it is apparent that the value of all sugar produced inside our tariff wall—Porto Rico, Hawaii, Philippines, Louisiana, and domestic beet—is enhanced "to the extent of the tariff on sugar." Naturally, these interests desire that the present rates be continued.

The free-sugar bill passed by the House of Representatives, brought forth the usual wail from these interests, who claim that "ruination" stares them in the face if the bill became a law. They did this when the Hawaiian sugars were admitted free, and a similar cry arose when the Porto Rico sugars were admitted free, and was repeated when

Cuba sugars were admitted at a 20 per cent reduction, and was again repeated when Philippine sugars were permitted to come in free up to 300,000 tons. For the present tariff to be reduced 1 mill would bring forth the same outcry.

INTERESTS FAVORING REDUCTION AND WHY.

A material reduction in the tariff on sugar would reduce the price. It, therefore, would be to the advantage of the consumers, manufacturers, and dealers handling sugar. They have sent thousands and thousands of petitions to the Ways and Means Committee asking for a reduced rate.

A few independent cane-sugar refiners have declared themselves in favor of lower duties. A lower tariff rate would reduce the price of sugar, resulting in an increased consumption, which means an increased business. In addition, the independent refiner would, no doubt, be glad to have the Government discontinue the heavy subsidy which their chief competitor, "the Sugar Trust," is now receiving from the indirect bounty which the present tariff grants to their beet-sugar plants.

The National Canners' Association has passed resolutions in favor of a reduction in the duty on sugar and the American Bottlers' Protective Association has passed resolutions in favor of "free sugar." Thousands of petitions have also been sent to Congressmen, signed by individuals, firms, corporations, granges, etc., asking that the tariff rate on sugar be reduced.

When the tariff on sugar was removed in 1891 the consumption increased in one year 23 per cent. Such an increase would be double last year's production of beet sugar in the United States. Consider what an advantage this increase in business would mean to jobbers, retailers, manufacturers, refiners, transportation companies, etc.

The United States, because of its proximity to Cuba, and its insular possessions, Porto Rico, Hawaii, and the Philippines, as well as from the fact that beet sugar can be produced in our western States at a very low cost, should have cheaper sugar than any nation in the world. From these sources, with their natural advantages, we are assured not only of an ample supply of sugar, but this supply can be obtained at a minimum cost if it were not for the high duty which enhances the price.

The question is, Are the people to receive the benefit of our natural advantages, or are they to be exploited for the benefit of the promoters of our domestic beet and cane sugar industry? The present high tariff means the latter.

ANALYSIS OF POSITION OF TARIFF-FAVORED INTERESTS.

Analyzing the domestic sugar producers' position, we find that, aside from the fact that the present tariff rate helps them to make enormous profits, to overcapitalize (Hardwick report, p. 26) to pay dividends on "watered" stock, to locate plants where nature never intended sugar to be produced economically, their claim that they must have the present rates has no merit.

Porto Rico, Hawaii, the Philippine Islands are natural sugar-producing countries. In the past they have worked successfully without tariff protection. While the industry has received enormous

benefits from our sugar tariff, no one attempts to justify the continuation of a policy to tax consumers in the United States, over $125,000,000 each year so that these interests can make excessive profits.

Hawaii, which boasts, and with reason, that its sugar industry is operated in the most scientific way of any industry in the world, whose cane yields 14 to 15 per cent sugar (much better than Cuba), produces raw sugar at a cost of about 2 cents per pound for 96° test. Messrs. Willett & Gray show that the average duty paid price of raw sugar, 96° test, which is the basis on which Hawaiian sugar is sold, for the last 10 years has been 3.97 cents per pound. Is it necessary that the Hawaiian sugar manufacturers, who employ almost entirely Japanese labor, should make such excessive profits?

It is commonly reported that the crop of 1911 was sold for $52,000,000, with the planters profits about $20,000,000, or 38 per cent of the total sales. Our consumers are being taxed nearly 2 cents per pound in order to produce this result.

Similar conditions exist in Porto Rico where enormous profits are being made in the same way. A reduction in the tariff to the rate we urge would only mean that these abnormal profits would be reduced. It also would no longer be profitable to grow sugar on the tops of mountains where nature never intended sugar should be produced, or to pay Spanish landlords the annual rental of $20 per acre as is done in some cases.

It is not our understanding that the American people desire to be taxed so as to produce either of these results.

The Philippine Islands have many times been referred to as the greatest natural sugar-producing country in the world. They are a part of the United States, just as is Porto Rico and Hawaii. Why should not the people of the United States benefit by these great natural advantages? The greed of the domestic sugar producer will not permit this. Our beet-sugar producers are afraid that the Philippines may attempt to sell sugar too cheaply to the American consumer some day, and had a clause inserted in the Payne-Aldrich tariff expressly drawn to hamper the production of sugar on a large scale in the Philippine Islands. (See Senate hearings, p. 445.)

"Let us produce our own sugar" is the cry of the domestic beet-sugar men, but they add that they must be the dictators of where the sugar is to be produced and they try to hamper the production in that section which nature has equipped for doing that particular work at a minimum cost. They know Porto Rico and Hawaii have reached their limit of production and so do not fear this competition, but in the Philippines possibilities have almost no limit if properly encouraged.

It is the old story. Are the people to receive the benefit of our natural advantages or are they to be exploited for the benefit of promoters?

LOUISIANA SITUATION.

This leaves only what is called our home product to be considered.

Louisiana produced in 1894–95, 310,000 tons; 1910–11, only 300,000 tons. Domestic beet production in 1906–7 was 433,010 tons. Last year it was 455,220 tons. Our consumption in 1911 was 3,351,391 tons. (See Willett & Gray.)

Louisiana tells us it is good business for the Government to tax consumers nearly $140,000,000 each year so that they may produce a crop the annual value of which is about $25,000,000.

If evidence were needed to show the fallacy of the claim that it is good business for the Government to foster an industry under unnatural conditions by a high protective tariff, we have a clear example in Louisiana. They have presented the strongest possible indictment that could be drawn against them when they stated that it costs them about 3¾ cents per pound to produce raw sugar, while the cost of production in Cuba is about 2 cents per pound. They can not show that this difference in cost is due to the high price of labor. The negro men and women of Louisiana are not high-priced labor. A reference to pages 1816 and 1817 of the Hardwick hearings will show that Mr. Wilkinson testified that in Louisiana male laborers were paid from 75 to 85 cents per day, and $1 and board in harvest time, and women were paid 75 cents per day. That 75 cents per day was paid to the women in the grinding season, and less at other times. He also said that 25 per cent of the labor in the grinding season was women's labor. In Cuba, on the other hand, the rate is from $1 to $1.25 a day per man, and the women will not work in the fields. The old days in Cuba, when labor could be gotten at 80 cents, have passed. But in any event the labor cost in a factory per pound of sugar produced is a small item.

If they show any increased cost in the mill they only prove their own inefficiency. The trouble is that this "infant industry" has been trying to produce sugar under unnatural conditions for nearly a hundred years. The constant fear of frost requires them to begin cutting the cane in October, before it has properly matured. The result is that their sugar yield is only 6 per cent to 7 per cent, as compared with 11 per cent to 12 per cent in Cuba, with an occasional yield of 14 per cent, and 14 to 15 per cent in Hawaii. Overlooking the fact that year after year representatives from Louisiana have gone to Washington and held out great hopes to our legislators for the future of the industry, their claim for further protection is now reduced to the simple one that "the Government has protected us at a high rate for so many years that in justice to ourselves they should continue to tax the rest of the country for our benefit."

Because of the help given for the last one hundred years must consumers continue to be penalized because these gentlemen persist in trying to produce sugar under unnatural conditions and do not choose to divert their efforts into other and more profitable channels?

They tell us that the lands on which this sugar is produced in Louisiana are the most fertile in the South. Therefore it is apparent that their claim is untenable that they can not be put to some other use. Taking their own figures, their claim that an investment of $119,000,000 will be wiped out by the removal of the tariff on sugar needs careful analysis. When this is done it is found that according to their own estimates but $35,000,000 is invested in factories. They claim they have $70,000,000 invested in lands, buildings, and field improvements. The lands and buildings could without doubt be put to some other use, for which they are equally well if not better suited, and the field improvements certainly would not be any handicap to the production of some other crop. The $10,000,000 invested in mules would not be interfered with. It is beyond all reason that

they should ask that the American people be taxed well over $125,000,000 annually so that they may produce a crop the total value of which is in the neighborhood of $25,000,000.

The farseeing men in Louisiana will to-day admit that it would have been a blessing to their State if the tariff on sugar had been removed 25 years ago, as in that event their lands would now be producing other and more suitable crops and the grower would be on such a sound basis that he would not have to ask for the assistance of anyone.

After receiving subsidies, both direct and indirect, through either direct bounties or a high protective tariff for 100 years, the sugar industry of Louisiana, if it can not stand alone, has no further claim on the American people.

We believe we should look to industries that can be of service to the American people and not to industries that the American people must serve.

EUROPEAN TARIFFS AND THE BEET-SUGAR SITUATION.

In this connection a comparison of our sugar tariff with that of European countries is interesting:

	Duty per pound.		Production 1910-11, beet sugar.
	Raw.	Refined.	
	Cents.	*Cents.*	*Tons.*
United States	[1] 1.685	1.90	455,220
Germany	.47	.52	2,000,000
France	.47	.52	720,000
Austria	.47	.52	1,538,000
Holland	....	....	222,000
Belgium	.47	.52	285,000

[1] 96°.

It will be noted that our beet-sugar factories now have practically three and a half times as much "protection" as those of Germany, Austria, and France. In the old days, when the European countries gave a direct bounty to their sugar industry, this only amounted to 0.259 in Germany, 0.137 in France, and 0.203 in Austria. So that it will be seen that if, in addition to the tariff, the European countries were still giving direct bounties similar to the above, the total subsidy, direct and indirect, given to the industry would be less than half that now given by the United States.

In addition to the duty referred to above, importations to European countries must pay what is called a "consumption tax." Their domestic sugar must also pay the same "consumption tax," so that the "protection" is the tariff rate stated above, or 47 cents per hundred on raw sugar and 52 cents per hundred on refined sugar.

Noting the very heavy "protection" given by the United States, as compared with the countries of Europe, and the relatively small production of beet sugar, it might appear at first glance that the industry in this country had some unusual handicaps which might be accepted as sufficient reason for our abandoning it, but closer investigation shows that this is not a fact.

The two advantages enjoyed by our domestic beet-sugar industry are, first, the high protective tariff, and, secondly, the additional protection the factories now have by reason of their saving in freight rates. The beet-sugar factories are located in the interior and, to a very large extent, in the Western States and market their sugars near home. They base their selling price on the delivered price of cane sugars, which, of course, includes the heavy freight from seaboard to destination. As the beet-sugar factories pay a much lower freight rate to reach their distributing markets, the difference between the rate paid by them and that charged their customers gives them a very substantial extra profit.

The Hardwick committee showed that where beet-sugar factories in this country are properly located, thoroughly equipped, and honestly capitalized they have nothing to fear from a material reduction in the duties on sugar. Therefore the present sugar tariff is not for the legitimate protection of the industry, neither is it an equitable revenue measure. We clearly see the promoters' reasons for desiring "protection," in the capitalization of our beet-sugar plants, which exceeds $120,000,000. These factories produced only 450,595 tons of sugar in 1910-11. A cane-sugar refinery in New York, with $10,000,000 capital, can produce an equal amount of refined sugar. This shows how the promoters of our domestic beet-sugar industry have capitalized the tariff (Hardwick report, p. 26) and require it to be continued only that they may pay excessive dividends on watered stock.

With normal prices in 1910 at least one factory, Union Sugar Co., paid a 100 per cent dividend and the Michigan Sugar Co. declared a stock dividend of 35 per cent in addition to their regular quarterly dividend of 1¾ per cent on their capital stock.

Eighty-four and seventy one-hundredths per cent of this beet sugar is produced in California, Colorado, Idaho, Michigan, and Utah, where 47 factories are located; 7.46 per cent is produced in Nebraska, Ohio, and Wisconsin, where 8 factories are located; 7.84 per cent is produced in Arizona, Illinois, Iowa, Kansas, Minnesota, Oregon, Montana, Washington, and Nevada, where there is but 1 factory in each State, and these, it has been contended, were located for strategical purposes.

On this point I might refer to Mr. Atkins's (vice president of the American Sugar Refining Co.) testimony before the Hardwick committee, page 167. He says:

> They never have been able to get a reduction of duties on sugar for this reason: There are 17 States in the Union producing beet sugars. Every one of those States has two Senators. There are 34 Senators, and every one of those Senators is a Republican. * * * They never have had any opportunity to get that reduction down. The probability is that they can not get any reduction now, in the face of such a strong opposition as that is.

You will note that he does not treat on the merits of the case, but feels that the Senators from these several States will be more concerned about protecting large profits for the beet-sugar factories than in protecting the consumer.

With the exception of the 20 per cent reduction given in 1903 on importations from Cuba, and the absurd reduction of five one-hundredths of 1 cent per pound made in the Payne-Aldrich tariff on refined sugar (practically none of which is imported) the present rates were reached at the time of the Dingley bill in 1898, and those in position to know freely state that there was nothing "scientific"

about the way in which rates were reached at that time. The consumer got scant consideration and the manufacturers got what they wanted.

For years our tariff laws have been drawn so as to "protect" the factory; let us now have a tariff that will "protect" the consumer.

FARMER'S POSITION IN BEET-SUGAR INDUSTRY.

The beet-sugar industry is divided into two parts: First, the production of sugar beets in which the farmer is interested; secondly, the production of beet sugar, in which the factories are interested. In the natural course of events, however, one is dependent upon the other.

We will first consider the farmer's position. Much is said by the beet-sugar lobbyists about our domestic beet-sugar production making us independent of foreign countries.

The reverse is true. We are absolutely dependent on Europe for our sugar-beet seed, all of it being imported, and no encouragement given to the farmers in this country to raise sugar-beet seed. There is a tariff rate on ordinary garden beet seed, but the sugar factories, who import beet seed from Europe, and sell it to the farmer, have seen to it that this comes in free of duty, because they desire to purchase it at the lowest possible cost. What would be our position if the countries of Europe should refuse to sell us sugar-beet seed?

The Department of Agriculture says:

> As a rule, the farmer if he grows beets to any extent does not have on his farm sufficient labor to take care of the work of thinning, bunching, hoeing, and harvesting the sugar beets. (Report on progress, 1901, p. 19.)
>
> Not only does the typical American farm and farm community lack the number of laborers required, but the labor itself is of a kind distasteful to our farmers. (Ibid., 1906, p. 24.)

The manner in which this need of extra labor has been met is instructive, not only as regards the beet-sugar situation itself, but also as regards the general trend of industry in the United States during the last generation.

Almost everywhere in the beet-sugar districts we find laborers who are employed or contracted for in gangs—an inferior class utilized and perhaps exploited by a superior class. The agricultural laborers in the beet fields are usually a very different set from the farmers. On the Pacific coast they are Chinese or Mexicans. Except in southern California, where the Mexicans are near at hand, most of the work is done by Japanese under contract, there being usually a head contractor—a sort of "sweater"—who undertakes to furnish the men. In very recent years Hindus (brought down from British Columbia) also have appeared in the beet fields of California. In Colorado, "immigrants from old Mexico compete with New Mexicans (i. e., born in New Mexico), Russians, and Japanese." Indians from the reservation have been employed in Colorado, and boys have been sent out under supervisors from the juvenile court of Denver. At one time convict labor was used in Nebraska.

In some parts of Colorado, in Montana, and the beet fields of the single factory in Kansas, Russian Germans are employed. These curious and interesting people are Germans who were imported into

Russia by the Empress Catherine. They persistently maintain their race and language and religion. In recent years they have been driven from Russia by persecution. They now center about Lincoln, Nebr., and are shipped under contract to the beet fields, where they are assiduous and much-prized workers. They are much more welcome than the fickle Indians and Mexicans; more welcome even than the Japanese, who are quick and capable, but often break their contracts. The German-Russians camp in whole families at the beet region for the summer; men, women, and children toil in the fields. In Michigan the main labor supply comes from the Polish and Bohemian population of Cleveland, Buffalo, and Pittsburgh. The circulars issued by the Department of Agriculture and by the State boards and bureaus repeatedly call the attention of the beet farmers to the possibility of employing cheap immigrants. The troublesome labor problems, it is said, need not cause worry; here is a large supply of just the persons wanted. "Living in cities there is a class of foreigners—Germans, French, Russians, Hollanders, Austrians, Bohemians—who had more or less experience in beet-growing in their native countries. * * * Every spring see large colonies of this class of workmen moving out from our cities into the beet fields." (Report on progress, 1904, p. 37. Compare the report of the Kansas State board of agriculture cited above, p. 19.)

Thus we see that so far as the cultivation of sugar beets is concerned the high-class American laboring man, who must be protected, is a myth.

AMERICAN AND EUROPEAN PRICES FOR BEETS COMPARED.

From the previous bulletin it will be seen that sugar beets are cultivated under vastly different labor conditions than our other farm products.

Let us see how the position of our beet-growing farmer, who acts to a great extent in the capacity of an overseer, compares with the beet grower of Europe.

Quite naturally the beet-sugar factories in America desire to purchase their sugar beets from the farmer at the lowest possible price. They began by paying the farmer $4.50 per ton for beets, without reference to the sugar content. Finding the farmers would not grow sufficient quantities at this figure, the price has slowly advanced.

In some Western States a flat price per ton is still paid, but the highest basis that is paid anywhere in this country for sugar beets is on the following scale:

$4.50 per ton for beets when the sugar content is 12 per cent and 33⅓ cents per ton advance for each 1 per cent increase in the sugar content.

The average sugar content of beets in the United States is between 15 per cent and 16 per cent, which is about the same as in Europe.

In some of our far Western States the test frequently runs up to 18 per cent and 19 per cent or more, probably higher than in any other country in the world.

Take as a basis 15 per cent beets, for which test the highest price paid in the United States would be (short ton) $5.50.

Mr. F. O. Licht, who is recognized all over the world as the leading statistician of Europe, gives the average price paid the farmer for

sugar beets in Germany (where the tariff on raw sugar is 47 cents per hundred against our rate of $1.685, and on refined sugar 52 cents against our rate of $1.90) per long ton as follows:

1909-10	$5.30
1910-11	5.44
1911-12	5.56

He also states that "conditions in the other European beet sugar countries do not differ much from those in Germany," and adds, "except that the average beet price per long ton in Russia is about $9.42."

L. Behrens & Sohne, for Belgium and Holland, season 1911, fixed the price per long ton at $5.79.

These prices, however, do not tell the whole story.

F. O. Licht states:

We might add, for your information, that the beet growers of Europe receive other returns for their beets, besides the cash, viz., they are furnished with beet seed free of charge (in the United States the farmer buys his beet seed from the factory), they receive allowances for freight, and get from 40 per cent to 60 per cent of the pulp returned to them, without charge.

In the United States no beet pulp is returned to the farmer without charge, but this by-product of the factory is sold to the farmers and nets the factory a very nice return. (Senate hearings, p. 404.)

A ton of 15 per cent beets contains a possible 300 pounds of sugar, so that even if the farmer in the United States received $1 per ton more than the farmer in Europe it only would be at the rate of 33⅓ cents per 100 pounds of sugar. (The full tariff on raw sugar is at the rate of $1.685 per 100 pounds and $1.90 on refined.)

ANALYSIS OF PRICE PAID AMERICAN FARMERS.

Mr. F. O. Licht also says in regard to the position of the beet grower in Europe:

In answer to your question whether the beet growers are interested in high sugar prices, we must say that some of them do profit by them. In Germany beets are procured in the following manner: About half of the beets are grown either by the factories on fields which they own or lease or by individual partners and stockholders of the factories. The other half of the beets are grown by independent farmers and sold to the factories by contracts which are renewed annually. A fixed price is agreed upon for these beets when the contracts are made and the growers of these beets naturally neither gain nor lose by any subsequent changes in the price of sugar. On the other hand conditions that govern the sale of beets that are grown by the factories or their stockholders are entirely different. As a rule a minimum price, which is always very low (this accounts for some of the low prices that have been given), is fixed and the growers receive further payments out of the factories' profits. At the end of each year the net profits are proportioned and distributed among the beet-growing stockholders according to the quantity of beets that each one furnished.

It is evident, therefore, that the growers of about one-half of the beets grown in Germany are vitally interested in the movements of sugar prices.

Our beet-sugar factories delight in dilating upon what wonderful things they do for the farmer, and at times boast that they "pay the farmer as much as $6.50 per ton for beets."

Let us analyze this statement and ascertain exactly what it is they pay for their raw material before it enters the factory.

First, the factories are not buying beets; they are buying sugar. When they buy a ton of beets, they are buying the sugar that is contained in those beets, and they pay on the basis of sugar contents.

When they pay the farmer $4.50 per ton for 12 per cent beets containing 240 pounds of sugar, they pay the farmer for the sugar that is in the beets at the rate of 1.87 cents per pound.

When they pay $5.50 per ton for 15 per cent beets containing 300 pounds of sugar, they pay the farmer for the sugar that is in those beets at the rate of 1.83 cents per pound.

When they pay $6.50 per ton for 18 per cent beets containing 360 pounds of sugar, they pay the farmer for the sugar that is in those beets at the rate of 1.80 cents per pound.

When they pay $6.50 for 18 per cent beets, they are actually paying less for the sugar in the beets (which is what they are buying) than if they paid $4.50 for 12 per cent beets or $5.50 for 15 per cent beets. It is clear that the reverse should be true because of the greater value to the factory of the higher-test beets.

If the factories were honest with the farmer and paid for the 18 per cent beets (which are of greater value because they are easier to work) on the same basis as on the lower test they would pay $6.73 per ton instead of $6.50 per ton.

In this way the factories take from the farmer, who they "love," a part of the benefit derived from the fact that the beets have been properly cultivated and the Lord has sent His rain and sunshine at the proper time and in sufficient quantity to produce the best results.

FACTORY POSITION TOWARD FARMERS.

The beet-sugar factories have for many years paid particular attention to our tariff laws, maintaining at all times in Washington what is credited as being the strongest "lobby" there. The American Beet Sugar Association has an office in Washington, and their name appears in the telephone directory, although they do no sugar business in Washington. What kind of tariff law is it that meets with their approval?

As a further indication of the beet factories' lack of regard for the beet farmer let us refer to the fact that for years they have been trying to get the Government to allow sugar beets to come in free of duty. They did succeed in the Payne-Aldrich tariff in having the duty on sugar beets (in which the farmer is interested), reduced from 25 per cent to 10 per cent ad valorem. The rate on the ordinary garden beet remained unchanged at 25 per cent.

The rate on sugar beets was reduced so as to permit the Michigan factories to import sugar beets from Canada in competition with the Michigan farmer.

The Treasury Department's figures show that importations of sugar beets from Canada, through Detroit and Port Huron, in 1909 were 30,731 tons; in 1910, 56,950 tons. These importations paid a tariff rate of 45 cents per ton. The sugar contents of the beets in 1909 was about 16 per cent; 1910, 15½ per cent, an average of 15¾ per cent, which means that each ton of beets imported contained 315 pounds of sugar, on which the duty was 45 cents, making the tariff rate on sugar in the beets at about 14 cents per hundred pounds.

Sugar-beet seed, which the farmer in this country might grow, but which as a matter of fact is all imported by the factories from Europe, duty free; sugar beets, in which the farmer is also interested, pays per 100 pounds, for the sugar in beets a duty equivalent to 14 cents; sugar in the sack, in which the factory is interested, pays a duty per

100 pounds on refined sugar, $1.90; and if it is 96° test raw sugar, $1.685; and 20 per cent less if imported from Cuba.

The fact that the factories' "protection" is all out of proportion makes it perfectly clear that the "lobbyists" who have had so much to do with our tariff laws, and who have been paid by the sugar factories to look out for their interests, have earned their money. Yet they still go to our legislators and insist that they "want the present tariff for the benefit of the farmer." Such rot!

It is the beet-sugar factory that gets the great benefit from the present high-tariff rate and not the sugar-beet grower.

Reduce the tariff to the rates we propose and the farmer will find his position unchanged, and there is ample testimony to show that he is now reasonably well satisfied.

The beet factory proposed and put through a 10 per cent tariff for the farmer who grows sugar beets. We now propose approximately a 24 per cent rate for the factory, but the latter cries "ruination."

FACTORY COST OF PRODUCTION.

We have now established that in the United States the beet-sugar factories' first cost is not very different from the first cost of the beet-sugar factory in Europe.

It is therefore perfectly clear that there is no excuse for their finished cost being materially higher than in Europe.

Turning sugar beets into sugar is entirely a mechanical process.

The beet-sugar men boast that their product must be very pure, because it is "not touched by a single human hand from the time the beets are delivered at one side of the factory until the sugar is ready for shipment at the other side of the factory."

Therefore it is apparent that the so-called "high cost of American labor" is not a material factor in the operation. The total labor cost in a properly equipped beet-sugar factory is less than 15 cents per 100 pounds of sugar produced. If at the lower price at which fuel can be obtained in America, as compared with Europe, our beet-sugar factories could show that their factory cost was much different than in Europe they would only prove their own inefficiency.

On the authority of a beet-sugar manufacturer we can say that the total stripped manufacturing cost, without selling expenses, etc., in a properly equipped beet-sugar factory is $10 per ton, or only one-half cent per pound. This was also confirmed by Mr. E. W. Coombs, of Colorado, who appeared before the Hardwick committee (pp. 3258–3348).

The factory cost in Europe is about the same.

Testimony before the Hardwick committee showed that beet sugar had been produced, not once but many times, at under 3 cents per pound and as low as 2.7 cents per pound.

The same committee showed that based on the beet-sugar men's own figures, which certainly included everything they could possibly think of, taking good, bad, and indifferent factories, the average cost, not of producing but of producing and marketing beet sugar in this country, was 3.54 cents per pound.

In the trade this price is known to be too high, and it is recognized that under proper conditions the price should be around 3 cents per pound and under this figure when conditions are especially favorable.

The beet-sugar factories are located in the interior and sell their sugar above the New York price, but Messrs. Willett & Gray show that the average price on granulated sugar for the last seven years in New York has been 4.98 cents per pound, showing that the beet-sugar factories, based on their own figures which are known to be high, are making a clear profit over cost of from 1½ cents to 2 cents per pound, or over 43 per cent of the cost of production as a result of the present excessive tariff on sugar.

A cane-sugar refinery in New York is much pleased when their profits average three-sixteenth cent per pound, and Willett & Gray show that the average difference between the cane-sugar refiners' first cost and their selling price on granulated was in 1911—0.892 cent in 1910—0.784 cent and in 1909 only 0.758 cent per pound. Out of this the cost of operation, packing, and all other expenses must be deducted before any profit can be figured.

There is absolutely no justification for the present rates on the factory side of beet-sugar production.

EFFECT OF "HOME" PRODUCTION.

The beneficiaries of our high protective tariff use the shopworn argument, "Keep the tariff where it is and let us reduce the price by producing all our sugar at home."

The weakness of this argument has been shown time and time again in other lines, but fortunately in the case of sugar we do not have to resort to theory.

At the present time in our Western States all of the sugar that is being consumed is of domestic production, either being imported from Hawaii on which no duty is paid or the product of our beet-sugar factories. Let us see what the prices are.

The following are the quotations for granulated sugar, quoted May 4 throughout the United States by cane refiners and beet-sugar factories, subject to a cash discount of 2 per cent:

		Cents per pound.
New York	cane..	5.05 -5.20
Philadelphia	do....	5.20
Boston	do....	5.20
New Orleans	do....	5.20
Buffalo	do....	5.20 -5.35
Chicago	do....	5.27½-5.42½

	Cents per pound.	
	Hawaiian cane.	Domestic beet.
San Francisco, Cal	5.50	5.30
Salt Lake City, Utah	5.95	5.75
Colorado Springs, Colo	5.80	5.60
Kansas City, Mo	5.48	5.43
Minneapolis, Minn	5.45	5.40
Detroit, Mich	[1] 5.22½-5.37½	5.27½

[1] New York cane.

There is no theory about this. The above shows that in actual practice prices are higher in our Western States, where the sugar used is of domestic production, and pays no duty, than it is in the East, where the sugar pays a duty.

It shows that the cost of production has no relation to the selling price of domestic sugar, and that the domestic producer, in arriving at a selling price, bases his price on the value of imported sugar plus the duty and cost of refining, and not only adds the duty, but adds the freight from seaboard to distributing markets as well.

Are the people of our Western States who are paying these high prices receiving any benefit from the fact that this domestic sugar, both beet and cane, is being produced at a cost of around 3 cents per pound for granulated?

There is only one way to reduce the price and that is by reducing the duty.

LOWRY TARIFF PLAN.

The present tariff on sugar enhances the price for the producers in Porto Rico, Hawaii, and the Philippines, so that the owners of the mills (who as a rule live in the States), are making an enormous profit at the expense of the American consumer, but the sugar industry in these islands, before they became a part of the United States, flourished under conditions of absolute free trade.

It is therefore apparent that any tariff that we might have would enhance the value of the product of these islands by the amount of the tariff, so that it is clear that any tariff means just so much extra profit to those engaged in producing sugar in these islands.

The tariff rate we propose is equal to $10 to $12 per ton.

Let us now consider how our domestic beet-sugar industry would fare under the rate which we propose.

It is well known in the trade that where factories are properly located and thoroughly equipped, there should be no difficulty in producing beet sugar at 3 cents per pound (see Hardwick hearings), and the beet men themselves boast of this when seeking financial assistance.

Taking their own figures, the cost of producing and selling in good, bad, and indifferent factories, the Hardwick committee shows that the average cost was only 3.54 cents per pound.

Messrs. Willett & Gray show that the average New York refiners' price for the past seven years on refined sugar has been 4.98 cents per pound.

The Department of Commerce and Labor, Bureau of Statistics, No. 240, page 517, shows that the average cost per pound, free on board in foreign countries, of the raw sugar imported, 1905–1911, inclusive, was 2.378 cents per pound.

Add the freight, to get the average cost laid down at United States ports, say 0.14 cent per pound.

Making the in-bond price delivered at United States ports 2.518 cents per pound.

Add the duty which we propose on 96° test, 60 cents on full duty sugar, and 48 cents on Cuban importations, making average rate actually paid, say 0.53 cent per pound.

Making refiners' first cost, duty paid, 3.048 cents per pound.

Add the margin between price paid by refiners for raw sugar and their selling price on refined, the past seven years, 0.859 cent per pound.

Making refiners' average selling price, under proposed new rate, 3.907 cents per pound, New York.

The beet-sugar factories are located in the interior and sell their sugar above the New York price (see Bulletin No. 12), but as this advantage is partly offset by the fact that the trade will not pay as much for beet sugar as for cane, we have not taken this advantage in price into consideration in this calculation.

We find that the rate we propose would give beet-sugar factories who produce at 3½ cents per pound a profit, as a direct result of the tariff, of 0.407 cent per pound, or $8.14 per ton.

And those properly located and equipped, and who produce sugar at 3 cents, a profit of 0.907 cent per pound, or $18 per ton.

A cane refinery in New York is very glad to make an average profit of ⅛ cent to $\frac{3}{16}$ cent per pound.

As the average price of granulated, under the present tariff, has been 4.98 cents per pound, the saving to the American people, under the proposed rate, would be over 1 cent per pound, or over $75,660,600 on the amount of sugar consumed in 1911.

It is therefore apparent that the rate we propose will amply protect, for all legitimate purposes, the sugar industry of Porto Rico, Hawaii Philippines, and also our domestic beets. It will only prevent the overcapitalization of beet-sugar plants, and the improper location of factories, where natural conditions are not such as to produce the best results. The industry would be on a much better footing if the tariff were revised so as to prevent both of these conditions, which are fundamentally so unsound.

In all our calculations we have provided for the beet grower to receive the same price that he now receives for his sugar beets. So that, while there is ample room for disputing some of the statements regarding the farmers' "indirect benefits" for the purpose of this argument, we can admit all that is claimed by the beet-sugar factories.

ANALYSIS OF BEET-SUGAR FACTORY PROFITS.

We have previously called attention to the fact that in all our calculations we have provided for the farmer to receive the same price, under the reduced tariff rate that we propose, as he now receives. Therefore, the only change will be that the American people will save over $75,000,000 annually on their sugar bill, and thereby receive the benefit of our great natural advantages (due to our ability to produce cane sugar at low prices in Porto Rico, Hawaii, the Philippines, as well as beet sugar in our Western States and also on account of our proximity to Cuba), instead of having the present "special privilege" tariff that permits these advantages to be exploited for the benefit of the promoters of those several sugar industries.

If any further evidence is needed to show that these promoters never intended that the beet grower or the consumer should receive any benefit, we have it in the fact that "they have actually capitalized the tariff" (Hardwick report, p. 26) when issuing their stock and require that present rates be continued only so that they may continue to pay dividends on an excessive amount of watered stock.

A fair example is the American Beet Sugar Co.

They have $5,000,000 preferred stock, $15,000,000 common stock, or a total capitalization of $20,000,000. They produce only about 1,500,000 bags, say 75,000 tons per year. A cane-sugar refinery in

New York with ten millions capital can produce over 350,000 tons in one year.

This shows why the beet-sugar company wants the tariff to increase the price from 1½ to 2 cents per pound.

Look at the last statement of the American Beet Sugar Co., and we find their increase in gross earnings was $588,151 for the year ending March 31, 1912. After paying a 6 per cent dividend on the preferred they had available for dividends on the common 13½ per cent, compared with 10.95 per cent the previous year.

All this was after they had allowed "$756,976 for depreciation" (note preferred stock is only $5,000,000).

And so it goes. The Union Sugar Co. last year paid 100 per cent and the Michigan Sugar Co. 35 per cent in addition to the regular dividend of 7 per cent.

These are the people who tell Congress that they "want the tariff for the benefit of the farmer" and that they will be "ruined" if it is reduced.

Under a legitimate tariff they would pay a legitimate dividend on a legitimate capitalization.

It is clear that he was quite right when Mr. William Bayard Cutting, one of the first in this country to engage in the production of beet sugar, stated:

> That the beet-sugar industry is profitable under conditions of absolutely free trade and that the United States, being an agricultural country, the industry has nothing to fear even from the annexation of Cuba.

LOWRY REVENUE PLAN.

Another feature to be considered in connection with the sugar tariff is the revenue feature. In 1911 the high tariff, which we have on imported sugar, produced for the Government about $52,000,000, but this money was collected on only about 50 per cent of the amount of sugar which we consumed, as only this much was imported from foreign countries and paid duty. The balance comes from Hawaii, Porto Rico, the Philippines, and our domestic beet and cane productions. The selling price of this sugar is based on the in-bond value of foreign sugar plus the duty and its value is enhanced, at least, to the extent of the tariff, so that a like amount ($52,000,000) to that collected by the Government is handed to these producers as an indirect subsidy.

Because the tariff rate on sugar is so high, the $52,000,000 collected by the Government as revenue from one-half of the sugar we use is 17 per cent of the entire customs revenue of the United States. Is it right that a single necessity of life should be called upon to bear such a heavy part of the burden?

There is a great difference between a protective tariff and a revenue measure. The protective rate which we propose would have produced for the Government in 1911 about $18,000,000 in revenue. It seems to us that in doing this sugar is producing its proper share, but if our legislature should determine that sugar alone must produce more revenue, then all the sugar which we consume should share in producing this revenue, and we should adopt the revenue or "consumption tax" just as has been done all over Europe.

Every time a tax of one-quarter cent per pound is placed on the total amount of sugar consumed in the United States about $19,000,000 is produced.

If, in addition to the $18,000,000 or more collected on imports, $19,000,000 more revenue is needed from sugar, then require the refiners of both cane and beet sugar in the United States to pay a tax of 25 cents per 100 pounds on their production. This would be purely a revenue measure, like the countries of Europe have adopted as a proper way of raising revenue, but at a much lower rate, and would be levied purely from a revenue standpoint and could be dropped whenever the revenue was not required.

Under such a provision there need be no tax on raw sugar made in our insular possessions, Porto Rico, Hawaii, and the Philippines, or in Louisiana, as the tax of 25 cents per 100 pounds would be paid on these sugars by refiners before they were put on the market. It would, however, be necessary to have a provision in the law that any refined sugar they might make or any raw sugar imported from any source for direct consumption would have to pay the revenue or "consumption tax" of 25 cents a hundred pounds.

Allowing for a proper increase of, say, 10 per cent in consumption, such a revision of the sugar tariff would have produced in 1911 a revenue for the Government of about $39,000,000, and has the added advantage that it will yield more revenue each year as the consumption increases. Under the present ruling this is reversed; and, notwithstanding the fact that our consumption has increased over 25 per cent in the last seven years, the Government derives less revenue from sugar now than it did seven years ago.

Such a readjustment as we propose would materially reduce the price of sugar to the consumer, give a greater protection to our domestic industry than is granted by Germany, Austria, France, Holland, or Belgium, where beet sugar is produced so extensively, and afford the Government of the United States a very handsome revenue.

This method of producing revenue is the one followed by the various countries of Europe, where beet sugar is produced so extensively. These countries have adopted what is called a "consumption tax," which all sugar, whether of foreign or domestic origin, is required to pay. In Germany this tax amounts to 1.51 cents per pound, in France 2.36 cents per pound, Austria 2.39 cents per pound, Holland 4.82 cents per pound, and Belgium 1.75 cents per pound. Such heavy taxes as these would be entirely unnecessary in this country, but it would be perfectly feasible for us to collect all the revenue required from sugar in this way, and the rate could be reduced or increased as warranted by the situation.

A favorite plan of those who profit by our tariff is to add the duty and the consumption tax and hold this up as the "protection" given the beet-sugar industry in Europe. They will say: "The tariff in Germany on raw sugar is 1.98 cents." They add to the 47-cent rate of duty the consumption tax of $1.51 and get $1.98, but they do not say that all sugar produced in Germany must also pay the consumption tax of $1.51, so that the protection is only the tariff rate of 0.47 cent per pound.

This is, of course, only one of the many ways of getting tariff favors by false information.

TARIFF HANDICAPS TO EXPORT BUSINESS.

Our domestic sugar industry contends that the tariff is not a handicap to a domestic manufacturer or preserver doing an export business. This is not a fact; it is a serious handicap. (Senate hearings, pp. 457–458.)

The matter of collecting drawback is a serious proposition to the small manufacturer. He can not afford to be without his money three, six, or nine months as is required in getting settlements of drawbacks from the Government. These drawbacks are collected through the customhouse brokers in New York, and a great deal of that business is done on the basis that the customhouse brokers shall be paid a percentage of the amount collected.

The exporter is required to get certificates of origin from the refiner, and, of necessity, there is a great deal of red tape connected with these drawbacks.

Another serious difficulty is that when a manufacturer purchases sugar he does not know its origin. He may manufacture his product from that sugar, quote a price for export based on the assumption that he is going to receive drawback, secure the business and make the shipment, after which he makes application to the refiner for a certificate of origin only to find that the sugar has been manufactured from Porto Rican, Louisiana, Hawaiian, or Philippine raw sugars, on which no duty has been paid, and therefore no drawback can be collected; so that the manufacturer attempting to do this export business is simply out that much money.

To the knowledge of the writer this has often happened, and under such conditions it does not take long to discourage an export business.

A reduction of the tariff on sugar would not end with the direct benefits derived by consumers and those handling sugar, such as jobbers, retailers, transportation companies, refiners, etc., but it would also widen the market for American canners, preservers, and other industries, in which sugar is an important factor, who are, at the present time, unable to do much in the way of an export business, because of the high prices they are forced to pay for their sugars.

A material reduction in the sugar tax would at once enable our canners to greatly increase their exports, thus creating a demand for the fruits, berries, etc., of our farmers, which now go to waste for lack of a market. It would likewise increase the demand for all products used in these industries, such as tin plate, glassware, labels, cases, etc. The advantages to our farmers and people generally from the increased markets for these products are certainly worthy of consideration.

PHILIPPINE SITUATION.

Philippine sugars.—We have referred, in Bulletin No. 4, to the fear which the domestic beet-sugar factories have of sugar production on a large scale in the Philippine Islands.

There can be no question but that the Philippine Islands have great natural advantages for producing sugar, but they now have three serious handicaps: First, lack of suitable labor; second, the long distance from the American market, which is quite a handicap because of the heavy freight rates which must be paid, and because it takes sugar 60 days from the time it is shipped until it reaches New York.

Buyers are seldom willing to purchase so far ahead, so that this sugar has to take the risk of the market while in transit; third, because of the fact that the sugar now made in the Philippines is of a very low grade.

There is much loose talk by the lobbyists for the domestic industry to the effect that sugar in the Philippines can be produced for 1¼ cents per pound, and that it is unfair to expect our domestic sugar to compete with this product. What they fail to state is that the sugar which is being produced at this figure is low in grade, testing 80° to 88°, and sells from 0.70 cent to 1¼ cents below the price of the 96° centrifugal raw sugar, which is the standard basis.

To produce sugar in the Philippines on a large scale will require the installation of modern centrals so as to produce a better grade of sugar, and when this is done it will probably be found that the cost of production is not much different from the cost of producing the same grade of sugar in Cuba or Hawaii.

Capital would be attracted to the Philippines and modern centrals established if it were not for the "joker" in the Payne-Aldrich tariff due to the efforts of our beet-sugar producers, who, by having the following clause inserted in the bill, got the better of President Taft's desire to do the right thing by the Philippine Islands and admit their sugar free of duty without any restriction. The clause we refer to reads as follows:

> After the admission of 300,000 tons in one fiscal year, any further importations from the Philippines shall pay regular duty as though they wer· imported from a foreign country.

And it is further provided:

> That under rules and regulations to be prescribed by the Secretary of the Treasury preference in the right of free entry of sugars to be imported into the United States from the Philippine Islands, as provided herein, shall be given to producers of less than 500 tons in each fiscal year.

This limits free importations and appears to cater to the small producer, but in fact it effectually stifles the production of sugar in the Philippines on a large scale.

The only method by which the industry can be successful in the Philippines is by following along the same lines as in Porto Rico, Cuba, Hawaii, Java, and all the large sugar-producing countries. Large centrals or sugar mills must be established and these own or lease large tracts of land and also contract with the farmers in the surrounding country to supply them with sugar cane. The mills grind this cane and produce raw sugar, which, in turn, is sold to an exporter, who contracts with refiners in the States for the sale of entire cargoes of sugar ranging anywhere from 3,000 tons to 5,000 tons each.

It is just as impracticable for the small sugar planters in the Philippines to manufacture and sell to the New York refiner his own sugar as it would be for each farmer in the States who produces wheat to have his own flour mill.

It is unreasonable to expect capital to go to the Philippine Islands and build these centrals when they know that just as soon as the industry has been placed on its feet and a production of 300,000 tons annually made possible, the law expressly provides that they will be the first to be discriminated against in their shipments of sugar to the United States.

The crude methods now employed in the Philippines result only in the production of low-grade sugar, testing around 80° to 88°, for the sale of which in the States they are to a great extent left to the tender mercies of the Sugar Trust, as the other refiners greatly prefer to melt only centrifugal sugar testing around 96°, and only use the low-grade sugars in a small way. If high-grade sugar was made the islands would at once have a broader market.

"REFINERS' DIFFERENTIAL."

As a general misunderstanding regarding the purpose and application of "refiners' differential" seems to prevail, we wish to explain just what it comprehends and why it is retained in our present tariff law.

As explained before the Senate Finance Committee, the actual difference in the tariff tax between raw and refined sugar is only seven and one-half hundredths of 1 cent per pound, the duty on raw sugar, 96° test, being 1.685 cents per pound. The Payne-Aldrich bill making provision for 0 035 of a cent degree to be added, if above, and subtracted, if below, 96°. For example: Sugar 96 per cent pure pays a tariff rate of 1.685 cents per pound; sugar 97 per cent pure pays a tariff rate of 1.72 cents per pound; sugar 98 per cent pure pays a tariff rate of 1 775 cents per pound; sugar 99 per cent pure pays a tariff rate of 1.79 cents per pound. On the same basis 100 per cent, or refined sugar, would pay a duty of 1.825 cents; but the duty upon refined sugar is 1.90 cents, and the difference between 1 90 cents and 1.825 cents is seventy-five one-thousandths of 1 cent. This is what is called "refiners' differential," and is what Senator Lodge proposes to abolish. Because the first cost of the refiner's product is increased by the tariff, naturally their finished cost is higher as a result. To offset that, refiners, under the present schedule, have a protection of but seventy-five one-thousandths of a cent per pound. It would be perfectly proper to give our refiners no protection whatever on their finished product if their first cost was not increased by the tariff, but it is manifestly unfair to increase their first cost in this manner and then require them to compete with a foreign refiner, who does not labor under this handicap. All countries recognize this feature in their tariff laws, even where the tariff is low, as in Germany, Austria, France, and Belgium refiners have a protection of 0 05 cent per pound, the import duty being 53 cents on refined and 48 cents on 98° test raw sugar.

When raw sugars were placed upon the free list in 1891 the duty of 50 cents per 100 pounds (which was excessive and out of all reason) was retained on refined, thereby admitting the right of refiners to protection when the raw material was free. While this emphasizes the point that we make, we do not agree with the theory that a scientific tariff would give refiners in this country any protection on their finished product if raw sugars were admitted free, as our refiners should be able to operate as cheaply as refiners anywhere in the world; but we do contend that a tariff increasing refiners' first cost on their raw material would be most unscientific if it gave those refiners no protection on their finished product. The desire expressed by Senator Lodge in his report for the Finance Committee to heavily protect the domestic cane and beet industry, and, at the same time, attempt to

do this by abolishing "the refiners' differential," exhibits cross purposes and lack of scientific understanding of the situation. Such a proposition would make us appear ridiculous in the eyes of the sugar men the world over.

A scientific tariff, based on the principle of protection, must necessarily maintain the protective theory throughout, and this can not be done by taxing imported raw sugar at high rates and at the same time abolish refiners' differential.

"THE DUTCH STANDARD."

Plausibly pretending concessions, while actually practicing deception, the Senate Finance Committee advocate abolition of "the Dutch standard," which they, craftily, nullify, by inserting a "wood-chuck" branding clause. Willett & Gray comment on this in their Statistical Sugar Trade Journal, of May 23, as follows:

No foreign refiner is likely to go to the trouble and expense of branding the polariscope test on packages of soft sugar and guaranteeing them to pass the United States customs and pure foods laws within one-half of a degree after an ocean voyage. The clause being in a tariff bill, it was at first supposed to apply on foreign imports only; but we learn that Senator Lodge states that it is intended to apply to domestic refined sugar also. Here again the clause defeats its purpose, for it is a well-known fact that all soft sugars, raw and refined, deteriorate rapidly in polariscope test with changes in transportation and weather. If packages are branded at refineries on a stated date and the sugars retested at a later date, either at refinery or in the country, a greater loss than one-half a degree is certain to be found, and even two degrees difference might appear.

This feature foreshadowing trouble under the pure-food law, together with the extra trouble and expense attending the testing and branding, indicating increasing cost to consumers, is almost certain to curtail the manufacture here of soft sugars and defeat the object of the clause.

There is no infringement of the pure-food law in the present manufacturing of soft refined sugar, as can be clearly shown from an analysis of such manufacture. Polariscope test may be changed, but intrinsic merit of soft sugar is not changed thereby, as shown by the more perfect test of analysis.

The elimination of "the Dutch standard" without any clause qualifying the effect of its operation would lead to the following natural and inevitable consequences. It would expose the American refiner, and especially Louisiana planters, to unequal competitive conditions.

"The Dutch standard" in the present law, which requires all sugars over No. 16 Dutch standard in color to be taxed as refined sugar has prevented foreign refiners from semirefining raw sugars and manufacturing a product light in color, but low in test, to be exported to the United States and sold to the trade for direct consumption, the import duty on same being assessed at the same rates that our refiners would have to pay for raw sugar of the same low saccharine content. The value of this sugar to the trade is not based upon the saccharine content but upon its color, character, etc. Only about 10 per cent of our consumption consists of yellow or soft sugar.

Under free sugar or a low rate of import duty, such as the European countries have, there is no reason for this clause, the only excuse for it being when our refiners' first cost is materially increased, as it is under the present rates of duty.

It therefore appears that the only object at this time in removing the "refiners' differential" and "the Dutch standard" clause is the recognition of the popular demand that "something must be done"

with the sugar tariff and the desire to make as little real change as possible, at the same time go before the voters next fall with the statement that "we have revised the sugar tariff," just as this element in the Republican Party made the same claim two years ago when they reduced the tariff on refined sugar (of which none is imported) five one-hundredths of 1 cent per pound, knowing in their hearts that by no possible chance could it reduce the price of sugar 1 mill to the consumer.

EFFECT OF OUR TARIFF WALL AND CUBAN RECIPROCITY.

The full duty upon 96° test centrifugals (the standard of test upon which all raw sugars are sold) is 1.685 cents per pound, the Payne bill also providing for 0.035 cent per degree to be added if above or subtracted if below 96° test. On refined sugar the duty is 1.90 cents per pound. This represents the height to which our "tariff wall" has been raised for the protection of the domestic sugar interests against foreign invasion. By a breach in the tariff wall raw sugars from Hawaii, Porto Rico, and to the extent of 300,000 tons in any one year from the Philippines, are allowed to enter free of duty, so the sugar interests of these islands take advantage of the full protection accorded the domestic interests.

By reason of the maintenance of this high tariff wall against the world at large the consumer derives no benefit from the open-door attitude assumed toward Porto Rico and Hawaii, or the limitation placed upon the Philippines, because the selling price of this sugar is based upon the inbond value of foreign sugar plus the duty.

In recognition of our moral obligations to Cuba a reciprocity agreement with that island was concluded on December 28, 1903, by which, in return for concessions made to our imports, we agreed to allow the entry of Cuban sugar at 20 per cent under the full tariff rates, or upon the basis of 1.348 cents per pound for 96° test raw sugar.

This was done for the purpose of stimulating in Cuba the development of their principal product by affording a certain market, and thus assisting her toward the establishment of a settled form of government, founded upon a sound financial basis. Any intention of lowering the price to the American consumer was not involved.

Since this reciprocity agreement, however, an impression has been spread abroad by opponents of tariff reduction that the real basis of protection to be considered is now the Cuban rate of 1.348 cents instead of the full rate of 1.685 cents per pound on raw sugar or 1.90 cents on refined. What gives rise to this supposition is the fact that almost all of the duty-paying raw sugars, which comprise half of our importations, come from Cuba, and since they are allowed to enter upon the basis of 1.348 cents per pound they must be sold at a lower duty-paid price than the inbond price of foreign sugar, plus the full duty. Let us show how this does not necessarily follow.

Taking the record of the Department of Commerce and Labor, Bureau of Statistics, No. 240, page 517, it shows that the average cost per pound free on board in foreign countries of the raw sugar imported 1905–1911, inclusive, was 2.378 cents per pound. To this we must add the freight to get the average cost laid down at United States ports, 0.14 cent, making the inbond price at United States ports 2.518

cents. During these seven years the margin between the price paid by refiners for their raw material and the selling price on refined was 0.859 cent per pound. If refiners did not have to pay any duty and added this margin to the inbond price of the raw material, 2.518 cents per pound, it would have made their average selling price for these seven years 3.377 cents per pound. Willett & Gray show that the average New York refiner's price for these years was 4.98 cents, or an increase by the tariff of 1.603 cents per pound.

It is therefore apparent that our high tariff enhances the value of the domestic producers' sugars at least to the extent of 1.603 cents per pound, which is handed to them as an indirect bounty. In the same way we have placed Cuba inside our tariff wall, not on the ground floor, but 20 per cent from the top, and the ability to take advantage of this concession is entirely in the hands of the Cubans. The American consumer has received some benefit from this reduced tariff rate, due to the demoralized methods of the Cubans in disposing of their product, but this condition will be changed when they hold back their product, as the planters do in Hawaii and Porto Rico, where they enjoy full concessions. Here the sugar interests have banded together in an association so as to insure their getting all the benefits from the full height of the tariff wall to the same extent as do the domestic sugar interests.

Hence it is evident that only by lowering our tariff wall so as to invite competition from the world at large, rather than by confining concessions to Hawaii, Porto Rico, the Philippines, and Cuba, can the abnormal price to the American consumer be reduced.

CAUSE OF THE TARIFF BOARD.

The Republican national platform of 1908 went on record, in a special manner, in favor of tariff revision, and declared for protection based on the "difference between cost of production at home and abroad, together with a reasonable profit to American industries." In order to obtain the information necessary to carry into effect this policy, President Taft recommended to Congress the creation of a tariff commission, to be composed of experts, to investigate conditions and propose revisions. This was vigorously opposed by the conservative, stand-pat element, because impartial investigation along such proposed scientific lines would expose the fallacy of the prevailing high tariffs. A Tariff Board, to work under the direction of and report to the President, was finally created, in the belief that it would serve to expedite the cause of scientific tariff revision.

EFFECT OF THE TARIFF BOARD.

This Tariff Board, of which so much was expected, has been in existence for over three years and appears to have made little or no progress toward the end for which it was created. Ignoring the immediate practicable advantages to be derived by the public through consideration of the simple sugar schedule (which is burdened with 17 per cent of our entire customs revenue), they have (at some one's suggestion) directed their attention to an examination of the intricate steel and chemical schedules. Hence the Tariff Board, as now constituted, has only served to afford a pretext for delay to the very

element which opposed its creation. Their plea is, "How can we determine what 'the difference between the cost of production here and abroad' is until the Tariff Board reports?" "How can we act intelligently without this information?" Thus they, craftily, make use of the means intended for expedition to indefinitely postpone revision of the very schedule over which the people are expressing the most dissatisfaction.

WHAT IS THE COST OF PRODUCTION?

Forced to take some action on the sugar schedule by the passage of the free-sugar bill through the House by a large vote, the Senate, a majority of whom are Republicans who desire to do little or nothing in the way of real tariff revision, is now attempting to maintain the present rates, but it makes no effort to justify this position on the "difference-in-cost-of-production" theory. Were they disposed to act on their platform theory we desire to inquire, "What is the basis of cost?"

Is it to be the $2.70 per hundred pounds reported as the average cost to produce granulated sugar for the year 1910 by the Spreckels Beet Sugar Co., of California, on page 2379 of the Hardwick hearings, or the other extreme of $8.02 per hundred pounds reported as the cost "to produce and sell" for the years 1908–9 by the Las Animas beet-sugar factory, of California, on page 3420 of those same hearings? Is it to be the $3.75 per hundred pounds it is reputed to cost to produce Louisiana raw-cane sugar, together with the expense of refining, that increases the cost of granulated sugar to $4.35 per hundred pounds, or is it to be the $3.54 per hundred pounds that the Hardwick committee unanimously report as the average cost to produce beet granulated sugar? Are the costs to produce several of the Great Western Co.'s factories, ranging from $2.76 to $2.98 per hundred pounds, to enter into the calculations? Out of this chaos of costs what would be arrived at as the basis of difference?

HOW AND WITH WHOM WOULD COST BE COMPARED?

Would our cost to produce beet sugar be compared with the costs of Germany and Russia, and our cost to produce raw cane with that of Cuba? If so, could we ever reconcile the discrepancies that would inevitably arise or arrive at any common basis upon which we could predicate a cost to produce either here or abroad?

Again we ask, "What is the cost to produce here? How is it to be determined? With whom abroad and in what manner is this cost to be compared? Why did the last Republican platform abandon this basis?"

A DELUSION.

In order to delude Congress and thus preserve the present high rate of duty for their special benefit, representatives of established beet-sugar companies resort to endless cunning expedients. A common decoy is the hypocritical attitude of philanthropy and sacrifice they assume toward expansion of the beet-sugar cause in general, so as to convey the impression that they are prompted by purely "disinterested" motives in advocating this extension. They even go so

far as to claim that the principal effect of maintaining the present tariff will be to promote exclusive development of beet-sugar production through the formation of new companies and the establishment of additional plants. They endeavor to hide the fact that four large companies now produce over 70 per cent of our total beet-sugar production. In other words, they adopt the anomalous position of seeking protection against foreign invasion and intrusion from the independent cane refiners of the Atlantic coast, while they appear to welcome the more demoralizing competition of rival beet-sugar factories in their very midst. In order to expose this delusion and the insincerity of purpose that actuates it, let us consider how this expansion would be apt to work out in actual practice and just what have been the results of past experience.

CONTROL OF BEET-SUGAR TERRITORY.

The desirable localities for the profitable production of beet sugar are certain sections of California, Colorado, Utah, Idaho, and Michigan, and this territory is now well covered with and dominated by formidable concerns. Would the heralded expansion begin in California, where the trust and American Beet Sugar Co. have preempted the most available locations and operate the four largest factories in America on such a scale that that State turns out 27 per cent of the whole country's beet-sugar productions and ship out to all parts of the West?

Would it be encouraged in Utah or Idaho where now the trust, in cooperation with the Mormon Church and the Mormons, controls all of the 11 factories through consolidation and absorption of rival companies? Would it be attempted in Colorado, where the territory is divided between the trust and the American Beet Sugar Co., the former controlling 9 factories in the North; through the Great Western Beet Sugar Co., and the latter, 3 in the South, out of a total of 16 factories? In the trust territory rival companies have been either exterminated or absorbed, and, according to the testimony of Chester S. Morey, of the Great Western Co., his predecessor, H. O. Havemeyer, served notice upon prospective investors that he regarded this territory as exclusively his. Would Michigan, already dotted with 18 factories, of which the trust controls 8 through the Michigan Beet Sugar Co., and 2 smaller companies, be sought as a field? As the trust also maintains profitable factories in Montana and Nebraska, as well as strategical ones in Minnesota, Iowa, and Ohio, where would this expansion be apt to meet with the necessary impetus? It looks as though this expansion receives its welcome only before Congressional committees.

PAST EXPERIENCE.

The Department of Agriculture mentions 355 beet-sugar projects that were abandoned between 1897 and 1910. Since the tariff, by which they might have been affected, has remained the same, does this bear out the theory of expansion through the instrumentality of the tariff? Doubtless the prospective investors, after looking over the field and weighing all considerations, were restrained rather by the form of competition they would be obliged to encounter than any apprehension over the tariff. After reflection, they concluded they needed more stimulation than the tariff to cause them to expand.

Hence, it is both perfectly safe and apparently plausible for the representatives of the beet-sugar factories, dominated by the Sugar Trust, to pose for this kind of competition which they know will never materialize. Having arranged the field so formidably that they have already frightened away 355 projects, no wonder they are anxious to have the tariff maintained so that they may continue to reap an exclusive harvest.

So the alleged purpose of maintaining the tariff turns out to be a delusion and the expressed desire for expansion by building new and independent factories the usual sugar-beet myth.

TESTIMONY OF COLORADO BEET GROWERS.

In a previous bulletin we have pointed out the improbability of beet-sugar expansion on account of the preoccupancy of available territory by companies controlled by the trust, and other companies already in the field, even with tariff stimulation.

We now propose to show from evidence taken before the Hardwick committee how the farmers and growers feel about engaging in this expansion, and what restrains them. On page 3270 of the Hardwick hearings Mr. Combs, of Colorado, after expressing the opinion that the way to promote expansion was by cooperation between the farmers and the factory, whereby the farmer would have a share in the factory profits, is asked this question:

Mr. FORDNEY. You would have no trouble about doing that if you were satisfied that the tariff on sugar was not going to be tampered with?

Mr. COMBS. Yes; naturally we would. People are afraid of what is termed the Sugar Trust. We know of some factories that have been started and put out of business; they are out of business at least to-day, and capital is about the most timid thing we have. They will say, "We do not want to go against the trust proposition."

On page 3271 the following testimony appears:

Mr. MALBY. How will the consolidated interests, say of the Great Western Sugar Co., affect you?

Mr. COMBS. In a great many ways. I will give you one instance. In the case of this Brighton factory, the party made an arrangement with a man, "I will operate this factory, but when I commence to put the finished product in the warehouse, I will not get the money to conduct this campaign, and will you furnish me the amount of $3 a bag on this sugar as I put it in the warehouse and take warehouse receipts for it?" He answered that he would; he agreed to it. Well, he started in, and on the first five carloads he asked for his money, and the man said: "Well, I do not know; you are not running this factory right, or it does not look just right to me, and there is some danger, perhaps, and I believe I can not furnish you with the money." Well, he was out of the race, of course. He had no funds. On investigation he found out that this individual was a director in the Great Western Sugar Co. So then he was broke.

Again, on the same page:

Mr. MALBY. Of course, there are independent bankers and moneyed men who would be willing to lend money under usual trade conditions in Colorado as well as elsewhere?

Mr. COMBS. Yes; but if they could be shown before the time comes that it would be more to their interest not to do it, the money would probably not be available. * * * My experience in 20 years of business has taught me something, and I know the rules and tricks and how these things come about, and whether you can prove them or disprove them does not matter.

On pages 3341 and 3342 of the Hardwick hearings occur these observations of Mr. Dakan, of Colorado, regarding investment in new factories and the relation of the tariff to expansion:

Mr. DAKAN. I want now to get at the result of this conference. I asked him why it was, if the profits were as great as he said they were, 30 to 40 per cent on the invest-

ment required, that he could not get the independent capital to build the factory, and he did not know. He said capital was too timid to go in alone, and that the farmers would have to join.

Mr. FORDNEY. He did not tell you that the agitation of the tariff was the biggest stumbling block?

Mr. DAKAN. No.

Mr. FORDNEY. That is true, though, is it not?

Mr. DAKAN. No.

Mr. FORDNEY. Would you put your money in if you knew the tariff was going to be taken off sugar?

Mr. DAKAN. I would not put my money up against the Great Western Sugar Co.

Mr. FORDNEY. I did not say against the Great Western Sugar Co.

Mr. DAKAN. In Colorado?

Mr. FORDNEY. Anywhere; on Pike's Peak?

The CHAIRMAN. The question was: "Would you put your money in northern Colorado if you thought the tariff would be taken off sugar?"

Mr. DAKAN. Yes; I think the beet-sugar industry in northern Colorado is so favored by conditions—climate, soil and water, and other conditions—that sugar can be produced there cheaper than in many other sections.

Mr. FORDNEY. Could be produced in competition with free foreign imported sugars, and you would not hesitate to put in your money?

Mr. DAKAN. As far as I can determine, I think that is true.

So, even with the tariff maintained, there would be little likelihood of beet-sugar expansion in Colorado, in the preserves controlled by the trust, on account of the fear of extermination through its methods of competition. And this is just the state of fear that the Great Western Sugar Co., controlled by the trust, aims to bring about in order to avoid competition and monopolize trade in that desirable field of operation.

TESTIMONY OF COLORADO BEET GROWERS.

We have called attention, in a previous bulletin, to the solicitude beet-sugar interests feign toward the farmer (while in Washington). Through testimony taken before the Hardwick committee we wish to show how genuine this solicitude is, how they carry it out in practice (away from Washington), and how the farmer regards the beet-sugar companies.

On pages 3218 and 3219 of the Hardwick hearings this testimony, by a beet grower of Colorado, appears:

Mr. FORDNEY. Do you want to tell us why you are in favor of a duty on sugar?

Mr. BODKIN. No; I do not want to particularly.

Mr. FORDNEY. You are just in favor of retaining the duty anyway?

Mr. BODKIN. Yes; I thought maybe you would want to know why I am in favor of it.

Mr. FORDNEY. Yes; I would like to know why. I want all the facts in the case.

Mr. BODKIN. I believe I stated that yesterday. We figure that as it is the Great Western is paying us this price and if there was no tariff they would not pay us any more money; and he said that if they took off the tariff then he could never get the farmers to raise the beets, and therefore he had to make the money while he could.

Mr. FORDNEY. Who made that statement to you?

Mr. BODKIN. Chester Morey.

Mr. FORDNEY. Chester Morey?

Mr. BODKIN. Chester Morey, the president of the Great Western Sugar Co. Then we figure that if the tariff was taken off he would still tighten down on us, instead of loosening up, but if we would loosen up one of those dollars we would cover him up with beets, and perhaps it would not hurt the welfare of the Nation.

Mr. FORDNEY. But he did not loosen up with that dollar?

Mr. BODKIN. No; but we have got him in a fair way.

Mr. FORDNEY. Well, that is good, and I am glad to hear it. You should have your fair share of profit in the business.

Mr. BODKIN. That is all we have got to say concerning the tariff. If we could get a little of it, we would favor the tariff, and we favor the tariff in hopes to get a little of it, because we need it.

On page 3267 this testimony, by another beet grower, may be found:

Mr. JACOWAY. Another thing we would like to have you state to the committee, What is the attitude of the farmers toward the factory?
Mr. COMBS. Well, generally, pretty bitter.
Mr. JACOWAY. Do all the farmers entertain hostile feelings toward the factory?
Mr. COMBS. Apparently so. You could go out and talk to a hundred men who grow beets, and while they might not be hostile individually they express no personal hostile sentiment or anything of that kind, still they all feel like they were working for the sugar refiner without any profit to themselves. This is the way they feel.
Mr. JACOWAY. But your grievance is that the man who plants the beets and tills them and brings them to fruitage, and sells them to the factory, gets far too little as compared with what the factory gets after he takes his beets and produces the sugar and sells the sugar to the consumer.
Mr. COMBS. That is where the whole trouble arises.
Mr. JACOWAY. You say that the farmer just about breaks even on the average from one crop to another?
Mr. COMBS. Practically so; that is the way the figures show. That is the way they all seem to talk, too. Of course, some of us make money, just as I did, but we have to break the average to do it and have to be lucky.

On page 3270 appears this testimony:

Mr. COMBS. But we have to take all these things into consideration, and that is why I say the grower gets no profit. We are looking to the indirect benefits that Mr. Truman G. Palmer tells us about. We have not seen them yet, but they may come. * * * But I do object to one class of individuals getting all of the benefit of this duty.

On page 3331, Mr. Dakan, of Colorado, complains:

Mr. DAKAN. That institution, the Great Western Sugar Co., pockets the tariff and the farmer pays it, and there is no benefit from it in the way of revenue to the Government, while the man that consumes the sugar that is imported pays a revenue to the Government. The Government gets a revenue from that sugar, but we of Colorado pay our money into the coffers of the Great Western Sugar Co., and they pocket that tariff by adding the amount of the tariff. They not only add to the price of sugar the tariff, but they add the freight.

This interesting revelation occurs on page 3276 of the Hardwick hearings:

Mr. RAKER. Did anyone discuss with you about your coming here and discuss the conditions of the farmers in Colorado, and the sugar conditions there, related to the Great Western Sugar Co.?
Mr. COMBS. Yes, sir; the Great Western sugar people did.
Mr. RAKER. What was the purport of the conversation?
Mr. COMBS. Well, they were very much concerned about what we were going to say down here, and the principal thing they seemed to be concerned about was my attitude about the tariff.

The Great Western Sugar Co. is one of the companies organized by the Sugar Trust.

So it would seem as though the only time the beet-sugar interests are concerned about the farmer is when they want to intimidate him or use him as a cat's-paw to rake away objections from a burning tariff issue.

LATER COMPARISONS OF EUROPEAN AND AMERICAN PRICES FOR BEETS.

The representatives of the beet-sugar factories when in Washington continually harp on the need of a high protective tariff, but make no effort to justify their position by showing that the cost to produce beet sugar in this country is materially different from the cost of production abroad. What is it that enters into the cost of production in this country that would make it higher than abroad?

In the production of beet sugar there are two distinct operations—the growing of the beets by the farmer, and the manufacture of these beets into sugar by the factory. In which, if either, of these two operations is the cost greater here than in Europe? Sugar beets are an agricultural product, and it is evident that our beet-sugar factories do not admit that the cost to produce sugar beets in this country is higher than in Europe, because they refuse to pay the farmer a higher price for his beets delivered at the factory than is paid in Europe. Testimony to this effect was presented before the Hardwick committee, page 3369, and before the Finance Committee of the Senate, pages 320 and 322, and it was shown that the average price received by the farmer for beets in this country did not exceed $5.50 per short ton. It was also shown that in Europe the average price for 1911-12 was $5.56 per long ton, in addition to which the farmer received his beet seed from the factory free, and he was returned 40 to 60 per cent of the beet pulp without charge. Here the farmer must buy his beet seed from the factory and none of the pulp is returned to him, but it is sold as a by-product by the factory at a nice profit.

We now desire to amplify and reiterate this point by quoting from the "Balance sheet and trade report of the Dirschau (Germany) sugar factory for the season 1911-12," as follows:

> We have followed the example of other factories and have increased beet prices mark 0.40 per 100 kilos for 1912-13, viz: $5.80 per long ton, shipment by end of October; $6.04 per long ton, shipment first half November; $6.28 per long ton, shipment from November 16 to closing down of factory.
>
> Rebates for freight will be paid as usual. The beet growers will receive additional payments if the profits "of the stockholders amount to more than 6 per cent." (Our factories that have paid as much as 100 per cent dividends would regard this as "confiscation of property.") During the past year, 1911-12, we have made additional payments to beet growers, as per contract, at the rate of 89 cents per ton, and we have voluntarily paid our regular shippers an additional rate of 79 cents per ton.

In the annual report of F. O. Licht, statistical bureau for the beet-sugar industry of the German Empire, for the season 1911-12 the following occurs:

> The official (average) price of beets during the years 1910-11 were 5.44; 1911-12, 5.56.

So it develops that our beet-sugar factories themselves present the proof that the grower in this country is entitled to little or no protection.

Certainly it can not be successfully contended that the factory cost of manufacturing beet sugar is greater in this country than abroad. The operation is a mechanical one. The cost of labor per pound of sugar produced is very small. The cost of fuel here is less than in Europe and the average size of the factory is larger, so that operating expenses here are reduced in this way.

It is apparent, then, that our high protective tariff is maintained solely in the interest of the promoters of the American beet-sugar factories, who enhance their price of sugar to the consumer to the full extent of the tariff and deal with the farmer on practically a free-trade basis.

BASIS OF COST AND CAPITALIZATION OF BEET-SUGAR COMPANIES.

In previous bulletins we have exposed how the beet-sugar interests attempt to justify the tariff by feigning solicitude for the welfare of the farmer (while in Washington), which they fail to carry out in practice at home.

We now propose to show that the main use they make of tariff concessions (which they should, in fairness, share with the farmer) is to float watered stock and promote overcapitalization in their several companies.

THE BASIS OF COST OF BEET-SUGAR FACTORIES.

At the tariff hearings before the Payne committee of 1908-9, F. R. Hathaway, secretary of the Michigan Sugar Co., estimated the cost of a beet-sugar factory investment on the basis of $1,000 per ton of daily slicing capacity. (Tariff hearings, Ways and Means Committee, p. 3292.) Henry T. Oxnard, of the American Beet Sugar Co., made the same basis of estimate before the Hardwick committee. (Hardwick hearings, p. 376.) This was also the estimate of Charles W. Nibley, the promoter and organizer of the Amalgamated Sugar Co., of Utah. (Hardwick hearings, p. 1090.)

E. U. Combs, of Colorado, testified before the Hardwick committee of an estimate of $367,000 submitted to him, for the erection of a beet-sugar factory of 600 tons daily slicing capacity, which would be on the basis of less than $600 per ton, instead of $1,000. (Hardwick hearings, p. 3283.)

Before the Hardwick committee, Hon. Joseph W. Fordney, Member of Congress from Michigan, and a most uncompromising beet-sugar advocate, made this admission:

I think, Mr. Chairman, we have it in evidence, over and over again, that the contract price is $1,000 per ton. (Hardwick hearings, p. 3285.)

So the basis of cost of a beet-sugar factory may safely be said to be no more than $1,000 per ton of daily slicing capacity.

BASIS OF CAPITALIZATION OF BEET-SUGAR COMPANIES.

According to the Census Report of 1910, the combined daily slicing capacity of 68 beet-sugar factories in the United States was 52,750 tons. On a basis of average cost this would permit of a capitalization of $52,750,000. These factories, according to the same Census Report, were capitalized for $129,629,000, or two and a half times their cost. These factories produced 457,000 tons of sugar. (See "The United States Beet-Sugar Industry and the Tariff," by Prof. Roy G. Blakey, of Columbia University, table, p. 51.)

According to the same authority the capitalization per ton of daily slicing capacity has been increased from the normal basis of $1,097 in 1889 to $2,458 in 1909.

CANE-SUGAR CAPITALIZATION.

In contrast to this beet-sugar inflation, the total capitalization of all cane-sugar refining companies approximates $163,000,000, allowing a valuation of $12,000,000 for the copartnership of Arbuckle Bros. and $1,500,000 for the Henderson Refinery of New Orleans. (See

table, pp. 136–138, of "The Petition of the United States of America *v.* The American Sugar Refining Co. and others," filed in the Circuit Court of the United States for the Southern District of New York.) This total includes $3,500,000 of stock of the American Sugar Refining Co. of New York, $5,000,000 of the Spreckels, and $5,000,000 of the Franklin of Philadelphia, and $5,128,000 of the National of New Jersey, all owned by the American Sugar Refining Co. of New Jersey, or trust, for the purchase of which a portion of its $90,000,000 of stock was issued. It also includes $25,000,000 of this $90,000,000 capital stock, issued in 1902 for the purchase of over $23,000,000 worth of stock in beet-sugar companies. Subtracting these amounts (in order to arrive at a fair relative comparison), we find:

	Capitalization.	Production, W. & G., 1910.	Period of operation.
		Tons.	*Months.*
Total cane, about	$120,000,000	2,811,415	12
Total beet	129,000,000	457,000	3

These cane-refining companies produce over six times as much as the beet-sugar refineries.

All of the larger beet-sugar companies now pay a dividend upon their common stock (which was originally added as a bonus). The Michigan Sugar Co. now pays 7 per cent upon their common as compared with 6 per cent upon the preferred. In 1910 this company had a surplus of $3,025,000, out of which it paid a stock dividend of $2,000,000, or 35 per cent, and carried $1,025,000 to surplus. Its common stock was then quoted in Detroit at 121. It has a daily slicing capacity of 4,450 tons, and is capitalized for $12,500,000, or, approximately, three times its cost. The American Beet Sugar Co. up to last year paid 6 per cent upon $5,000,000 of preferred stock only, and this year started in to pay 5 per cent on $15,000,000 common. This past year it earned sufficient to pay 13½ per cent upon the common and the year before 10½ per cent. The total daily slicing capacity of its combined factories is 5,200 tons. It is capitalized at $20,000,000, or at the rate of about four times its cost. Last year this company charged up over $751,000 to "depreciation," or about 8½ per cent of its earnings. The Great Western Sugar Co. of Colorado pays 7 per cent upon its preferred stock and 5 per cent upon its common. In 1910 it had a cash surplus of $5,500,000. It has a daily slicing capacity of 9,700 tons and is capitalized at $30,000,000, or at the usual rate of more than three times the cost of its factories.

This interesting and illuminating letter in regard to the affairs of the above company was written by its president, Chester S. Morey, on March 19, 1910, to Washington B. Thomas, who was then president of the American Sugar Refining Co.:

MY DEAR MR. THOMAS: Inclosed herewith I hand you copy of the financial exhibit and income statement. This is the form in which we expect to publish these statements and they will also be used when we make application to list our stock on the New York Exchange.

You will notice that this year, in addition to the regular 2½ per cent depreciation, which we have been deducting for the last three years, we have set up $1,000,000 in depreciation reserve. I do not want this year's earnings to appear as large as they

would if we had not made this entry. Of course, this can be changed if the board of directors does not approve of it.

You will note that our total surplus is shown by these statements as a little over $5,000,000. This does not include any surplus from the Billings Co., the Great Western Railway Co., and other corporations, which really add nearly $2,000,000.

Our sugar is invoiced at 4 cents and judging from present market indications there is at least $1,000,000 profit that will show up in next year's business. The value of our real estate and railroads over and above the amount at which they are carried is at least $5,000,000, so that the actual surplus is nearer $9,000,000 than $5,000,000.

Am pleased to say that at some of our factories the farmers are signing up acreage and feel more encouraged than I did a week ago.

The details of these statements I will bring with me when I come to the stockholders' meeting.

Owing to the high price of sugar, the year following the date on which this letter was written was, unquestionably, even more profitable to the Great Western Sugar Co. than any of the preceding years, which seem to have yielded abnormal profits, as this company, only organized in January, 1905, had, by March 19, 1910, accumulated a surplus of $9,000,000, in addition to having paid regular yearly dividends. Yet, these are the "interests" who whine at the doors of Congress in Washington that "ruination" stares them in the face if the tariff on sugar is reduced.

As compared with these beet-sugar companies, the National Sugar Refining Co. of New Jersey (cane sugar), though in operation for more than 12 years, does not now pay a dividend on its $10,000,000 common.

The beet-sugar companies are enabled to do this, because they are not obliged to base their selling price, to the consumer, upon their cost of production (which is around 3 cents per pound) in contrast to eastern cane refiners' average of more than 4¼ cents per pound (a full 1½ cents of which is due to the tariff). Thus the beet-sugar companies capitalize their cheaper cost of production, freight and tariff protection, at the expense of the consumer, with no thought of sharing any advantage with the farmer. The sugar-beet companies deal with the latter upon a free-trade basis for his beets, and charge the consumer upon the highest protective basis for their product. Hence, little sympathy should be wasted upon this tariff-favored element on account of the disposition shown to exploit the benefits so generously conferred at the expense of the public at large, whom Congress represents.

INTEREST OF TRUST IN DOMESTIC INDUSTRY.

It has been the invariable rule for representatives of the domestic beet and Louisiana cane-sugar interests to charge, both in the literature they disseminate and at hearings before congressional committees, that the cane-refining interests of the Atlantic seaboard alone are anxious for a reduction of the tariff, for the sole purpose of annihilating the domestic sugar industry, so as to give the former a complete monopoly of the sugar market and the regulation of prices. What these respective representatives are careful not to divulge is the close alliance between the beet-sugar industry and the American Sugar Refining Co. and the monopoly of the Louisiana raw-cane sugar crop this trust enjoys.

According to the findings and report of the Hardwick committee, the American Sugar Refining Co., or trust, controls over 62 per cent

of the cane-refining industry and, according to the allegations in the suit brought to dissolve it as a trust and monopoly in restraint of trade, it exercises control over domestic beet-sugar companies that produce 64 per cent of the beet sugar.

It dominates the Michigan Sugar Co., with 6 factories in Michigan; the Great Western Sugar Co., with 9 factories in Colorado and 1 each in Montana and Nebraska; the Utah-Idaho, Amalgamated & Lewiston, or "Mormon Group," with all of the 11 factories of Utah and Idaho; the Spreckels (the largest beet-sugar factory in the world), and Alameda in California; the Continental Sugar Co., with factories at Blissfield, Mich., and Freemont, Ohio; the Iowa Sugar Co., with a factory at Waverly, Iowa; the Carver County Sugar Co., with a factory at Chaska, Minn.; and the Menominee River Sugar Co., with a factory at Menominee, Mich. Prior to 1907 it held $7,500,000 worth of stock in the American Beet Sugar Co., with factories in Nebraska, Colorado, and California, but since that time has disposed of these holdings. This action has been explained by the president of the trust to have been in retaliation to the action of Henry T. Oxnard (one of the officers of the American Beet Sugar Co.), in repudiating a contract he had entered into with the trust (in behalf of his company), to allow the former to act as agent for the latter, in the disposal of the latter's product until 1913, upon the basis of a quarter of a cent per pound commission. This concession, by the American Beet Sugar Co., at that time, was for the purpose of conciliating the trust and preventing it from again dropping the price 1½ cents per pound without warning, as it had done in the fall of 1901, overnight, in Missouri River territory, to the utter demoralization of the American Beet Sugar Co.'s trade. The par value of the stock which the trust owns in these companies is $23,133,990.

Through intimidation, it compels the Louisiana planters to deal with it in the disposal of their raw cane-sugar product, and upon its own arbitrary terms, which, among other things, comprehend a fictitious reduction, based upon the cost of freight between New Orleans and New York, though the trust refines all of its Louisiana product at New Orleans and Chalmette. Only on one or two occasions has a refinery, independent of the trust, been able to induce the Louisiana planters to deal with it. With this exception, the trust has enjoyed an exclusive monopoly of the Louisiana raw-cane productions ever since it was organized.

It owns or controls companies that operate 6 cane refineries in New York and vicinity, 3 in Philadelphia, 2 in New Orleans, Jersey City, and San Francisco, and 1 in Boston.

From the nature of the control it exercises over both industries, it has an unfair advantage over independent cane refiners, as it can compete with them from both directions, and absolutely regulate the method of prices in its exclusive beet-sugar territory. Mr. Edwin F. Atkins, its acting president, declined to express an opinion about a change in the present tariff before the Hardwick committee, though he expressed a willingness, if the opportunity were afforded him, before a Congressional tariff committee. He had this opportunity offered through the recent hearings before the Senate Finance Committee, but he did not appear. Perhaps he considered his company sufficiently well represented, through its beet-sugar allies?

But what Mr. Atkins gives as a reason for the trust's investment in beet-sugar companies explains exactly its interest in the present tariff. He testified, on page 79 of the Hardwick hearings, as follows:

> I think Mr. Havemeyer had tried for many years to get a reduction of duties, and he made no headway, and then he thought he might as well join the protective forces and take advantage of the high rate of duty on sugar produced in beet factories: and that, I understand, was his object in building these beet factories—so as to come under the protective influence.

So it would appear as usual, that this is a subterfuge resorted to for the purpose of exciting sympathy and diverting attention so that the trust may continue to expand and thrive, at the expense of its independent cane refining rivals, and the domestic beet and cane interests to exact and exploit, at the expense of the American consumer, through the maintenance of a hold-up tariff.

THE BRUSSELS CONVENTION.

On page 3 of the Senate Finance Committee's report occurs this exaggerated description:

> To remove the duty from sugar imports would mean the removal of our countervailing duties, when Russia, which pays heavy export bounties, could flood us with bounty-paid sugars, crush out our home industry, capture our markets, and make us dependent upon the whim of one country for our annual supply of a food necessity.

As the maximum production of Russia has never exceeded 2,100,000 tons in any one year, out of which she supplies her own needs and is obliged to keep on hand an "indevertible reserve" of 10 per cent, besides supplying Finland, from whom she receives preferential treatment, Persia and Turkey, her contiguous customers, China, the Far East, and England to the extent of 200,000 to 300,000 tons per year, it is utterly preposterous, in the face of natural conditions, to presume that we would ever become "dependent upon the whim" of this "one country for our annual supply of a food necessity," since our present requirements approximate 3,500,000 tons per year. This same report, on page 4, refers to the Brussels convention and inconsistently observes:

> Moreover, it must be remembered that the foreign countries adhering to the Brussels convention if we take the duties off sugar would only have to declare the United States conventional territory to enable them to control our supply of sugar and fix the price we should pay for it.

In the one place, the committee points out the grave danger we would subject ourselves to by abolishing the duties; and, in the other, the manner in which we would be saved, automatically, from the consequences of our rash act.

All appear to be agreed that the industries of the United States should not be required to compete with bounty-fed products from other nations, so that if the committee felt that we were in danger it would have been a very simple matter to have made the present countervailing clause in our tariff law applicable. This provides that any imports on which a bounty has been paid shall be assessed a countervailing duty equivalent to the amount of bounty paid.

These vague and contradictory assertions prompt us to describe the Brussels convention and explain the effect of its operations upon Russian imports of sugar to the United States. The Brussels convention is the designation given to an assembly of the representatives

of various European countries at Brussels in 1902 for the purpose of arriving at some basis of regulating or abolishing bounties upon exports of sugar by international agreement.

Prior to this convention European nations engaged in fostering beet-sugar production were accustomed to encourage exports of surplus sugar through a system of bounties so liberal that producers were able to dispose of their product abroad even cheaper than the actual cost of production at home. This gave rise to such intense rivalry that the financial stability of certain nations was threatened by the excessive export bounties allowed to sugar.

The Brussels convention of 1902 was participated in and signed by Austria-Hungary, Belgium. Denmark, France. Germany, Italy, the Netherlands, Spain, Sweden, Luxemburg, England, and, later, Switzerland. Russia, one of the chief promulgators of the bounty system (by indirection, through favors ostensibly granted to promote domestic production), did not join. The underlying principle governing the parties to this convention was the abolition of export bounties in every conceivable form by a mutual agreement to countervail to the extent of such bounties. Hence Russia was mainly affected.

The immediate effect of the action of this convention was to bring about an increase in price to the consumers of those countries who had been beneficiaries of the bounty system in the past. This rise was particularly felt in England, where the amount of consumption per capita is the largest in the world, though they are entirely dependent upon imports for their supplies, and where they had formerly reaped the full benefits of the bounty excesses. This agreement was to last for five years. Hence in 1907, when preliminary arrangements were being made to continue the convention for another five years, England insisted that Russia be allowed to join upon terms that would be more liberal than those of the original protocol. Through the insistence of England and her threat to "bolt" the convention unless her demands were complied with Russia was permitted to join on the basis of a limitation of 1,000,000 tons export of bounty-paid sugars to "conventional territory" during six years, the maximum in any one year to be no more than 200,000 tons. This concession to Russia has been extended in the latest protocol (renewing the convention until 1918) to 1,250,000 tons.

All of this was lost sight of by members of the Senate Committee on Finance, who did not follow or seem to understand the clear exposition of this subject given by Mr. Morris Jacobson, statistician of the Interstate Commerce Commission.

The real fear to be apprehended from the operations of the Brussels convention is the classification of our sugars as bounty fed owing to our high protective tariff. This question has not yet been mooted because we have not yet become such a large exporter of sugar that our competition has been felt abroad. So far as Russia is concerned, we are "convention territory" in the view of the Brussels convention instead of having to be "declared" so, as erroneously stated in the report. It would only require an affirmative declaration (in the light of former constructions) on the part of the Brussels convention to have our sugars classified as bounty fed in consequence of the nature of our high protective tariff. This decision will become inevitable whenever we become such a large exporter of sugar as to affect the European markets.

Consumption of sugar in the United States for 1911.—W. & G.

	Tons.	Tons.
Louisiana (cane)	280,931	
Texas (cane)	7,143	
Domestic beet	506,825	
Domestic maple sugar	8,000	
Foreign molasses	8,910	
Total domestic production		811,809
Hawaii (cane)	482,231	
Porto Rico (cane)	280,622	
Philippine Islands (cane)	168,408	
Total imported duty free		931,261
Total duty free		1,743,070
Cuba (cane) assessed a duty of 1.348 cents per pound, basis 96°		1,409,259
Foreign raw cane (Java, 138,470; San Domingo, 12,161; Demerara, 11,959; Brazil, 10,976; Surinam, 5,933; Peru, 5,780 tons)	183,341	
Foreign raw beet (Europe)	13,915	
Total (assessed a duty of 1.685 cents per pound, basis 96°)		197,256
Foreign refined beet	430	
Foreign refined cane	1,373	
Total (assessed a duty of 1.90 cents per pound)		1,803
Total consumption		3,351,388

There were exported in 1911, 19,019 tons of refined sugar, which would make the total production of the United States for the year 1911, 3,370,407 tons.

European beet sugar.

	Production, 1911-12 (F. O. Licht).	Consumption, 1910-11.
	Tons.	*Tons.*
Germany	1,700,000	1,378,575
Austria	1,145,000	666,392
France	522,000	692,558
Belgium	235,000	100,628
Holland	255,000	118,852
Russia	2,050,000	1,134,000
Other countries	[1] 383,000	....
Total	6,310,000	....

[1] Consumed locally.

Merchants' European beet-sugar estimate for 1912-13.

	Tons.
Germany	2,650,000-2,850,000
Austria	1,750,000-1,850,000
France	850,000- 900,000
Holland, Belgium, and other convention countries	517,000- 615,000
	5,767,000 6,215,000
Russia	1,800,000-2,000,000
Other nonconvention countries	578,000- 640,000
Total	8,175,000 8,855,000

The principal sugar-producing countries of the world, outside of Europe, the United States and the latter's usual sources of supply are:

	Tons.
Argentina (cane)	170,000
Australia (cane)	180,000
Brazil (cane)	260,000
British India (cane, consumed locally)	2,300,400
Formosa, Japan (cane)	220,000
Java (cane, exported mainly to Holland, Great Britain, and the United States)	1,395,000
Mauritius (cane)	160,000
Peru (cane)	150,000

Total world's production.

1911-12 (Willett & Gray), 15,863,589 tons, consisting of 8,986,589 cane, 6,877,000 beet.

1910-11 (Willett & Gray), 16,998,793 tons, consisting of 8,438,447 cane, 8,560,346 beet.

The consumption of the United Kingdom for the year 1910-11 (all of which was imported) was 1,879,352 tons, and their price for sugar less than in any other country.

Per capita consumption of the principal countries of the world.

	Pounds.		Pounds.
Austria-Hungary	28.53	Norway	46.10
Belgium	38.37	Russia	22.49
Denmark	84.23	Spain	13.69
England	91.68	Sweden	57.98
France	42.84	Switzerland	76.34
Germany	47.91	United States	82.00
Holland	45.67	Australia	100.00
Italy	10.10		

The average per capita consumption of the world is about 22 pounds. The average per capita consumption of Europe is 34.88 pounds.

Import and internal-revenue taxes levied upon sugar in European countries.

	Import tax, per pound.	Internal-revenue tax, per pound	Total both taxes, per pound.
	Cents.	*Cents.*	*Cents.*
Austria-Hungary	0.52	3.50	4.02
Belgium	.52	1.75	2.27
Denmark	1.21	.49	1.70
France	.52	2.53	3.05
Germany	.52	1.51	2.03
Holland		1.92	1.92
Italy	2.44	6.23	8.67
Russia	6.06	2.50	8.56
Spain	3.40	3.35	6.75
United Kingdom	.40		.40

The import taxes alone represent the protection accorded domestic production. All sugars, domestic as well as imported, must respond to the payment of internal-revenue taxes.

The countries of Europe collect a certain amount of revenue from sugar, but do so by taxing all the sugar consumed, while in the United States only the half that is imported produces any revenue, the balance being untaxed. Thus, half of the sugar that we consume yields no revenue, and domestic producers increase their price to consumers to the full amount of the tariff levied on the imported half.

The rates of duty imposed by the United States are 1.9 cents per pound on refined, 1.685 cents per pound on full duty-paying raw, 96° test, and 1.348 cents per pound on Cuban sugars of the same test.

BULLETIN NO. 31.

As there seems to be some misunderstanding regarding the extent and exact nature of the interest of the "trust" in the several domestic beet-sugar companies, we present the following statement, filed by this company, before the Hardwi k committee:

The American Sugar Refining Co.'s interests in beet-sugar companies May 23, 1911.

[See Hardwick hearings, p. 100.]

Names of companies.	Capital stock.				
	Kind of stock.	Par value of shares.	Total issued.	Owned by American Sugar Refining Co.	Per cent owned.
Alameda Sugar Co.	Common	$25.00	$745,825	$371,250	+49
Spreckels Sugar Co.	do.	100.00	5,000,000	2,500,000	50
Utah-Idaho Sugar Co.	Preferred	10.00	9,410,000	4,650,500	+49
	Common	10.00	1,470		
Amalgamated Sugar Co.	Preferred	100.00	2,551,400	1,275,700	50
Lewiston Sugar Co.	Common	10.00	605,190	225,000	+37
Great Western Sugar Co., including Billings Sugar Co., and Scottsbluff.	do.	100.00	16,511,000	2,735,500	26
	Preferred	100.00	13,630,000	5,150,200	38
Michigan Sugar Co.	Common	100.00	7,471,107	2,607,400	35
	Preferred	100.00	3,708,700	2,013,800	55
Iowa Sugar Co.	Common	100.00	550,000	416,500	−75
Carver County Sugar Co.	do.	100.00	600,000	483,700	+80
Menominee River Sugar Co.	do.	10.00	825,000	300,000	+36
Continental Sugar Co.	do.	100.00	1,200,000	415,150	−35
Total			56,883,647	23,185,9[illegible]	−41

From an examination of this statement, it appears that this trust owned at that time 80 per cent of the Carver County Sugar Co., of Chaska, Minn.; 75 per cent of the Iowa Sugar Co., of Waverly, Iowa; 50 per cent of the Spreckels Sugar Co., of Spreckels, Cal., and of the Amalgamated Sugar Co., of Utah; 49 per cent of the Alameda Sugar Co., of Alvarado, Cal., and Utah-Idaho Sugar Co., of Utah; 42 per cent of the Michigan Sugar Co.; 37 per cent of the Lewiston Sugar Co., of Idaho; 36 per cent of the Menominee River Sugar Co., of Menominee, Mich.; 35 per cent of the Continental Sugar Co., of Ohio; and 32 per cent of the Great Western Sugar Co., of Colorado, which owns the Billings Sugar Co., of Billings, Mont., and the Scottsbluff Sugar Co., of Scottsbluff, Nebr.

In 1912 it announced the sale of its holdings in the Carver County Sugar Co. to Charles B. Warren, president of the Michigan Sugar Co. The effect of this transfer was a change of name to the Minnesota Sugar Co., and an increase in the capital stock from $600,000, under the trust, to $1,200,000, under Mr. Warren and the rest of his associates from the Michigan Sugar Co. The officers of the Iowa Sugar Co., with one or two exceptions, are either officers or directors of the Michigan Sugar Co.

With such a heavy interest in the beet-sugar companies, who are the main beneficiaries of the present high tariff, is it any wonder that the trust is not in favor of free sugar?

In our next bulletin we will further analyze this interest of the trust in the beet-sugar companies.

BULLETIN NO. 32.

For years the Sugar Trust tried to conceal its interest in the domestic beet-sugar factories that have been so heavily subsidized by the high tariff on sugar. The Hardwick committee developed that the trust was interested in beet-sugar plants that produced 64 per cent of the beet sugar produced in the United States.

When appearing in Washington, representatives of many of these factories made the claim that because the trust in all cases does not own a majority of the stock, it did not control. The Supreme Court of the United States in the Union Pacific dissolution case decided that it was not necessary to own a majority of the stock in a competing company in order to dominate it. The original plan was for the trust's holdings in beet-sugar plants to combine with the individual holdings of its president, the late H. O. Havemeyer, thus giving it absolute control of the majority of the stock.

According to the testimony given before the Hardwick committee (pp. 556-558), the estate of the late H. O. Havemeyer owned 42,902 shares of the preferred and 51,245 shares of the common stock of the Great Western Sugar Co. of Colorado, of the total par value of $9,414,700; 36,000 shares of the Continental Sugar Co. of Ohio, of the par value of $360,000, and 23,174 shares of the preferred stock of the Utah-Idaho Sugar Co. of Utah, of the par value of $231,740. Thus, in conjunction with the Havemeyer estate, the "trust" controlled 71.60 per cent of the stock of the Great Western Sugar Co., 65 per cent of the stock of the Continental Sugar Co. of Ohio, and more than a majority of the stock of the Utah-Idaho Sugar Co. of Utah and Idaho.

While the "trust" appears to own directly only 42 per cent of the entire issue of stock of the Michigan Sugar Co., it should be observed that they own 55 per cent of the preferred stock of this company. The question naturally arises as to whether the preferred stock does not control the policy of this company. Besides Charles B. Warren, president and general counsel of this company (in whose name all of the stock now owned by the "trust" in this company once stood, for the purpose of concealing the connection of the "trust" and Mr. H. O. Havemeyer with it), owns 4,550 shares of stock of the Michigan Sugar Co. of the par value of $445,000 (see page 627, Hardwick Hearings), which the "trust" could undoubtedly depend upon in case of any question of its control.

Prior to the date of this statement, the "trust" also owned 75,000 shares of the American Beet Sugar Co. of the par value of $7,500,000, but disposed of same between 1906 and 1909 in order to avoid furnishing the Government complete evidence of its monopoly of the sugar business in the suit now pending against the American Sugar Refining Co. and others to dissolve it as a trust and monopoly in restraint of trade.

With such a direct interest and means of control in the beet-sugar industry, is it any wonder that this "trust" is opposed to ultimate free sugar?

Hence, because free sugar would result in placing the independent cane refiners upon a fair competitive basis with the "trust" and its beet-sugar allies, is it any wonder that this "trust" joins hands with

the domestic beet-sugar industry and the domestic and tariff-favored cane-sugar interests who supply it with raw sugar, to protest against free sugar and to make use of all available means in cooperation with them to prevent it?

BULLETIN NO. 33.

Those who seek to maintain a high tariff on sugar for their especial benefit contend, most inconsistently, first, that a lower tariff does not mean a lower price on sugar to consumers; secondly, that they will be put out of business because of the low price at which they will be forced to sell their product.

In order to refute the persistent contention of the opponents of the tariff reduction on sugar, that the consumer will derive no benefit from such a reduction, but that the refiners will absorb it all, we present herewith the various deductions made on this phase of the question by Wallace P. Willett, a leading American authority on sugar statistics, before the Hardwick committee, in order to demonstrate that the consumer benefits, not only to the full extent of any tariff reduction, but also receives part of the decreased cost of refining.

On page 3548 of the report of the Hardwick hearings, Mr. Willett submits the following table:

METHOD NO. 1.—*Effect of reduction of $2.24 per 100 pounds duty on 96° sugar to free sugar.*

	100 pounds.	107 pounds.
During 3 years and 3 months preceding free duty (Jan. 1, 1888, to Apr. 1, 1891) the average cost to refiners of 100 pounds of 96° test centrifugals was	$5.849	....
It requires 107 pounds of 96° test raws to make 100 pounds of granulated of 100° test; 107 pounds 96° test at $5.849 is	....	$6.258
During 3 years and 5 months of free duty (Apr. 1, 1891, to Aug. 1, 1894) the average cost to refiners for 100 pounds of 96° test raws was	3.390	....
It requires 107 pounds of 96° test to make 100 pounds of 100° test granulated; 107 pounds raws, at $3.39 per 100 pounds, is	....	3.627
Refiners gain by reduction of duty and lower cost of raws	....	2.631
During the 3 years and 3 months preceding free duty refiners sold granulated at average price per 100 pounds of	6.921	....
During 3 years 5 months of free duty at average price of	4.409	....
A difference (reduction) of	....	2.512
Refiner kept the difference between $2.631 and $2.512 per 100 pounds	....	.119
During the 3 years 3 months preceding free duty the duty on 96° test raws per 100 pounds was	2.24	....
Duty on 107 pounds raws 96° test (to make 100 pounds granulated), at $2.24, was	2.397	....
Refiners gain from removal of duty and lower cost of raws as above	....	2.631
Duty taken off of 107 pounds 96° test raws	....	2.397
Leaving refiners saving from lower cost raws	....	.234
Refiners kept part of this saving, as above stated	....	.119
The consumer received the rest of this saving per 100 pounds	....	.115
The consumer therefore received the benefit of the full duty taken off of 107 pounds raws, $2.397 plus the $0.115	....	2.512
During the time of free duty the consumer paid for granulated	....	4.409
During the time of $2.24 duty the consumer paid for granulated	....	6.921

Thus it is demonstrated to a mathematical certainty that, while the reduction in the duty on raw sugars was only 2.24 cents per pound, the consumer benefited to the extent of 2.512 cents per pound. This is all the more remarkable since the duty of one-half cent per pound was retained upon refined sugar, which the American Sugar Refining Co., or "trust," was then in a position to take full advantage of, as it had a virtual monopoly of the entire sugar business of the United States. As the present bill does not contemplate the retention of any

duty upon refined, and as this "trust" now has a number of aggressive competitors, it is certain that the consumer will benefit, even to a greater extent, by reason of the removal of the duties upon both raw and refined, than it did under free raw sugar between 1891 and 1894, owing to the effects both of the decreased cost of refining and wider competition.

In our next bulletin we will present a second method of calculation by Mr. Willett, in which he arrives at practically the same result.

BULLETIN NO. 34.

METHOD No. 2.—*Effect of reduction of $2.24 per 100 pounds duty on 96° test sugar to free duty sugar.*

[Hardwick hearings, p. 3553, testimony of Wallace P. Willett.]

	100 pounds.	107 pounds.
From Jan. 1, 1888, to Apr. 1, 1891 (3 years and 3 months preceding reciprocity), the duty on raw sugar of 96° test was, per 100 pounds	$2.24	....
From Apr. 1, 1891, to Aug. 1, 1894, 3 years and 5 months of free duty	.00	....
Before free duty refined granulated averaged	6.921	....
Before free duty raw 96° averaged	5.849	....
Difference between raw and refined	1.072	....
During free duty refined averaged	4.409	....
During free duty raws averaged	3.390	....
	1.019	....
Difference between the above differences was	.053	....
Duty on 100 pounds 96° raws at $2.24 equals duty on 107 pounds raws required to make 100 pounds of granulated	....	$2.397
Refined before free duty sold at per 100 pounds	6.921	....
Duty taken off price 100 pounds refined was	2.397	....
Leaving free duty value with duty off	4.524	....
Difference between raws and refined, less under free duty	.053	....
Under free duty refiners should sell refined at	4.471	....
During free duty refiners sold refined at	4.409	....
Benefit to consumer from low cost of raws	.062	....
Giving the consumer the benefit of the full duty on 100 pounds refined	2.397	....
Total benefit to consumer	2.459	....
Before free duty the difference between raw and refined was	1.072	....
Cost of refining under $2.24 duty was	.714	....
Refiner's profit and surplus was	.358	....
During free sugar the difference between raw and refined was	1.019	....
Cost of refining under free duty was	.548	....
Refiners' profit and surplus under free duty was	.471	....
Refiners' profit and surplus under $2.24 duty was	.358	....
Refiners saved under free duty	.113	....

The first method gave refiners increased profit under free sugar of $0.119 and consumers a total benefit of $2.512 per 100 pounds.

In our next bulletin we will show the effect of changing from free raw sugar to a 40 per cent ad valorem basis, in accordance with calculations made by Mr. Willett before the Hardwick committee.

BULLETIN NO. 35.

Effect of difference between 40 per cent ad valorem and free sugar.

[Hardwick hearings, p. 3518, testimony of Wallace P. Willett.]

	100 pounds.	107 pounds.
The 40 per cent ad valorem duty equaled average of	$0.915	
Free duty	.000	
Difference in duty	.915	
The duty on 107 pounds 96° test raws, at $0.915		$0.979
The duty on 107 pounds 96° test raws, free		.000
The difference in duty on 100 pounds refined was		.979
The period of 40 per cent ad valorem duty from Aug. 28, 1894, to July 24, 1897, was 155 weeks.		
The period of free duty from Apr. 1, 1891, to Aug. 28, 1894, was 179 weeks.		
The average price of 96° test centrifugals for 155 weeks of 40 per cent duty was	3.434	
And for 179 weeks of free duty	3.390	
Reduction in raws under free duty	.044	
It requires 107 pounds of 96° to make 100 pounds 100° test.		
Under 40 per cent duty 107 pounds raws, at $3.434, cost		3.674
Under free duty 107 pounds raws, at $3.39, cost		3.627
Under free duty refiners paid less for raws		.047
Under 40 per cent duty refiners sold granulated at	4.311	
Under free duty refiners sold granulated at	4.409	
Under free duty refiners sold granulated at more by	.098	
Under free duty refiners saved in price of raws	.047	
Under free duty refiners were better off (than under 40 per cent duty) by	.145	

Or to reverse it, refiners lost $0.145 per 100 pounds by the change from free to $0.979 duty and the consumer paid $0.834 per 100 pounds of the increased duty.

In other words, the refiner paid $0.145 of the increased duty and the consumer the balance, $0.834.

In our next bulletin we will show the effect of change from 40 per cent ad valorem, under the Wilson bill, to a specific rate of 1.685 cents per pound in Dingley bill.

BULLETIN NO. 36.

Effect of difference between 40 per cent ad valorem duty and the Dingley law of $1.685 per 100 pounds duty on 96° test sugar before reciprocity.

[Hardwick hearings, p. 3549.]

	100 pounds.	107 pounds.
The Dingley duty on 96° centrifugals was	$1.685	....
The 40 per cent ad valorem duty	.915	....
Difference in duty	.770	....
Duty on 107 pounds 96° test raws, at $1.685, equals	....	$1.803
Duty on 107 pounds 96° test raws, at $0.915, equals	....	.979
	....	.824
The period of the Dingley law $1.685 duty was from July 24, 1897, to Dec. 27, 1903, when reciprocity began, 340 weeks, and the period of 40 per cent duty from Aug. 28, 1894, to July 24, 1897, 155 weeks.		
The average price of 96° centrifugals for 340 weeks of Dingley bill was $4.075 per 100 pounds	4.075	....
And for 155 weeks of 40 per cent duty	3.434	....
Less under 40 per cent duty	.641	....
It requires 107 pounds 96° test to make 100 pounds 100° test.		
Under Dingley bill 107 pounds 96° cost, at	4.075	4.360
Under 40 per cent bill 107 pounds 96° cost, at	3.434	3.674
Under 40 per cent duty refiners paid less for raws	....	.686
Under Dingley bill refiners sold granulated at	4.897	....
Under 40 per cent bill refiners sold granulated at	4.311	....
Under 40 per cent refiners sold granulated at less by	.586	....
Under 40 per cent refiners paid less for raws	.686	....
Refiners were better off under 40 per cent duty	.100	....

To reverse, refiners lost $0.10 per 100 pounds by the change from 40 per cent to $1.685 duty and consumers paid $0.724 per 100 pounds of the increased duty. The difference between $0.724 of duty paid by consumers and only $0.586 increase in the price of granulated was because of the lower range of prices for raws, owing to overproduction of supplies. From 1897 to 1903 beet sugar increased about 1,660,000 tons; cane sugar increased about 1,300,000 tons.

In our next bulletin we will show the effect of Cuban reciprocity upon the specific rates fixed in the Dingley bill.

BULLETIN NO. 37.

[Hardwick hearings, p. 3550, testimony of Wallace P. Willett.]

Effect of reduction of 20 per cent reciprocity with Cuba under Dingley law.

The full duty on 96° test centrifugals, per 100 pounds	$1.685
20 per cent less allowed to Cuba, per 100 pounds	1.348
The reduction in duty, per 100 pounds	.337
The full duty on 107 pounds raws to make 100 pounds granulated was	1.803
The 20 per cent less duty on 107 pounds raws to make 100 pounds granulated was	1.442
The reduction in duty on 100 pounds refined was	.361

The period of the Dingley law without reciprocity was from July 24, 1897, to December 27, 1903, 340 weeks.

The period of the Dingley law with reciprocity was from December 27, 1903, to August 6, 1909 (date of the Payne bill), comprising 298 weeks.

The average price of 96° centrifugals for 340 weeks without reciprocity was, per 100 pounds	$4.075
And for 298 weeks with reciprocity, per 100 pounds	3.940
Reduction in raw quotations, per 100 pounds	.135
It requires 107 pounds of centrifugals of 96° test to make 100 pounds of refined of 100° test.	
Without reciprocity raws, at $4.075 per 100 pounds, cost refiners, per 107 pounds	4.360
With reciprocity raws, at $3.940 per 100 pounds, cost refiners, per 107 pounds.	4.209
With reciprocity refiners paid less price for raws, per 107 pounds	.151
Without reciprocity refined granulated sold by refiners, per 100 pounds, at	4.897
With reciprocity refined granulated sold by refiners, per 100 pounds, at	4.809
With reciprocity refiners sold less price for granulated, per 100 pounds.	.088
Result, refiners saved in price of raws, per 107 pounds	.151
Refiners lost in price of refined, per 100 pounds	.088
Net gain of refiners by Cuban reciprocity	.063
Amount of duty taken off 100 pounds granulated	.361
Of which the refiners kept	.063
Leaving for division between Cuba and United States consumers	.298

In our next bulletin we will give a recapitulation of the effects of the various tariff changes, mathematically demonstrated by Mr. Willett, in the last five bulletins.

SIDE LIGHTS ON THE SUGAR INDUSTRY OF HAWAII.

Remarks of Hon. William Kent, of California, in the House of Representatives, April 28, 1911:

Anyone who has lived on the Pacific coast can not fail to entertain profound respect for the self-helping ability of the Japanese. They are the most remarkable self-helpers in all the world, and no one need ever again invite them to help themselves. Some two years ago, in the islands of Hawaii, just at a time when the cane-grinding season was at hand, the Japanese engaged in that industry unanimously struck. They did not appear to be satisfied with their wages nor disposed to recognize the contract they had made with the planters, which procedure was not entirely original on their part. In the course of the dispute they wrote a series of resolutions to the planters to the effect "that it was the duty of the planters, in accordance with the true American principle of protection, to get an increase in the sugar duty and thereby raise the value of sugar, and then out of the added profit they should divide with the laborers." Strange that this simple and excellent and wholly American plan was not at once adopted.

Let us consider some more phases of Hawaiian sugar. The business was built up first under subsidy and then under a protective tariff. The sugar land is nearly all of it in the hands of the great corporations. These corporations are paying large dividends on inflated values. This is the upper crust of the pie. Next there comes a filling of upward of 400,000 tons of sugar, for which, together with all other sugar, imported and domestic, the American people are paying heavy taxes. The lower crust consists of oriental labor. The yellow man is everywhere displacing the white man, even in the skilled occupations. The white man of small means has little or no chance to inhabit the "Paradise of the Pacific." It is to-day a country of corporations and yellow men. The white men are so greatly outnumbered that there seems danger that the pie may be turned over, to the obvious benefit of the under crust, but to the destruction of the upper crust. To prevent such an unfortunate occurrence and to protect the protected-sugar industry, we are taxed for an increase in our Navy. To protect the Navy, which must protect the protected-sugar industry, we must be taxed to fortify Pearl Harbor. To protect Pearl Harbor, to protect the Navy, to pro-

tect the protected-sugar industry, we must keep near Pearl Harbor a considerable army of men, and these must be supported out of public taxation.

This is an illustration of the "American doctrine," and the American consumer can realize as he pays his grocery bills that he is not only patriotically encouraging an American industry for the benefit of corporations and yellow labor, but that he is encouraging an indefinite increase in our Navy and a probable increase in our Army, always with the possibility that the Navy and the Army aforesaid may have to be actively used to further protect the protected-sugar industry, with all the waste of life and of property incident to war and, at a very rough estimate, with four hundred and eighteen thousand millions of dollars of pensions to pay in the years to come.

I can not agree with these gentlemen on the majority side who believe in a tariff for revenue. There is doubtless justification for a high tariff on certain luxuries, but there is no fairness in a revenue tariff laid upon necessities. The burden is not upon the proper shoulders. Mr. Rockefeller probably pays less Government revenue on the food he consumes than does the average hod carrier. He would doubtless like to pay as much, but he can not without eating as much.

NEW YORK, *May 23, 1913.*

To the honorable members of the Senate Subcommittee on Finance having under consideration Schedule E.

HONORABLE SIRS: On behalf of a committee of wholesale grocers who have been seeking to secure either the entire removal of or a substantial reduction in the present duties on sugar through a campaign of education conducted during the past few years, I beg the privilege of filing before your honorable subcommittee a statement involving the detailed cost of producing a pound of beet sugar for the year 1908 in 10 beet-sugar factories belonging to the Great Western Sugar Co. of Colorado, in accordance with the estimate submitted by Mr. E. U. Combs, of Bush, Colo., before the Hardwick committee.

This is the only detailed estimate of the cost of the various elements that enter into the cost of production of beet sugar in the United States that I am aware of. Its accuracy has never been questioned by anyone connected with the Great Western Sugar Co., either before the Hardwick committee or since this committee completed its labors. Should anyone connected with this company be disposed to dispute the accuracy of this estimate before your honorable subcommittee, I felt that you might find it of practicable value in requiring such representative to furnish the detail of such cost in accordance with the elements exhibited in this estimate. I understand that Mr. C. A. Boettcher, vice president of the Great Western Beet Sugar Co. of Colorado, has furnished certain members of the Senate Finance Committee with the cost of production of beet sugar in several foreign beet-sugar factories, but has utterly neglected to furnish any members of the Finance Committee with such cost in detail of any of the domestic beet-sugar factories with which he is connected and with the cost of production in which he should be more familiar. I would suggest that he be requested to furnish your honorable subcommittee with the detailed cost of production in his own companies in the same manner as he has furnished such cost for foreign factories.

In accordance with the above estimate it cost 2.59 cents per pound to produce beet sugar in these 10 beet-sugar factories of Colorado in 1908. The average New York wholesale price of sugar for that year was 4.957 cents per pound. The corresponding Colorado price would be this plus the freight from New York to Denver, 0.71

cent per pound, or 5.667 cents per pound, allowing a net profit to the Colorado factories of 3.079 cents per pound on sugar sold in their own State. This serves to illustrate that the beet-sugar companies of Colorado do not stand in need of a tariff protection that amounts to 1.6 cents per pound, even without the protection of 0.71 cent in freight.

The Spreckels Sugar Co., of California, in 1910 produced beet sugar at 2.70 cents per pound, in accordance with a statement filed before the Hardwick committee, to be found at page 2379 of the printed hearings. The New York wholesale price for sugar in 1910 was 4.972 cents per pound, but the price in San Francisco ranges from 30 to 50 points above New York. Hence, despite this low cost of production, the California price to the trade in 1910 varied from 5.27 to 5.50 cents per pound.

In the season of 1906-7 the beet-sugar factory at Fort Collins, Colo., returned a cost of 2.91 cents per pound, and in 1907-8 a cost of 2.76 cents per pound, and in the season of 1907-8 the beet-sugar factory at Longmont, Colo., returned a cost of production of 2.87 cents per pound. In accordance with a letter from Mr. C. S. Morey, president of the Great Western Sugar Co., to H. O. Havemeyer, under date of November 5, 1907, offered in evidence in the suit now pending to dissolve the American Sugar Refining Co. and others, and to be found at page 614 of the printed minutes of this suit, the following was the former's estimate of the cost to produce beet sugar in the Great Western factories, for the season of 1907:

> The indications are that, with our splendid crop, rich beets, and the way the factories are running, the average cost of our sugar this season will not be much above 3 cents.

The above detailed estimate of cost and the various acknowledged costs of production in these various factories illustrate the fact that the cost of production of beet sugar has no relation whatever to the selling price, and that so far as making a substantial profit is concerned the beet sugar companies of Colorado and California do not stand in need of any protection—much less a protection of 1.60 cents per pound.

As I have been furnishing your honorable subcommittee with information and data from time to time on the question of the tariff on sugar, with which I take for granted you are familiar, I do not at this time wish to burden you with a repetition of it. I desire, however, to urge you to peruse Our High Tariff on Sugar from the Consumers' Standpoint, Sugar at a Second Glance, in connection with Sugar at a Glance and bulletins Nos. 29 to 43 in order that you may fully understand our position.

I trust that you will find the inclosed and the above suggestions of value to you during your deliberations and in coming to a conclusion with regard to the tariff on sugar.

P. S.—The inclosed estimate of cost of production may be found on pages 3259 to 3261 of the Hardwick hearings. An explanation of the sources from which Mr. Combs obtained his information and a detailed explanation of the manner in which he arrived at the various estimates making up the cost of production may be found between pages 3237 and 3262 of the Hardwick hearings. The estimates of cost in the three Colorado beet-sugar companies mentioned above are from a statement filed by Mr. Morey before the Hardwick committee, to be found at page 2894 of the Hardwick hearings.

Estimate of cost of production of sugar in 10 beet-sugar factories of the Great Western Sugar Co. of Colorado, submitted by Mr. E. U. Combs, before the Hardwick committee.

Days run		101
Total tons		695,425
Average daily slicing		993.46
Average test of beets		17.50
Average purity		85.43
Per cent of raw sugar from last year		.16
Per cent of sugar in the bag		14.91
Average tons molasses made		5,265
Average per cent on beets		5.33
Per cent coal on beets		23.43
Per cent coke on beets		.69
Production:		
2,073,757 sacks sugar, at $5		$10,368,785.00
Pulp, 25 per cent on beets, 173,856 tons, at 35 cents		60,839.60
Sirup refuse, 5.33 per cent, 33,783 tons, at $10		337,830.00
		10,767,454.60
Cost of production:		
695,425 tons of beets, at $5.50	$3,824,837.00	
162,938 tons of coal, at $2	325,876.00	
4,298 tons of coke, at $8	34,384.00	
49,375 tons of lime rock, at $3	148,125.00	
2,073,757 sugar bags, at 10 cents	207,375.70	
Filter bags, oil, waste, etc	45,202.62	
2,466 men, 101 days, average wages, $2.60	647,571.60	
Salaries, superintendent, field men, managers, etc	76,496.75	
		5,309,869.17
Factory profit		5,457,585.43
Cost of fuel per ton of beets		.5180
Cost of lime rock per ton of beets		.3000
Cost of sacks per ton of beets		.2982
Cost of filter bags, oil, waste, etc., per ton of beets		.0650
Cost of labor per ton of beets		1.0126
Cost of beets		5.5000
		7.7238
Receipts from a ton of beets:		
Sugar, 298.20 pounds, at $5		$14.9100
Pulp, 25 per cent, 500 pounds		$0.0875
Sirup refuse, 106.60 pounds, at 50 cents		$0.5330
		$15.5305
Factory profit		$7.8067
Cost per 100 pounds		$2.5901
Cost per pound		$0.0259
Number days run		95.7
Tons sliced		862,321
Average tons daily		862.37
Per cent beets test		17.87
Average purity		85.39
Per cent raw sugar		.21
Per cent sugar in bags		14.36
Tons molasses refuse		44,951
Per cent molasses in beets		5.13
Per cent coal on beets		22.83
Per cent coke on beets		.67
Per cent lime on beets		7.01

Production:		
2,476,585 sacks sugar, at $5.50		$13,621,217.50
Pulp, 25 per cent on beets, or 215,580 tons, at 35 cents		75,453.00
Sirup refuse, 5.13 per cent, 44,957 tons, at $10		449,570.00
		14,146,240.50
Expense account:		
862,321 tons beets, at $5.50	$4,742,765.50	
Coal, 22.83 per cent on beets, or 196,609 tons, at $2.	393,218.00	
Coke, 67 per cent on beets, 5,777 tons, at $8	46,216.00	
Lime, 7.1 per cent on beets, 61,224 tons, at $3	183,672.00	
2,476,585 sugar bags, at $100 per thousand	247,658.50	
Filter bags, oil, waste, etc., 6½ per cent	56,050.86	
3,050 men, for 95.7 days, at $2.60	758,901.00	
Superintendent, field men, managers, etc., salaries	87,094.21	
Freight on 2,476,585 bags sugar to warehouse, at 10 cents	247,658.50	
		6,763,234.57
Total profit		7,383,005.93

(These figures and percentages are based on the average of 10 sugar factories and the result of one campaign.)

Estimates:	
Fuel per ton of beets	$0.4550
Lime rock per ton of beets	.21
Sacks per ton of beets	.2875
Filter bags, oil, waste, etc	.0650
Labor per ton of beets	1.03
Interest per ton of beets	.30
Freight on sugar to warehouse	.26
Cost of beets	5.50
Total cost	8.1075
Receipts from a ton of beets:	
Sugar from a ton, ..875 pounds, at $5.50	15.82
Pulp from a ton, 500 pounds	.09
Sirup from a ton, 102 pounds, at one-half cent	.51
Total receipts	16.42
Net profit to the factory per ton of beets	8.32
One factory, handling 75,000 tons of beets in one campaign, earns a net profit of	624,000.00
The cost to build and equip a factory of 600 tons capacity is about	400,000.00
The factory therefore pays for itself in one campaign and leaves for the company (or 56 per cent on the investment)	224,000.00

AMERICAN PRODUCERS OF CANE SUGAR, BY HENRY N. PHARR.

May 21, 1913.

Mr. Chairman: Louisiana has played such an important rôle in the history and development of the Nation's sugar industry and its position in the memorable tariff legislative contests of the past has been so well defined it is scarcely necessary for us to state that we are unalterably opposed to the adoption by the Senate of Schedule E in the Underwood tariff bill.

Especially objectionable to us is the unfortunate proviso for free sugar within three years.

Realizing that our Louisiana industry was absolutely unprepared at this time, immediately following recent freeze and flood disasters, to withstand the shock of any reduction in the tariff schedule, still we naturally anticipated that there would be a downward revision on all articles of domestic production in conformity with the Democratic platform.

We had hoped, however, by the practice of rigid economy and the application of recently demonstrated methods of manufacturing white granulated sugar direct from the cane juice, to be able to continue as a factor in the sugar markets of the Nation.

Not entirely oblivious to the strong sentiment in the House of Representatives for free sugar, we proceeded with our usual agricultural operations this season upon the assumption that a long-established precedent would be fully observed in not enforcing any actual change of tariff duties until after the present crop had been harvested and marketed.

Our previous apprehension regarding the immediate future of the domestic sugar industry had been quieted, due to a careful consideration of the following significant facts and statements:

1. The Underwood free-sugar bill of 1912 had met a cold reception at the hands of the Democratic members of the Senate Finance Committee, who recommended a one-third cut in existing rates.

2. The assurance given at that time by the distinguished Senator from Mississippi that:

> Even though a Democratic President and a Democratic Senate and a Democratic House should come into power, there is not the sligatest anticipation in the mind of any intelligent man that sugar would be placed on the free list.

3. What we regarded as positive assurance from Mr. Wilson in his preconvention campaign that there need be no apprehension on the part of the Louisiana sugar planters in the event of his nomination.

4. The open secret that the subcommittee which had drafted the recent Democratic platform absolutely refused to entertain a free-sugar plank submitted by the refining interests. (See copy of telegram.)

5. The declaration in that platform in favor of "Legislation that will not injure or destroy legitimate industry."

6. Mr. Wilson's positive refusal during his campaign to declare himself in favor of free sugar, when interrogated by the collector of the port of New Orleans, as shown in attached telegrams, page 38.

7. His statement at Pittsburgh, Pa., on October 17, that—

> The Democratic Party does not propose free trade or anything approaching free trade.

And finally—

8. The assurance by President-elect Wilson that honest business had nothing to fear from his administration.

In the light of these facts, we dismissed the thought of free sugar as one of the possibilities of impending legislation and looked forward to an era of moderate prosperity, in the hope of recouping some of our recent losses.

The rude awakening therefore to a realization of the fact that the domestic sugar industry had been singled out by the administration for destruction came like a thunderbolt from a clear sky.

We were absolutely staggered by the news flashed over the wires from Washington that we must decide in 24 hours between the acceptance of free sugar at the end of three years with an immediate reduction of what is in reality nearly 40 per cent, provided no opposition was made to the measure in the Senate; or to take our chance of being sacrificed immediately for the supposed benefit of the ultimate consumer.

In this hour of desperation we could discern nothing save the insatiable greed of the sugar refining interests of the country, and the fact that their hypocritical and pharisaical campaign for free sugar was about to engulf our industry in absolute destruction.

Unwilling to acquiesce in the death warrant of one of Louisiana's most valuable industries, we politely declined to assert a preference, and decided to appeal our case to the calm and deliberate judgment of that most conservative tribunal of which you gentlemen are honored members.

DISTINCTION BETWEEN PRODUCERS AND REFINERS.

At the outset we wish it to be clearly understood in our stand against free sugar that we are making common cause with all domestic sugar producers. We use the term "producers" advisedly in contradistinction to the term "refiners," which includes the Sugar Trust and its allies, the so-called independent refiners on the Atlantic seaboard.

The refiners are somewhat divided in their advocacy of free sugar, but they are all a unit in demanding a radical reduction in the existing tariff rates, in order to destroy or seriously cripple the domestic industry.

The sugar producers of the United States are the men who actually grow the sugar cane and sugar beets and manufacture both raw and refined sugar. They represent both an agricultural and a manufacturing business, in which several hundred million dollars are invested and upon which over a million people are directly dependent for a livelihood.

On the other hand, the refiners are men who simply launder and bleach raw sugar. They add nothing to our natural wealth, and give employment to a comparatively limited number of men. The refining business is in control of a few men who dominate the sugar markets of the United States. Despite this fact the House Ways and Means Committee stated last year that—

> The refining interest is the most important factor connected with sugar manufacturing in the United States. Therefore the industrial position of refining requires primary consideration.

The sugar producers are scattered throughout 18 or 20 States and represent thousands of farmers and hundreds of factory owners who enter into direct competition with one another in the sugar markets of the Nation in the sale of their products. In considering this subject it is well to keep these facts thoroughly in mind.

In Louisiana the southern cane producers have an investment of approximately $100,000,000, represented by the following items:

Louisiana sugar-industry investment.

[Domestic Sugar Bulletin No. 1.]

Lands, 650,000 acres, with buildings and field improvements	$50,000,000
Sugar factories	35,000,000
Mules	10,000,000
Implements	2,500,000
Plantation railroads and equipment	2,500,000
Total permanent investment	100,000,000

In growing and harvesting the cane crop and manufacturing same into sugar, sirup, and molasses there is expended annually about $25,000,000. This is distributed among the people of the Nation through the channels of interstate trade in the following manner:

Annual disbursements for field and factory operations.

[Domestic Sugar Bulletin No. 1.]

Field labor, including salaried officers and clerks	$12,000,000
Annual renewal of mules	1,000,000
Peas and commercial fertilizers	1,250,000
Seed, corn, hay, etc	1,000,000
Land taxes and insurance on buildings	750,000
Lumber, building materials, and implements renewed annually	1,000,000
Factory labor, including salaried officers and clerks	2,500,000
Factory upkeep and repairs	1,250,000
Factory supplies	700,000
Fuel oil and coal	1,000,000
Factory taxes and insurance	525,000
Freight on cane hauled to factory	1,000,000
Freight on manufactured products	1,500,000
Total annual outlay	25,475,000

It should be noted that more than 50 per cent of these expenditures are for labor, the approximate number employed being as follows:

Laborers employed during the cultivating season	30,000
Laborers employed during the harvesting season	60,000

The average annual output of Louisiana sugar factories for the decade ending in 1910 was 310,000 tons of sugar.

While the cane-sugar industry has not reached very large proportions in Texas, the approximate investment in lands and factories amounts to several million dollars. Previous to the free-sugar agitation of 1912 very extensive plans had been made for the planting of additional cane fields and erection of several additional factories in the Lower Rio Grande Valley of Texas, where the possibilities for the development of the sugar industry are most promising. It is a new country with salubrious climate and fertile lands, which are subject to irrigation, and it is being rapidly settled by northern and western farmers.

This valley under intensive cane culture could produce nearly as much sugar as the State of Louisiana does at present. Threatened free-sugar legislation, however, has temporarily suspended all plans for further development along this line.

The beet-sugar producers of the North and West have at least $85,000,000 invested in factories, and their annual expenditures exceed $62,000,000 as itemized in the following statistics. It must be remembered, however, that land investments are not included in this summary:

Domestic beet-sugar industry.

STATISTICS, 1912.

Number of factories operating	73
Aggregate daily slicing capacity, tons of beets	67,873
Cost of construction of plants, exclusive of lands, working capital, etc.	$85,000,000
Total acreage grown to beets (acres)	555,300
Total number of farmers contracting for beets	61,000
Estimated number of persons engaged in beet growing	120,000
Total tons of beets sliced	5,224,377
Total sugar produced (short tons)	692,556

EXPENDITURES, 1912.

Total paid farmers for beets	$30,000,000
Total paid for fuel	2,700,000
Total paid for lime rock	1,000,000
Total paid for bags	1,400,000
Total paid for other supplies	1,800,000
Total paid for new installation	3,300,000
Total paid for wages in and about factories	7,000,000
Total paid for office help, field and factory superintendence, managers and officers	3,380,000
Total paid for freight	8,000,000
Total paid for taxes, brokerage, insurance, and all other items	3,900,000
Total expenditures	62,480,000

While the figures from the domestic sugar bulletin are in a measure approximate, we believe they are entirely conservative. They were compiled by official representatives of the American Cane Growers' Association and the American Beet Growers' Association. They can, however, only give you a very superficial idea of the loss, sacrifice of property, and suffering that will be inflicted upon thousands in Louisiana and the West, who are vitally interested in this business, unless the three-year clause can be eliminated from the proposed sugar schedule.

This statement can hardly be questioned so far as Louisiana is concerned, since Messrs. Underwood, Hardwick, President Wilson, and our near neighbor, the senior Senator from Mississippi, to whom we are looking in this hour of distress for friendly assistance, seem perfectly willing to admit that the Louisiana sugar industry can not survive free trade.

Complete detailed information has recently been issued by the Department of Commerce regarding agricultural and manufacturing costs in Louisiana in its Miscellaneous Series No. 9, entitled "The Sugar Industry."

From this we find, taking the cultivation of sugar cane in Louisiana on a large farm as well as on a small farm, that the average cost of producing a ton of cane, harvesting and delivering it to the railroad shipping station is about $3 per ton.

To this price must be added the freight rate to factory, which averages 50 cents per ton, making the total expense to the farmer on cane delivered at factory $3.50.

The report further shows that the average price paid by factory for cane delivered is $4.10 per ton, leaving a profit to the farmer of 60 cents per ton.

Regarding manufacturing costs, it shows the average for 15 factories in 1909 was $3.62 per 100 pounds of sugar, and in 1910, $3.72, exclusive of interest and depreciation. The following tables show the average gross receipts of the same factories, from which, by deducting total costs, the average profit in 1909 was 45 cents per ton and in 1910, 91 cents per ton of cane. Further investigation also shows that the margin of profit in 1909 was 31 cents per 100 pounds of sugar and 58 cents per 100 pounds of sugar in 1910.

Cost of production of cane sugar in Louisiana in the years 1910 and 1909.

	1910 (15 factories; 959,849 tons of cane ground; $5,278,048 manufacturing cost; 141,908,822 pounds of sugar).			1909 (14 factories; 792,624 tons of cane ground; $4,484,904 manufacturing cost; 123,887,437 pounds of sugar).		
	Cost per ton of cane.	Cost per pound of sugar.	Percentage of cost.	Cost per ton of cane.	Cost per pound of sugar.	Percentage of cost.
Cost of cane delivered at factory	$4.090	$0.0277	74.40	$4.182	$0.0267	73.90
Manufacturing labor	.324	.0022	5.90	.331	.0021	5.90
Supplies and operating expenses:						
Fuel	.204	.0013	3.71	.326	.0015	4.17
Reagents—lime, sulphur, etc	.037	.0002	.67	.039	.0002	.68
Cooperage—sugar bags, barrels, etc	.093	.0006	1.72	.105	.0006	1.85
Salaries—superintendents, clerks	.079	.0005	1.43	.077	.0005	1.36
Taxes and insurance	.081	.0005	1.47	.091	.0005	1.60
Other operating expenses	.202	.0013	3.67	.213	.0014	3.76
Total operating expenses	.713	.0048	12.96	.811	.0052	14.30
Repairs and maintenance	.371	.0025	6.74	.334	.0022	5.90
Total factory cost	5.498	.0372	100.00	5.658	.0362	100.00
Yield:						
Pounds of sugar per ton of cane			147.53			156.30
Gallons of molasses per ton of cane			5.44			5.13

Average cost of manufacture and selling and gross receipts per ton of cane and per pound of sugar.

	1910	1909
Per ton of cane:		
Cost of manufacture	$5.498	$5.658
Selling expense	.246	.288
Cost of manufacture and selling	5.744	5.946
Gross sales' receipts	6.198	6.856
Margin of difference	.454	.910
Yield of sugar per ton of cane	147.53	156.30
Per pound of sugar:		
Cost of manufacture	.0372	.0362
Selling expense	.0017	.0018
Cost of manufacture and selling	.0389	.0380
Gross sales' receipts	.0420	.0438
Margin of difference	.0031	.0058

The representatives of the beet-sugar industry will submit tables recently compiled to show that the cost of average agricultural sugar beets in the United States is nearly double the cost in Russia, Austria-Hungary, and Germany.

In the light of these comparative costs it can not be denied that even in the most advantageously located and highly favored sections of the West the farmers could not continue to grow sugar beets in direct competition with the cheap labor and artificially fostered beet-sugar industries of European nations, nor in competition with the cane-sugar industry of the Tropics.

Under free sugar the monetary sacrifice in Louisiana would be represented by the following approximate:

Land and factory losses.

The sacrifice of the domestic sugar industry would destroy at least two-thirds of the value of of Louisiana cane lands	$33,000,000
Since the factories can not be utilized for other purposes, the amount invested therein would prove practically a total loss	35,000,000
Total	68,000,000

In the sugar-beet States the factories would become practically worthless investments, and there would undoubtedly be heavy depreciation of farm lands and improvements, so that the losses would easily total over $100,000,000. That Porto Rico's $35,000,000 sugar investment would be seriously damaged, if not destroyed, and Hawaii's sugar industry, involving an investment of $84,000,000, hopelessly crippled can not be successfully denied when the costs of manufacturing a pound of sugar in these islands are compared with costs in Cuba and other tropical countries equally as advantageously adapted to cane culture.

Viewing the question then, from a strictly economic standpoint, we fail to find any warrant for the wholesale confiscation of several hundred millions of manufacturing property, together with the resultant loss and demoralization of thousands of cane and beet sugar farmers in the South and West and our insular possessions.

In justification, however, of the proposed sacrifice of property, the advocates of free sugar claim that it must be done to relieve the American people of the hundred-million-dollar tax they pay each year for the benefit of the domestic sugar producers and refiners.

UNDERWOOD'S MISLEADING FIGURES.

No less an authority than the present chairman of the Ways and Means Committee stated only a few days ago in the House of Representatives that the present tax on sugar "levies $115,000,000 burden on the consuming masses of the American people, when only $50,000,000 of it goes into the Treasury of the United States to support the Government, and the other $65,000,000 goes into the pockets of the special interests."

Mr. Chairman, we marvel how a man of Mr. Underwood's knowledge of tariff intricacies and economic conditions could make such a misleading statement. In only one particular is he correct, namely, the amount of revenue collected by the Government from the duty on sugar—$50,000,000.

The total amount of sugar available for consumption in the United States in 1912, according to statistics compiled by the Department of Commerce and Labor, amounted to approximately 7,850,000,000 pounds. Naturally the net tax imposed upon the American consumer as a result of the sugar tariff is the difference between the

world price of sugar (fixed at Hamburg) and that after the sugar has passed through the customhouse. Since practically all of our foreign sugar is now imported from Cuba, the nominal tariff charge would be $1.34 per 100 pounds.

Messrs Willett, of Willett & Gray, of New York, the leading authorities in the United States on sugar statistics, stated in their weekly journal January 2, 1913, that the price of raw sugar in New York for 1912 averaged 0.473 cent below the full duty price of 1.685. This would reduce the effective duty to 1.212 cents per pound for 1912. At the present time New York prices are 73 cents below Hamburg parity, which actually brings the advantage to domestic producers below 1 cent per pound.

The Democratic Campaign Textbook of 1912, page 149, says:

The average increase in cost by reason of the tariff during the last seven years has been 1.03 cents per pound.

Accepting this latter figure, which certainly should be satisfactory to this committee, we find that the total increase, through the agency of the tariff, in the price of sugar consumed in the United States during 1912, when the consumption was the heaviest on record, amounted in round numbers to $80,000,000, or nearly $35,000,000 short of Mr. Underwood's figure.

Deducting the $50,000,000 of customs revenues from the $80,000,000 tax, we find that the resulting $30,000,000 represents the amount for which there seems to be no direct compensation to the majority of the people.

The statement, however, that this $30,000,000 (instead of $65,000,000) "goes into the pockets of special interests" can only be true if Mr. Underwood proposes to include under the head of "Special interests" the thousands of small cane growers in the States of Louisiana and Texas: the 30,000 to 60,000 common and skilled laborers in these two States; the thousands of small beet growers in the 17 Central and Western States, together with their corresponding field laborers; the skilled laborers in the sugar-beet factories; the mule breeders and dealers in Kentucky, Tennessee, Illinois, Missouri, Texas, and Kansas; many of the farmers of Alabama, Georgia, Mississippi, Tennessee, North and South Carolina who grow cowpeas; numerous farmers of Texas and the entire West who grow corn and oats; laborers in the boiler and machine shops of Alabama, Missouri, and the Eastern States; and thousands of wholesale and retail mercantile houses throughout the Nation who furnish the general supplies for the cane and beet sugar farmers, laborers, and factories of the South and West.

THE IDEAL REVENUE PRODUCER.

Sugar has always been recognized hitherto by the Democratic Party as an ideal revenue producer.

First. Because it is imported in large amounts and the tax is easily collected.

Second. Because since sugar is both a necessity and a luxury, the indirect tax is equally distributed. The man of moderate means uses a minimum of sugar, while the wealthy man's family indulge in many delicacies which contain sugar in large proportions.

The recent ratification of the income-tax amendment, however, in the opinion of many, apparently dispenses with the necessity of Gov-

ernment revenue from an import tax on sugar and makes it possible for the advocates of free sugar to bring forward a serious accusation against the domestic sugar industry. It is charged:

First. That sugar cane in Louisiana and sugar beets in many Western States are a forced and unnatural growth and that if either of these industries are dependent upon a tariff that they are commercially illegitimate and can not be classified as honest business.

Second. That the Louisiana sugar industry is altogether in the hands of large landowners, contemptuously styled "sugar barons."

This first charge is certainly a serious reflection upon the attitude of our Government for more than a century past, under both Democratic and Republican administrations, toward sugar, which has been recognized as an excellent revenue producer and as a most desirable industry from an agricultural and manufacturing viewpoint.

We wish to resent this aspersion upon the Louisiana industry not only for ourselves but in the names of our fathers, who before us struggled against all the changing vicissitudes of nature and market conditions to which the farmer is subjected and who built up a magnificent manufacturing industry which is to-day supplying the tropical cane countries of the world with their expert chemists, engineers, and factory superintendents.

Nor must the fact be lost sight of that the single State of Louisiana under normal conditions produces one-half as much sugar as the 17 beet-sugar producing States of the Union.

The Thirteenth Census of the United States gives the following data regarding Louisiana farms: In 1860 the average-sized farm was 536 acres; in 1870, 246 acres; in 1880, 171 acres; in 1890, 137 acres; in 1900, 95 acres; and in 1910, 86 acres. In the monograph entitled "The Sugar Industry," issued by the Department of Commerce a few days since, which is the last official utterance on this subject, and filed herewith, the statement is made on page 7 that "in the 23 (sugar) producing parishes of the State there were, in 1910, some 40,094 farms, being 33.2 per cent of all the farms in the State." These farms included a total of 1,991,473 acres of improved land; in other words, an average of less than 50 acres per farm.

While it is true that there are still 500 to 1,000 acre farms in cane culture in Louisiana under one management, the unit of cultivation is being rapidly reduced, as the above figures indicate. For the sake of efficiency and reducing cost of manufacture, however, there has been a gradual process of centralization of factories, reducing the number from 1,200 in 1870 to 200 at the present time. The small farmers are, in many instances, stockholders and vitally interested in the success of the manufacturing end of the business. Under these conditions we hardly think that the title "sugar barons or feudal lords" is applicable at this time to the cane growers and sugar manufacturers of Louisiana.

HOW EUROPE FOSTERS THE SUGAR INDUSTRY.

If it is because our industry is dependent upon the tariff that it is termed "illegitimate," we reply:

First. That nearly every European country producing beet sugar has been guilty of fostering its sugar industry in the past, and even to-day these nations continue to very jealously guard their sugar industries by the imposition of import taxes.

As further proof of this fact we submit the following data, compiled by the Department of Commerce and Labor in 1912:

	Import tax.	Excise tax.	Surtax.
Austria-Hungary	$4.02	$3.50	$0.52
Belgium	2.27	1.75	.52
France	3.05	2.53	.52
Germany	2.03	1.51	.52
Italy	8.67	6.23	2.44
Spain	6.55	3.06	3.49
Russia	8.56	2.50	6.06
United Kingdom	.39	....	.39

From this it will be seen that even so-called free-trade England, without any domestic sugar, imposes an import tax of nearly 40 cents per 100 pounds.

In the case of the other nations, the amount of protection afforded their sugar-beet producers is measured by the difference between the internal-revenue tax and the import tax, which difference is termed the surtax.

All of these countries are members of what is known as the Brussels convention, which has been defined as "a great international syndicate presiding over the sugar industry as a board of directors might preside over a corporation, with a minuteness that often goes to the control of the supply of sugar that may come upon the European market."

According to the terms of this convention, in the sugar-exporting countries the surtax can not exceed 52 cents per 100 pounds; otherwise the sugar exported is subjected to a countervailing duty by the nation importing the same.

Italy and Spain do not export sugar. In Russia the sugar industry is under governmental supervision. The system is complicated, but the purpose is to regulate the price at home and encourage exportation by the payment of what is in reality a bounty. The terms of the Brussels convention place no restrictions upon Russia's exports to eastern countries, but does place restrictions upon her exportations of sugar to western countries.

England brought about these agreements originally to protect the sugar industries of her colonies, and because she was unwilling to see any nation monopolize the sugar business. The other countries entered into the agreement for their mutual protection, since the bounty system had overstimulated production and accordingly depressed prices radically in the markets of the world. Thus we see that the European beet-sugar nations are banded together in what might be termed an International Sugar Trust to regulate production and prices.

INCONSISTENCY OF OTHER UNDERWOOD DUTIES.

Second. If a duty upon sugar can not be defended from a Democratic standpoint, then every duty imposed by the Underwood bill upon any other article grown or manufactured in the United States is absolutely defenseless if it increases the price of that article to the consumer regardless of the revenue produced for the Government.

You can not but admit that many of the duties in the Underwood bill are protective and productive of little or no revenue. Neither is

there any time limitation upon these duties, as in the case of sugar. How, then, in the name of justice and equity, can you approve of protective duties upon cotton and woolen goods, steel, and other manufactured articles from which a minimum of revenue is derived, when it is proposed to place upon the free list an article which is universally recognized as an excellent revenue producer, which is, in fact, to-day producing about one-sixth of the Government's customs revenues?

If the price of cotton goods is artificially enhanced and maintained by the tariff, naturally this is reflected in the price of raw cotton. Since one-third of our cotton crop is distributed among 110,000,000 people in the United States and Canada and the other two-thirds among the remaining 1,400,000,000 peoples of the world, it is quite evident that our domestic consumption is a very potent factor in regulating the price of cotton.

Until the receipt in Washington of the recent numerous petitions from the various farmers' unions of the South we had understood that the cotton farmer was naturally a free trader. The proposed reduction on cotton goods, however, seems to have changed his viewpoint. Why, then, is the cane and beet sugar farmer to be tossed bodily over the tariff wall while the cotton farmer is still to be taken care of, even though the rates on manufactured cotton goods are materially reduced? Any form of sugar, either raw or refined, is as much a manufactured article as is cotton cloth. Since the cotton mills need a tariff upon their goods in order to enable them to pay the farmer living prices for his cotton, so likewise the sugar manufacturer can only operate when his product commands a price which will enable him to pay living prices to the beet and cane farmer.

Since, then it is evident that a duty upon sugar can be more easily defended from a Democratic viewpoint than a duty upon cotton or woolen goods, steel, or many other manufactured articles, why has sugar been especially selected for the free list? Has it been an unusual offender in the matter of abnormally high prices? The evidence does not justify such a charge.

We had understood that a revision of the tariff was demanded by the people of the country in order to try to lower the high cost of living. In other words, to restore to the consumer the relatively low prices prevailing 10, 15, and 20 years ago on foodstuffs and the daily necessities of life.

As shown in the following tables, there has been a very decided increase in the price of many essential foodstuffs during the decade ending in 1910:

Potatoes	14.4	Timothy hay	49.3
Beans	14.4	Barley	49.5
Prunes	19.7	Salt beef	49.7
Codfish	21.4	Rye	50.2
Onions	22.1	Mutton	51.9
Bread	25.0	Corn meal	52.4
Sugar beets	26.8	Corn	52.5
Fresh beets	27.7	Wheat	55.9
Rye flour	29.1	Cotton	57.3
Milk	34.3	Hams	60.4
Cattle and sheep	34.4	Eggs	64.8
Evaporated apples	35.9	Oats	69.8
Butter	36.7	Hogs	76.0
Average of all	37.7	Bacon	77.1
Cheese	39.4	Lard	81.6
Wheat flour	43.0	Salt pork	89.8
Herring	43.9		

These figures are taken from chart No. 19 of Senate document 890, Sixty-second Congress, entitled "Sugar at a Glance" and were compiled from figures issued by the Department of Commerce and Labor.

The increases here shown varied from 14.4 to 89.8 per cent. By a most diligent search, however, you can not find sugar in this list. In fact, it had actually declined 7 per cent in price during the same length of time and is considerably lower to-day than it was three years ago.

The wholesale price of sugar dropped from 6.27 cents in 1890 to 4.97 cents in 1910, or more than 20 per cent in 20 years. Since the average wholesale price to-day is about 4.20 there has been an additional drop of 15 per cent in the last three years.

Does it not seem strange, then, that practically the only prominent food article which has been steadily declining in price has been singled out by the administration for a sacrificial offering upon the altar of free trade?

We are anxious to learn if there is a single article of general consumption on the dutiable list which has declined more than 30 per cent during the past twenty-odd years, while the effective tariff on the same has been lowered more than 40 per cent. If there is such an article other than sugar we have failed to discover it.

COMPARED WITH OTHER NATIONS AMERICA ENJOYS CHEAP SUGAR.

Is the American consumer unduly oppressed by excessive prices for his sugar as compared with the German, French, Austrian, Russian, and Canadian consumer? We think not. It was shown last year before the Senate Finance Committee that in July, 1911, a time of unusually high prices for sugar all over the world, that the retail price of sugar was cheaper in the United States than in any of the larger European nations except England.

The following compilation of comparative wholesale prices from the daily press of England, France, Germany, Canada, and the United States is extremely interesting.

Wholesale sugar prices.

REFINED GRANULATED.

United States, New York (Willett & Gray's Weekly, Apr. 10, 1913):
  Fine granulated—4.06 cts. per pound.
Great Britain, London (London Morning Post, Apr. 5, 1913):
  Tate's cubes No. 1—18s. 9d.=4.10 cts. per pound.
  Lyle's granulated No. 1—16s. 10½d.=3.70 cts. per pound.
Canada, Toronto (Toronto World, Apr. 11, 1913):
  Extra granulated in bags—4.45 cents per pound.
Austria, Vienna (Wochenscrift du Zentralvereines für die Rübenzucker Industrie, Apr. 2, 1913):
  Moravian refined—Kr. 22.90 per 50 Kg.=4.20 cts. per pound.
Germany, Magdeburg (Wochenlicher-Markbericht die Deutsche Zuckerindustrie, Apr. 4, 1913):
  Crystal No. 1.—20 M. per 50 Kg.=4.35 cents per pound.
France, Paris (Journal des Fabricants de Sucre, Apr. 10, 1913):
  Raffiné de bel sort—64 fr. pr. 100 Kg.=5.60 cts. per pound.
Russia, Moscow (Viestnik Sackeroi Promisslennosthy, Mar. 23, 1913):
  Refined—5 R. 30 k. per pood=7.50 cts. per pound.
  Odessa—5 R. 35 k.=7.44 cts. per pound.
  Tiflis—5 R. 50 k.=7.64 cts. per pound.
  Baku—5 R. 70 k.=7.91 cts. per pound.
  St. Petersburg—5 R. 80 k.=8.05 cts. per pound.
  Omsk—6 R. 15 k.=8.55 cts. per pound.
  Irkutsk—6 R. 60 k.=9.16 cts. per pound.

Retail prices.

FINE GRANULATED.

United States, 3.8 cents to 4.5 cents per pound. (Advs. in daily papers.)
Great Britain, 4.03 cents per pound. (C. Czarnikow cablegram, Apr. 18, 1913.)
Germany, 5.40 cents per pound. (H. Hackfeld & Co., Bremen, cablegram, Apr. 18, 1913.)

At this particular time, when the Cuban and Porto Rican crops are being marketed, sugar is cheaper in the United States than in many of the countries previously enumerated. This is a striking demonstration of the fact that the law of supply and demand is often the strongest controlling factor in fixing the price of a commodity.

Since the Germans, French, and Russians produce sugar as cheaply as any nations in the world, exclusive of the Tropics, we can not believe that the American consumer is in reality demanding sugar cheaper than the citizens of these countries when he pays relatively more for the other necessities of life and commands higher wages. In terms of labor sugar is cheaper to the American workingman than to his European brother. Is he willing, then, to have the standard of American wages and living lowered to that of these foreign nations in order that he might save a pittance on his sugar bill?

It is generally conceded that the cost of living in the United States is higher than it was formerly, partly due to the fact that the number of producers is rapidly decreasing while the consumers are increasing. In other words, the farms are being abandoned and the movement is toward the cities, where the newcomers must live a more or less parasitical life upon their neighbors: and yet, gentlemen, by the terms of this bill and for the supposed good of the consumer you will wreck the cane and beet farmers of the South and West, drive them into bankruptcy, force them to sacrifice their farms, and to join the ever-increasing army of place hunters in the cities and towns. Instead of encouraging the beet farmer to increase the productivity of his fields by scientific rotation with beet and grain crops in order to make farm life more attractive you propose by bringing his finished product into direct competition with that of the pauper-paid labor of European countries to force over a half million acres of land in the West into other crops much less remunerative to the farmer.

It is seemingly your prerogative to decide, gentlemen, whether it is preferable to have 100 or 200 beet-sugar factories scattered throughout the great Central and Western States, 200 or more cane-sugar factories in Louisiana furnishing ready markets for the farmers' remunerative crops supplying the markets of the great cities with their necessary supply of sugar—vieing with one another in competition and thereby permitting prices to be automatically controlled by the law of supply and demand, or whether you prefer all the sugar which the Nation consumes to be imported from Cuba, other tropical countries, Germany, and Russia, and pay a toll on every pound to a small group of refiners on the Atlantic and Pacific seaboards, who can absolutely dominate the sugar markets of the Nation and in times of shortage or stress dictate their own prices or terms, while in the meantime the domestic factories will have been dismantled and cane and beets have disappeared from the fields.

UNDERWOOD'S FIGURES ANALYZED.

Referring again to Mr. Underwood's statement, let us admit simply for the sake of argument that there would be an apparent saving of $30,000,000 a year (rather than $65,000,000) to the American people by abolishing all sugar tariff duties. Let us see, however, what would be the per capita saving on the basis of 100,000,000 population. It would apparently be the munificent sum of 30 cents a year.

Since a large per cent of the sugar is consumed in the manufacture of chewing gum, condensed milk, and other articles which contain relatively small amounts of sugar, it is preposterous to suppose that the ultimate consumer would get a larger stick of chewing gum or a larger box of condensed milk than he does at present, even if the price of sugar was a cent lower. This absurd claim, however, was made two years ago by the refiners. Sugar is more than 2 cents a pound cheaper now than in the summer of 1911, when, due to the failure of the European crop, it was abnormally high, yet none of us are paying less to-day for our chewing gum or condensed milk. In fact, only about 60 per cent of the sugar consumed goes direct to the consumer. This would reduce the actual saving to $18,000,000, or 18 cents per capita to the individual consumer.

We seriously question, however, whether even this benefit to the wage earner would be more than temporary, as free sugar would not necessarily mean cheaper sugar for any length of time. That it would mean, other conditions remaining the same, cheaper sugar temporarily we can hardly doubt, although the supply would necessarily be curtailed by the loss of the entire domestic crop, including Porto Rico, and curtailment in Hawaii, aggregating 1,750,000 tons.

This temporary slump in prices, however, is the great desideratum that the Sugar Trust and its allies, the other seaboard refiners, are anxiously awaiting. The hope of attaining this end is what inspired the campaign that has been waged by the Federal Sugar Refinery, through Mr. Lowry masquerading as secretary of a committee of wholesale grocers, in the ostensible interests of the consumer.

If there be any doubt in the mind of any member of this committee as to who appeared before the Hardwick investigating committee and the recent Senate Finance Committee in advocacy of free sugar, we wish to refer you to Senate Document No. 378, Sixty-second Congress, which is filed herewith as part of our evidence against the conspiracy of the American refiners to destroy the domestic sugar industry in order that they might dominate more than ever before the sugar markets of this country.

Chapter I: "Shows that the refiners of foreign raw sugar are a unit in desiring the duty on foreign raw sugar reduced or removed."

Chapter II: "Shows that the refiners are striving to have the duty reduced on foreign raw sugar in order that they may destroy the increasing competition of the home sugar industry, which already forces them to lower prices while the home product is on the market."

Chapter III: "Shows that the alleged 'committee of wholesale grocers' is Spreckels, the New York sugar refiner, who uses the grocers as a cloak to conceal his identity."

It is indeed significant that at no previous time in the annals of the sugar industry or tariff legislation had the refiners ever advocated even a lowering of the duties, except in the Cuban reciprocity fight.

It is a matter of history that Mr. Havemeyer, the guiding genius of the Sugar Trust, for many years tried to capture and control the beet-sugar industry of the West by purchasing stock in several beet-sugar companies. His successors, however, realized that the industry was growing entirely too rapidly to ever hope to control the output of granulated sugar which was becoming a dangerous competitor, and they resolved, by means fair or foul, to either destroy the industry or so cripple it that it could be easily held in check.

The fact that the trust at one time did own a large interest in certain beet factories has enabled Mr. Lowry, in his unscrupulous campaign for free sugar, to so befuddle the average layman by withholding part of the truth as to have it appear that the Sugar Trust was making common cause with the Domestic Sugar Producers in their fight for the maintenance of a reasonable tariff.

Knowing that the American people looked with suspicion upon any measure it might advocate, due to the exposures by the Government of its customs frauds, the Sugar Trust has remained in the background during this fight and has only spoken through its representatives when certain occasions demanded.

While it is true that there is seeming competition at times between the trust and the so-called independent refiners in marketing their goods, this is more apparent than real, but they are a unit in their determination to destroy the domestic sugar industry because it is their only serious competitor. You have only to read their testimony before the Hardwick committee to thoroughly convince yourself on this point.

Just how this competition works to the annoyance of the refiner and in the interest of the consumer is interestingly told by Mr. W. P. Willett, sugar statistician, in Chapters IV, V, and VI of the same Senate document previously referred to and filed herewith.

Chapter IV: Shows that when in September, 1911, the sugar refiners marked the price of imported sugar up to 7½ cents per pound, domestic sugar was not on the market.

Chapter V: Shows that when domestic sugar came onto the market in October, it was that, and that alone, which brought the refiners' price down to 6.11 cents in November, and 5.63 cents in December.

Chapter VI: Shows that the most effective manner in which to lower the price of sugar permanently is to increase the home production.

The whole case is summed up in a very concise manner by Mr. Willett in this statement:

> In all these analyses I reach the same conclusion—that to decrease the price of sugar to the consumer, increase the domestic production as rapidly as possible.

TELLTALE LETTERS OF THE TRUST.

What a powerful grip the trust has had upon both the New York and the New Orleans markets and how they have sought to stifle all competition on the part of the Louisiana planter in his effort to better his condition is, partially, shown in the following letters. They were introduced as evidence in the suit of the United States versus the American Sugar Refining Co. in New Orleans last December for violation of the Sherman Antitrust Law.

Extract of letter from J. T. Witherspoon, manager of the New Orleans plant of the American Sugar Refining Co., to H. C. Mott:

NEW ORLEANS, *October 27, 1904.*

Mr. H. C. MOTT,
No. 117 Wall Street, New York.

DEAR SIR: It was mentioned yesterday that some of the parties here who have sold us large lots of sugar, at a fixed price under the New York price day of arrival, would probably enter into an arrangement with the Federal Refinery of New York whereby this concern throughout November and December would buy small lots on the New York market at not less than 4¼ for 96° test, and thereby fix the New York quotations at this figure, which in turn would be the supposed figure for settlement of sugars arriving here.

While this would be a most contemptuous plan, still there are some people here not too good to make the attempt, and if the Federal is willing, I am satisfied that some of the large buyers here would reimburse them for any loss they might sustain.

I only mention this to show you what might possibly take place, and for you to be on your guard. * * *

Commencing with the latter part of next week, the daily arrivals here on account of contracts already made will be large. These contracts, as you know, will be settled at a differential under the New York price day of arrival. Hence it behooves you to depress the New York markets as much as possible, for the lower the New York quotation is, the less these sugars will cost us.

Yours, very truly, J. T. WITHERSPOON.

Extract from letter of J. T. Witherspoon, manager of the New Orleans branch of the American Sugar Refining Co., to President Thomas:

NEW ORLEANS, *October 28, 1908.*

Mr. W. B. THOMAS,
President the American Sugar Refining Co., New York, N. Y.

MY DEAR MR. THOMAS: I want to bring to your attention the competition in the way of refined sugars that we will have in New Orleans during the coming winter. * * *

What I particularly desire to call your attention to is that the higher we hold our prices for granulated sugar here during the next three months, naturally the more profit these plantations will make on their product, and if the information once gets abroad that it is more profitable for the different plantations to produce granulated sugar than to turn out raws or clarified, I am afraid next season many others will commence doing likewise; consequently it might be well for you to consider the proposition of permitting New Orleans, during the next three months, to maintain a difference in price below New York of at least 10 cents, and at periods of extreme dullness, when these outsiders here are quoting low prices and selling their product, of even 20 cents per hundred pounds.

What I am particularly interested in is seeing the little outside competition develop as little as possible.

Yours, very truly, J. T. WITHERSPOON.

The testimony of Mr. Emile Legendre, of New Orleans, in the suit mentioned, should forever put at rest the false impression existing in many quarters that the Louisiana sugar planters are in any manner allied with the trust. Mr. Legendre established the fact that two well-organized and directed efforts of the planters to establish a refinery of their own in New Orleans were defeated through the misrepresentations and treachery of the tools of the American Sugar Refining Co.

The spirit which prompted these men is clearly explained in another letter from one of their officials which states that:

> The American (Sugar Refining) Co. is a fixture in New Orleans and prepared to maintain its supremacy regardless of costs or consequences.

Their method of blacklisting the raw sugars of the planters who attempted to show a spirit of independence is also explained in this suit and in the testimony of Mr. J. E. Burguieres before the Hardwick investigating committee.

LEGISLATING TO BENEFIT REFINING CULPRITS.

Despite these flagrant violations of the Sherman antitrust law; despite the thefts of millions of dollars from the Government through returns of false weights, of which the American refiners have been convicted; despite their hypocritcal campaign for free sugar or radical tariff reduction still being conducted through the secretary of an imaginary wholesale grocers' committee—despite all these things, does the Democratic Party, the sworn enemy of trust and unholy combinations propose to enact sugar legislation directly in the interest of the American refiners that must result in the inevitable destruction of the Louisiana sugar industry and incalculable damage to the beet-sugar industry in order that the mythical consumer might reap a temporary benefit?

By their manipulation of the markets and by secret railroad rebates the trust further discouraged for many years the manufacture of high-grade sugar in order that they might exact a refining toll from the entire Louisiana crop.

In the past few years, however, there has been an effort on the part of the Louisiana planter to free himself from the shackles of the trust. By independent sales of raw sugar in New York we have been able to lower the differential against us from 25 to about 15 points.

The Adeline factory of the Oxnard Bros., and the reserve factory of the Godschaux Bros., have been making granulated sugar for the past two years direct from cane juices without the aid of boneblack. These sugars sell from 10 to 20 points below standard granulated, but to all intents and purposes are just as good. We submit herewith four samples of sugar: No. 1 is from the Henderson refinery, New Orleans; No. 2 is from the reserve factory, Louisiana; No. 3 is from the Adeline factory, Louisiana; No. 4 is from the American Sugar Refinery, New Orleans, for comparison. We venture the assertion that the average groceryman could not in this case distinguish the product of the refinery from that of the factory.

If only a moderate reduction is made in the sugar schedule rates, we are reliably informed that certain far-reaching developments will take place in Louisiana this year that will assist materially in placing our industry upon almost an equal footing with the beet-sugar industry, by the establishment of a method of manufacture whereby granulated sugar can be made directly from cane juices at practically the same cost as raw sugar.

This would probably be accomplished in Louisiana in three years if there was any future to look forward to after that time, but free sugar cuts off every possible avenue of escape from that disaster.

The statement has been publicly made that the Louisiana sugar industry was doomed to ultimate destruction by the competition of beet sugar in the United States. We seriously doubt the accuracy of that statement, but if it should prove true eventually it would simply be another demonstration of the law of the "survival of the fittest." In the meantime we should have had an opportunity to gradually adjust ourselves to conditions brought about by natural causes and could blame no one for the destruction of an industry of which Louisiana has had a right to be proud. It would also be received with much better grace on the part of our people than a cruel ultimatum

from Congress that we must close up business in three years regardless of the sacrifice of property or money.

Admitting again, simply for the sake of argument, that the per capita saving from free sugar would be 18 cents, or less than $1 per year to the average family, what would it mean to Louisiana and what would be some of the costs to the Nation?

LOSSES THAT WOULD FOLLOW.

It would mean that in less than 12 months at least one-quarter million people in New Orleans and the State of Louisiana who are directly and indirectly dependent upon the industry would be seriously crippled and many of them totally bankrupt.

It would mean nearly three-quarters of a million acres of sugar lands thrown upon the market, and a corresponding shrinkage in land values, bank balances, and real estate values throughout the State.

It would mean a sudden halt in the great reclamation projects which are now in progress in Louisiana, and would check the strong tide of northern and western immigration which is moving that way.

It would mean a financial panic in Louisiana that would cause all previous disturbances of this nature by comparison to pale into insignificance.

It would mean not only a sudden halt in the growth of New Orleans and southern Louisiana, but a greatly reduced population and the setting back of the wheels of progress for more than a quarter of a century.

It would mean that the $25,000,000 to $30,000,000 derived from the sugar products, which are annually taken from the soil of this State and which are distributed in interstate commerce with Alabama, Georgia, Tennessee, Kentucky, Missouri, Ohio, Indiana, Pennsylvania, New York, and all the Middle Western States for plantation and factory supplies, would be wiped out, and the owners of these lands would have to farm them in cotton, corn, hay, and truck and bring their products into competition with the already overstocked markets of the staple crops.

It is probably not too broad an assertion to make that every man, woman, and child in southern Louisiana would be seriously affected by the disaster, and that the failure of the sugar industry in Louisiana and the West would cause some financial loss to nearly every important industry in the Nation.

It would mean the resultant loss of $50,000,000 to the United States Treasury and $100,000,000 in the balance of trade with foreign countries. It would mean the termination of the Cuban reciprocity treaty. It would mean that the United States Government would henceforth be absolutely dependent upon other nations for its sugar, both in times of peace and war. It would mean that the property and trade of our insular possessions would be seriously crippled, and last, but not least, it would mean the absolute perfection and perpetuation of a monopoly in the hands of the American sugar refiners that would enable them to control the price of sugar and fix their profit at whatever figure suited their fancy within certain limitations.

FREE TRADE A COLOSSAL BLUNDER.

The adoption of free trade as the governmental policy of the United States would be a colossal economic blunder, and its direct and immediate effect would be the enactment of an industrial tragedy in Louisiana, in many parts of the West, and in our insular possessions.

Let us now consider briefly some of the future dangers of free sugar.

We have said that the benefit of the American consumer might be only temporary.

The shortage of 1,500,000 tons arising from the destruction of the domestic industry, including Porto Rico and the damage to Hawaii, would naturally have a tendency to raise world prices, since in 1911 a shortage of about 2,000,000 tons in Europe raised prices nearly 2 cents per pound.

It is hardly possible that Cuba and the European beet countries would increase their output sufficiently in so limited a time to prevent this rise in prices. What protection would the American consumer have in the way of competition, with the domestic industry destroyed? What would prevent the American refiners from increasing their margin of profits through a mutual agreement with the domestic industry destroyed?

The resultant high prices would probably stimulate production abroad to partially meet the demand. It must not be forgotten, however, that temporary cheap sugar in the United States would have increased consumption even faster than under ordinary conditions and that there would be several years of higher prices through the natural operation of the law of supply and demand. Our sugar factories, however, would in the meantime have been dismantled, our sugar cane and beets supplanted by other crops, and the increase in prices would come too late to benefit us.

Cuba with preferential freight rates and strong financial connections in this country would naturally furnish the bulk of our sugar requirements and consequently be the principal recipient of the benefits accruing from higher prices.

Again, under free sugar several artificial forces could be utilized by foreign nations in victimizing the American consumer. The Brussels convention could declare that the United States was no longer convention territory and allow Russia with her 2,000,000 tons in reserve and other European countries to dump their surplus sugar into this country. As soon as prices had been sufficiently depressed to kill our domestic industry these European powers could by mutual consent declare the United States again convention territory, raise the price of sugar accordingly, and absolutely dominate the situation in conjunction with Cuba and the American refining interests.

The Brazilian valorization coffee combination, which followed the placing of coffee on the free list and raised the price from 50 to 100 per cent in a few years, pales into insignificance in comparison with the possibilities of the Brussels convention in inaugurating a similar plan to take advantage of the fact that this Nation had removed the duty on sugar and destroyed its domestic supply.

Another artificial device that Cuba and other tropical countries could legitimately adopt to incidently raise revenues for their Governments would be the imposition of export duties on sugar. They could raise the price in the American market to a point just enough below

the world market price to insure them against destructive European competition.

Under these conditions the American consumer would be paying high prices for his sugar and filling the governmental coffers of Cuba and other tropical countries rather than raising revenue for his own Government and fostering the domestic sugar industry as at present.

It is rather disquieting to even imagine the possible shortage of sugar and its resultant effect on prices in this country in time of war with the entire production in the hands of foreign nations.

We reiterate, then, that it would be a colossal economic blunder for this Government to permit the destruction of its domestic sugar industry and leave the American consumer entirely to the tender mercies of two gigantic and powerful trusts—the Brussels convention of Europe and the sugar-refining interests of the United States.

FAKE SENTIMENT BUILT UP BY LOWRY.

In conclusion, we charge without fear of successful contradiction that whatever sentiment does really exist among the American people to-day in favor of free sugar has been absolutely manufactured by the refining interests of the United States under the leadership of F. C. Lowry in the supposed interest of the consumer, but in reality to permit the refiners, including the Sugar Trust, to dominate the sugar markets of this Nation more successfully than in the past through the destruction of the domestic sugar industry.

NEW ORLEANS, LA., *October 5, 1912.*

Hon. WOODROW WILSON,
Democratic Nominee for President of the United States,
Care Hon. William Jennings Bryan, Lincoln, Nebr.:

The last Democratic House passed the Underwood free-sugar bill. The Democratic platform for 1912 approved the legislation of the Democratic House at its last session. The Democratic Campaign Book for 1912 advances extended arguments in favor of free sugar. Notwithstanding these facts, sugar men in Louisiana are being assured that you will not advocate the Underwood free-sugar bill if elected President, but will be guided by the fourth paragraph of the Democratic platform on the tariff question, which promises downward revision that will not injure or destroy legitimate industry. The Republican campaign opens in Louisiana on the 10th instant. We do not wish to misrepresent your position. May I ask if you are in favor of the Underwood free-sugar bill or not? If not, what duty on sugar will you advocate if elected President? We will publish your answer in full with this telegram.

C. S. HERBERT,
Chairman Republican State Central Committee.

President Wilson's answer was as follows:

PHILLIPSBURG, KANS., *October 6, 1912.*

C. S. HERBERT,
Chairman Republican State Central Committee, New Orleans, La.:

Your lettergram October 5 received. My position on the question mentioned was stated in my speech of acceptance.

WOODROW WILSON.

THE LOWRY TELEGRAM.

The following telegram was sent by the sales agent of the Federal Sugar Refining Co., signing himself as secretary of the so-called Wholesale Grocers' Association, which was exposed before the Hardwick committee to the subcommittee of the committee on

platform of the National Democratic convention at Baltimore which had under consideration the plank affecting sugar.

The fact that the request made therein was ignored clearly indicates that the Democratic Party, as represented by its leaders in convention assembled, had no intention of advocating free sugar as a party measure. Here is the telegr n:

138 FRONT STREET, NEW YORK,
June 26, 1913.

———, *Convention Hall:*

In accordance with the action taken by the Democratic House and in the interest of 90,000,000 consumers, we urge the adoption of a free-sugar plank or a specific declaration for a substantial reduction of the sugar schedule in the Democratic platform.

COMMITTEE OF WHOLESALE GROCERS,
FRANK C. LOWRY, *Secretary.*

GEORGE R. CARTER, REPRESENTING THE MERCHANTS' ASSOCIATION AND CHAMBER OF COMMERCE, HONOLULU, HAWAII.

To whom it may concern, greeting:

This is to certify that the Honolulu Chamber of Commerce, in conjunction with the Merchants' Association of Honolulu, have appointed the Hon. George R. Carter, former governor of Hawaii, as their special representative, and do by these presents commission him to visit Washington, D. C., and there to appeal to the President of the United States, as well as both Houses of Congress, on behalf of the commercial interest of this Territory in he present tariff legislation, to prevent any change in the tariff on products of Hawaii.

April 14, 1913.

E. F. BISHOP, *President.*
[SEAL.] H. P. WOOD, *Secretary.*

HONOLULU, HAWAII, *April 14, 1913.*

To whom it may concern, greeting:

This is to certify that the Merchants' Association of Honolulu, in conjunction with the Honolulu Chamber of Commerce, have appointed the Hon. George R. Carter, former governor of Hawaii, as their special representative, and do by these presents commission him to visit Washington, D. C., and there to appeal to the President of the United States, as well as both Houses of Congress, on behalf of the commercial interests of this Territory in the present tariff legislation, to prevent any change in the tariff on products of Hawaii.

O. C. SWAIN, *President.*

O. C. Swain, president of Honolulu Merchants' Association, chairman, presented the following resolutions, unanimously adopted at public mass meeting, Honolulu, April 8, 1913:

Whereas the time limited for the public meetings of the committee jointly appointed by the Chamber of Commerce and Merchants' Association of Honolulu to inaugurate and conduct a local campaign of protest against a reduction by the Congress of the United States of the duty on sugar has expired; and

Whereas said joint committee has faithfully, energetically, and intelligently directed its labors toward warding off the removal of or material reduction in the present

tariff duty on sugar, without which tariff duty the industries of this Territory would be paralyzed, its now cultivated fields will lie fallow, and its local government be seriously embarrassed if not rendered incapable of carrying on its functions; and

Whereas said committee has labored without compensation or reward for the welfare and need of the entire community: Now therefore be it

Resolved (by this general mass meeting of the people of the Territory of Hawaii, held in the city and county of Honolulu on the 8th day of April, A. D. 1913, at the hour of 11 o'clock a. m.—work and labor throughout the city having ceased for the purpose of permitting all classes to be here present), That the thanks of the people of the Territory of Hawaii be extended to said joint committee and to each member thereof for its and their faithful, energetic, and intelligent labor in presenting to the citizens and to the Congress of the United States this Territory's protest against the abolition of or reduction in the present tariff duty on sugar, the product of its soil upon which it is dependent for its commercial and civic existence; and

Resolved, That this meeting confirms the selection of Hon. George R. Carter as special representative of the people of Hawaii to present their cause in the National Capital.

Resolved further, That the chairman of this meeting do forward a copy of this resolution to the President of the United States and to both Houses of Congress.

BRIEF BY GEORGE R. CARTER, FORMER GOVERNOR OF HAWAII.

MAY 27, 1913.

PAST.

The last Democratic administration in Washington continued the admission of Hawaiian sugar free of duty in the American market by a treaty signed by the President, November 9, 1887, and this was when Hawaii was independent, in exchange for which, among other things, a concession in Pearl Harbor for a navy yard was obtained. President Cleveland's act in doing this was approved by the Nation, and the whole world saw its importance. Since then Hawaii has given herself for all time to the Union, and she now forms an integral part of the United States of America. Unlike other acquisitions, she was financially an asset from the start. It cost only $4,000,000 to acquire Hawaii, and she has paid $18,246,946.73 into the National Treasury, in the redistribution of which she has no vote.

PRESENT.

The present Democratic administration proposes to remove or lower the duty on foreign sugar and thus put Hawaii's only product on a free-trade basis, and claims in defense of its action that if the sugar producers of Hawaii are not keen enough to compete with the world they are not worthy of protection. Nothing has yet been said as to the statesmanship of permitting foreign standards of labor in Hawaii; any product in which the cost of labor is nearly 50 per cent can not hope to compete with the cheap labor of the world; no suggestion has yet been made to release Hawaii from the necessity of shipping her products in American bottoms, thus permitting her to use foreign subsidized ships. The present tariff measure does not put on the free list the commodities necessary to Hawaii and used by her in the production of sugar. Since 1900 Hawaii has purchased goods from the mainland to the value of $199,145,633. Hawaii asks if it is fair, or even possible, to expect her sugar industry to compete with the world and yet not permit to it the world's prices for that which is used and consumed in the production of her sugar.

The whole prosperity—material, religious, social, and political—of Hawaii depends upon the revenues from the sugar industry. Impair that industry and the results will be disastrous and far-reaching. The educational system, health supervision, charitable institutions, police regulations, road building, wharf repairs, maintenance of public buildings, administration of justice, the value of public lands—all will be adversely affected.

INDUSTRIAL CONDITIONS.

The total assessed value of all real and personal property in the Territory on July 1 last was $176,834,801. Nearly all business enterprise is under corporate form, and the capital stock of these corporations is widely distributed among all classes. There are over 9,060 different individuals owning stock in the Hawaiian sugar companies. Many corporations encourage their employees to purchase their own stock, and savings are largely invested in these securities. There is probably no better example of the development of community interests under corporate law than is to be found in Hawaii. The long distance between the islands and their isolation from the rest of the world, as well as the unusual hazard attendant upon the sugar industry, has hindered foreign capital from seeking investment out there, so that the use of local capital has been encouraged by a recognition of minority rights and publicity which is unusual. The total capitalization of the 54 sugar plantations is $84,671,660. The assessed valuation of all the property of these particular corporations on which taxes were paid during 1912 is $92,486,641. Therefore the Hawaiian sugar industry is capitalized nearly 10 per cent under its assessed value, and Hawaiian sugar stocks are thus collectively without water. During the past 10 years the average yearly dividends from all the sugar corporations have been only slightly over 8 per cent on the issued capital stock. This is surely not an excessive return.

The cost of production since annexation has increased rapidly. The process of Americanizing the islands has not made for economy. From the books of one of the best-known plantations, the Ewa Plantation Co., the following figures were taken, showing the cost of production prior to and since annexation in 1900: 1897, cost marketed, $31.25 per short ton; 1900, cost marketed, $47.47 per short ton; 1912, cost marketed, $52.52 per short ton.

That this estate is well managed can be shown from the fact that the average cost marketed for the entire Hawaiian crop of 1911 was $58.28 per short ton. Always and everywhere in every industry some are producing at the cost margin, some even below it, and they as well as the better managed are included in the average.

The total capitalization of all Hawaiian corporations of every class is $168,217,578. As already shown, one half is directly engaged in the production of sugar and the other half is very largely represented by those activities which are directly dependent upon the sugar industry. Among these is a large and comfortable fleet of interisland steamers; there are two large commercial fertilizer factories; a machine shop and foundry that has erected sugar mills in Cuba, Porto Rico, Mexico, Formosa, and the Philippines. In fact, the islands are so dependent upon sugar that any adverse change

in its price affects every portion of the community, for the whole framework of our civil and industrial structure is built out of sugar on a pedestal of well-deserved competitive protection.

DEVELOPMENT OF HAWAII.

Transportation forms one of the greatest problems that affects this Territory. It involves not only the cost covering the distance to and from the mainland of 2,100 miles, but there is the distance between the islands, which stretch out over some 350 miles. And, in addition thereto, the problem includes inland transportation on each island, one of which is nearly as large as the State of Connecticut. We have in Hawaii seven railroads in operation, aggregating about 270 miles in length, but built under such difficulties that not less than $10,000,000 has been expended in their construction. The operation of these railroads and interisland steamers is possible only through the volume of sugar handled, and without them no smaller industry can be created.

COMMERCIAL VALUE.

The value of imports into Hawaii from the mainland during the calendar year of 1912 was $28,262,349. Almost everything used in Hawaii is the product of American farm or factory. The list of imports into Hawaii includes animals, apples, breadstuffs, chemicals, carriages, cement, confectionery, cotton, chinaware, cordage, eggs, electrical machinery, fertilizers, fish, fruits, furniture, glassware, hay and grain, hardware, iron and steel, leather, boots and shoes, meats and dairy products, oranges, mineral oils, paints, paper, soap, spirits, toys, vegetables, wood and lumber, wool, etc. Of all these imports the value sent out from the Atlantic ports last year was $5,731,684, while $22,530,665 was received in Hawaii from ports on the Pacific coast. If Hawaii is obliged to cease the production of sugar, this trade will disappear.

AMERICAN MARINE.

Since annexation all freight and passengers between Hawaii and the mainland have been confined to American vessels because of the extension of the coastwise law covering these islands 2,000 miles distant. Of the whole Hawaiian trade nineteen-twentieths is carried in American ships, and its value for the calendar year of 1912 was $79,690,033. Few people realize the influence of Hawaii's sugar trade on American shipping. During the fiscal year ending June 30, 1913, the total exports and imports of the United States of America carried by sea in American vessels to foreign ports was valued at $321,452,000. Thus Hawaii's portion amounted to 25 per cent of the whole foreign trade in American ships. The combined capacity of steamers flying the American flag engaged in carrying sugar is 250,000 tons; they compose the largest fleet of steamers under the American flag; they represent $6,733,600 of capital; they employ approximately 2,500 individuals; and Hawaiian sugar alone contributed during 1912 $3,500,000 to American shipping.

LABOR CONDITIONS.

We in Hawaii challenge a comparison of the present conditions of our laborers with those of any other country where cane sugar is produced. We go further, and welcome a comparison between the existing conditions of the sugar laborer in Hawaii with those of the coal miner in West Virginia, in Pennsylvania, and in Colorado, or the lumber camps of Maine. In Cuba the cane sugar laborer usually lives in a hut of thatched palm leaves. He is not given steady employment, and a large proportion of the labor is drawn from a floating population. His children look forward to nothing better than the past; his life is un-American, without progress or development; his condition is stationary. In Hawaii each married laborer is given a well-built wooden house of two or three rooms, with a veranda, also from a quarter to an acre of ground to use as he chooses. He is furnished with water and fuel free of charge, and he can use this water not only for domestic purposes but also for his garden. As a rule medical attendance costs him nothing, and he has also available excellent hospital service without cost. Splendid free schools are provided and compulsory education in English required of his children. If the laborer, his wife, or child, wants suitable work for every day in the year the opportunity is given to them. If, however, he wants to work only half the days of the month and his wife and children decline to work at all, he can still occupy the house unmolested. His employer looks after the sanitary condition of his surroundings, and often provides him with a social hall for amusements. Thus each generation is given every opportunity to develop and better themselves, so that in Hawaii there is really progress.

ONE INDUSTRY.

Hawaii's absolute dependence upon but one product has been brought forcibly to the attention of her people during the years when the low price of sugar caused financial distress. Long before annexation the necessity of diversified industries was a subject of public discussion. In 1877 the legislature appointed a commission to study and report on the agricultural conditions of Hawaii. Many of those engaged in the production of sugar have given their time and money to the solution of this problem. The history of the last 30 years is full of attempts to create wealth in Hawaii out of some other product than sugar. Expensive experiments have been made with the silkworm, ramie, cotton, tea, vanilla bean, copra, and attempts are still being made with rubber, tobacco, and sisal, but without encouragement. Coffee has received the most extensive trial, and it has succeeded finally in a few favored localities, but only since the increased price due to the late valorization of coffee. As a rule climatic conditions in Hawaii do not permit the growing of annual crops as is done in the temperate zone, and even if they did there is still the question of a suitable market. The home market is limited and is affected in such products by the large export trade of California. These islands are therefore largely restricted to tropical products, but having a cooler and more equitable climate than is found at any other place in the torrid zone, they can not compete with the much more prolific growth of the true Tropics.

The coconut tree is less luxuriant in Hawaii than in the main copra belt of the Pacific, and Hawaiian copra can not compete in either quality or quantity; besides it requires seven years to raise the first new crop, during which time there is no income received. The only crops, aside from sugar, which have ever paid at all are those of rice and pineapple; but the exclusion of the Chinese made rice cultivation negligible, and the value of pineapples exported in 1912 was $2,567,564 as compared with $49,958,509 for sugar. The difficulty in developing the pineapple industry is that the market is already oversupplied, and pineapples are not a staple which people are likely to consume at each meal. Furthermore, a large proportion of the sugar lands are unfit for pineapple production.

TROPICAL FRUIT

So far as tropical fruits offer an opportunity, it may not be generally known that the Mediterranean fruit fly, in some unaccountable way, was introduced a few years ago into Hawaii, and not only is it destroying the existing fruit, but with the exception of bananas every species of fruit produced in Hawaii is now denied access to the mainland market, and the Federal experts in forcing this quarantine claim that this pest can never be exterminated. This quarantine also covers certain vegetables, owing to fear of other pests, thus further reducing Hawaii to the status of a one-crop country. Unlike Louisiana and the beet-growing States, it appears absolutely impossible for Hawaii to substitute any other industry for that of sugar.

EFFECT OF THE PRESENT TARIFF BILL.

Already the proposed reduction of the duty on sugar, with the possibility of free sugar in three years, has depressed values in Hawaii further and in less time than ever before. Hawaii's credit is to-day seriously affected. Such incompleted enterprises as are not already financed must fail. Hawaii must face a period of contraction. The policy of building there a community homogeneous with the mainland is evidently to be abandoned and in its place we are expected to produce our sugar at less cost—the cheaper the better. As a result of the passage of the present tariff bill, the first Democratic governor ever appointed to serve in Hawaii will have the task of adjusting this change and finding a new source of revenue; of reducing and eliminating the ordinary functions of government to which our little community has been accustomed for nearly 75 years.

PRODUCERS, NOT MANUFACTURERS.

The sugar producers of Hawaii are tillers of the soil; they can not, like the ordinary manufacturer, cease the purchase of raw material work off their stock in hand, discharge their labor, and limit their losses. They have millions of dollars irrevocably invested in crops for the coming three years. Their risks are always great, In adversity they must show supreme courage and face the distant future or surrender. Their past has not been without its difficulties. Disin-

terested testimony is given by Roy G. Blakey in his Study of Sugar and the Tariff, published last year. He states:

Those not familiar with Hawaiian conditions and the history of the growth of this industry may think that her remarkable increase in sugar production has been a matter of comparative ease; that by virtue of her soil and climatic conditions sugar can be grown almost without effort. Those who hold such views err greatly.

In Hawaii necessity has forced upon them the use of scientific methods and the most modern machinery. There are sugar plantations which have never paid a dividend and there have been many failures. The 238,000 acres of land in cane have not been cleared, plowed, and planted without great effort, courage, and endurance. If all their power of production were destroyed, wiped out, in some great crisis where the very existence of our national life was at stake, the sugar producers of Hawaii could get consolation for the sacrifice, as they would still have left the opportunity of again using the knowledge and experience acquired in the past. But in the present crisis no such hope can sustain them.

CONCLUSION.

What encouragement have they to again build up a legitimate tropical industry, or to further attempt to create an outpost of American civilization in the mid-Pacific? Hawaii reduced to merely a military outpost will stand as a monument to American statesmanship, a notice to all the world of the advantages accruing from a union with the great United States of America. When the memorable words of President Wilson in his inaugural address, "We shall restore, not destroy," reached Hawaii, they filled our hearts with joy, and we looked forward to the new administration with expectancy. Are we now to be doomed to disappointment; are those words to be translated into our industrial death knell?

FACTS AND FIGURES.

[In the order presented.]

Hawaii an asset.—Annexation cost $4,000,000. Public debt assumed. Returns from customs receipts and internal revenue to December 31, 1912, $18,246,946.73, a sum in excess of all the money spent on American administration in Hawaii and the cost to date of fortification.

Purchasing power.—Hawaii has imported from the mainland since annexation the products of American farms and factories to the extent of $199,145,633.

Values in Hawaii.—The total assessment of all real and personal property January 1, 1912, was $176,834,801.

Sugar industry undercapitalized.—Total capital stock issued by all 54 sugar companies is $84,671,000. The value of property on which these companies paid taxes is $92,486,000.

Earnings not excessive.—The average dividends earned for the last 10 years on issued stock was only 8.14 per cent.

Rise in cost of production (figures taken from Ewa Plantation Co.).—1897, crop cost marketed $31.25 per short ton; 1900, crop cost marketed $47.47 per short ton; 1912, crop cost marketed $52.52 per short ton.

Cost of production.—The average cost marketed for last year's crop was $58.88 per short ton, or 2.94 cents per 100 pounds of 96° raw sugar.

Sugar's position in Hawaii.—All sugar corporations are capitalized at $84,671,000; all other corporations are capitalized at $83,546,578; total capital of all Hawaiian corporations, $168,217,578.

Railroads in Hawaii.—Seven different concerns operating only 270 miles, but which cost $10,000,000 to build.

Hawaii's commerce.—During the calendar year 1912 the shipments from the United States to the district of Hawaii were valued as follows: Atlantic ports, $5,731,684; Pacific ports, $22,530,665; total, $28,262,349.

Increased volume American shipping.—During the calendar year of 1912 the whole trade between mainland ports and Hawaii was valued at $79,690,033. Of this nineteen-twentieths was carried in ships under the American flag. The trade with Hawaii amounts to 25 per cent of the whole foreign trade carried in American bottoms.

American shipping employed.—The combined capacity of steamers carrying Hawaiian sugar is 250,000 tons. They represent $6,733,600 of capital, employ 2,500 individuals, and carried therefrom during 1912 $3,500,000.

Small proportion of pineapple.—Value of pineapples exported in 1912, $2,567,564; value of sugar exported in 1912, $49,958,509.

Area in cane.—There are 238,000 acres in Hawaii under sugar cane culture.

SUMMARY OF STATEMENTS AND ARGUMENTS.

The Democratic Party shares in the responsibility for Hawaii's development under protection, as the last Democratic administration treated Hawaii favorably by extending the reciprocity treaty and giving their sugar admission to the protected American market.

The present Democratic administration aims to put sugar, Hawaii's only product, on the free list and leave the Hawaiian producers to compete with the world. The only way the latter could hope to do so would be to accept foreign standards of labor and living, to secure free ships and free trade in articles used in sugar production. They must be able to take advantage of the world's prices and cut off their special outlay in behalf of American civilization. The Occident and the Orient meet in Hawaii, and the world is watching with interest the effect of these two civilizations on this point of contact.

One result of the changed policy would be to subvert a trade which since annexation has given the American mainland over $199,000,000.

Industrial conditions.—In Hawaii there has grown up a common home interest in business. Most enterprises are corporate and the savings of the many are in their local securities. Little foreign capital is used because isolation makes it difficult to secure, nor is large business a burden to the small investor, for there is wide recognition of the minority interests and much publicity. Sugar stocks and most others are not watered, nor are inordinate returns sought. There being no foreign sale of home securities, there is no tendency to capitalize the earnings.

Industrial conditions.—Cost of production under the American flag, as shown by the books of a well-managed and widely known plantation, has almost doubled.

Half of all the wealth in Hawaii is employed in the direct production of sugar, while 90 per cent of the remainder is engaged in the other accessories to the sugar business. The whole industrial and civil structure rests on the sugar industry.

The development of Hawaii.—There is nothing else but sugar to maintain the traffic of the steamers connecting the long chain of islands and the railroads traversing their rugged coasts and volcanic interior.

Commercial value.—The importations which have built up so profitable a trade for American mainland exporters also finds its last anaylsis in sugar.

American marine.—American shipping has derived great benefit from the Hawaiian sugar industry. American bottoms have carried all freight and passengers since the application of the coastwise law. The Hawaiian fleet of sugar steamers is the largest one under the American flag, and employs some 2,500 individuals.

Labor conditions.—Hawaii takes good care of its field labor. Each married man at work on a sugar plantation gets a comfortable dwelling and a considerable area of ground for his garden, free water for household use and irrigation, free schools for his children, suitable and constant employment for the whole family, and public sanitary advice and help, so that there is in Hawaii true progress and human development.

One industry.—Substitutes for sugar cultivation have been thoroughly sought for many years, but without results. Generally all Temperate Zone crops have failed, and that has usually been the case with other tropical products.

Rice and pineapples are the only exceptions; but rice has suffered from Chinese exclusion, and the market for pineapples is limited. Copra can not compete with the more luxuriant production elsewhere. Coffee was a failure, and until the late valorization was an unrelieved victim of the free list. Exports of all tropical fruits, except bananas, are forbidden for an indefinite time by Federal and State quarantines.

Effect of the present tariff bill.—Already the proposed reduction of the duty on sugar has tremendously depressed values in Hawaii, and this is so with all producers of raw sugar; while in marked contrast the value of eastern refining stocks remain unaffected. Of late years the policy of Hawaii has been to build up a community homogeneous with the mainland. It must be sacrificed if the staple means of support is withdrawn.

Producers, not manufacturers.—The island people can not easily readjust themselves to new conditions, like manufacturers; they can not bank their fires, close their doors, discharge laborers, cease the purchase of raw material, and wait. They have millions of dollars in 238,000 acres of cultivated sugar cane and in accessory plants and transportation lines. They must either go ahead with their work or give them up, and once put down and out there will be little or nothing to encourage them to again build up a "legitimate industry."

Conclusion.—For the first time in the history of Hawaii the local elections were carried with one exception by Democratic candidates. The opinion was widespread that Hawaii had nothing to fear from either Federal or local Democratic control. The majority in Hawaii believed President Wilson when he said, "We shall restore, and not destroy."

JOSE DE DIEGO, SPEAKER OF THE HOUSE OF DELEGATES OF PORTO RICO, CHAIRMAN; MARTIN TRAVIESCO, JR., PRESIDENT OF EXECUTIVE COUNCIL OF PORTO RICO, VICE CHAIRMAN; ANTONIO R. BARCELO, PRESIDENT OF THE PORTO RICO ASSOCIATION; CARLOS CABRERA, AND HECTOR H. SCOVILLE.

WASHINGTON, D. C., *May 17, 1913.*

To the President and Congress of the United States of America:

We are a delegation from Porto Rico, created by a joint resolution approved at the last session of our legislature, and are charged with the duty of presenting to the national authorities the economic problems of Porto Rico as affected by the bill to reduce the tariff duties and to provide revenue for the Government.

In our desire to make our position clear and the subject of our mission perfectly understood we must state at the very beginning that we are here, not to represent and defend any private interests, but to represent and defend the general interests of the people of Porto Rico. We would have no great interest in the ruin or prosperity of the corporations and individuals that are engaged in the manufacture of sugar, in the cultivation and exportation of fruits, or in any other private business were it not for the fact that the welfare and the prosperity of our island and the realization of our highest ideals are seriously jeopardized by H. R. 3321, now pending before the Senate, and which contains several provisions affecting the life, happiness, and prosperity of the Porto Rican people.

We are voicing the sentiments of the House of Delegates of Porto Rico, the only body elected by the vote of our people, of the local political parties, of the labor organizations of our country, and of all the people of our island, who, at a public hearing held by our delegation in the city of San Juan, decided by unanimous vote to oppose the passage of H. R. 3321 with reference to those provisions which will affect the economic interests of Porto Rico.

We have referred to the economic interests of the island, but we could very well refer to the social, political, moral, and public interests of our people, for our desire is to show as emphatically as possible, not that certain industries will be destroyed by the change in the tariff, but that our progress of 10 years in public education, in the building of new roads for our commerce, and in the sanitation of the island will be destroyed, and we will become the poorest and most unfortunate people in America.

We do not desire to make such serious statements without fully substantiating them, and with that end in view we respectfully submit the following facts:

CONDITION AND DEVELOPMENT OF PORTO RICO DURING THE LAST TEN YEARS.

Sugar and fruits.—In 1900, two years after the occupation of the island by the American army, Porto Rico was passing through a very serious crisis, produced by three principal causes: The loss of the advantages granted to our coffee in the Spanish and foreign markets, as a consequence of the change of sovereignty and the application to Porto Rico of the American tariff, without securing the American market as a substitute for the lost markets; a reduction of 40 per

cent in our circulating medium, owing to the difference in the exchange of our local money for American money; the cyclone which devastated the island in 1899, through the destructive effect of wind and flood.

Soon thereafter, in 1902, by virtue of a provision in our organic act and by a proclamation of the President of the United States, free trade between the United States and Porto Rico was established and under such free trade the island began to prosper and to recover from the effect of the crisis.

The application of the American tariff to our importations from foreign countries was very burdensome to Porto Rico, which was compelled to buy nearly all the necessaries of life in the United States at prices much higher than those offered by the European markets. Free trade with the United States did not benefit our coffee in any way, coffee being at that time our most important product, for the reason that coffee was already listed among those products upon which no tariff is levied in the United States, while the shipping of our coffee to Europe and Cuba was made difficult by reason of the high tariffs of those markets upon American products.

As a compensation for such injuries, the free trade with the United States offered us the protection of the American tariff for our fruits, and especially for our sugar.

The exportation of fruits was almost nothing in 1902; our fruit trees grew wild and from them we took the fruits that were necessary for our local trade and consumption. We did not begin to export pineapples until the year 1906, and grapefruit until 1907, as shown by the following statistics:

Value of exports.

Years.	Pineapples.	Oranges.	Grapefruit.	Canned pineapples.	Total.
1902		$51,000			$51,000
1903		290,000			290,000
1904		352,000			352,000
1905		125,000			125,000
1906	$27,000	295,000		$42,000	364,000
1907	64,000	469,000	$7,000	65,000	605,000
1908	172,000	630,000	44,000	98,000	944,000
1909	412,000	491,000	76,000	117,000	1,096,000
1910	555,000	582,000	162,000	106,000	1,405,000
1911	641,000	703,000	309,000	149,000	1,802,000
1912	684,000	584,000	525,000	258,000	2,051,000

It appears from the above figures that the production of oranges during the years 1909, 1910, and 1912 was smaller than that of the year 1908, although the area of cultivation of said fruit was extended considerably; but the decrease in the exportation was due to the fact that during the last five years more than 300,000 boxes of oranges were left annually to decay on the trees, for the reason that the market prices have been so low that the planters knew that the proceeds of their sales would not cover the cost of packing and shipping, notwithstanding the protection of the tariff.

Although the prosperity of the fruit industry is very great, the development and prosperity of the cultivation of cane and of the sugar industry is still greater.

In the year 1901 the area of cultivation of cane was limited to 82,678 acres, which during said year produced 68,909 tons of sugar,

with a value of $4,715,611; and the area of cultivation having been extended in the year 1902, our production was 91,912 tons of sugar, with a value of $5,890,302, such being our maximum of production when free trade between Porto Rico and the United States was established.

After the establishment of free trade, the cultivation of cane and the manufacture of sugar developed so rapidly from year to year that at the present time our area of cultivation covers 209,378 acres of land, which during the year 1912 produced 371,075 tons of sugar, valued at $31,544,063. In other words, from 1902 to 1912 the area of cultivation has been trebled, while the production has quadrupled and the value of the crops has increased sixfold.

This difference in favor of the production and value of the crop, as compared with the area of cultivation, is due to four principal reasons: The improvements in the methods of cultivation due to the introduction of new scientific methods, the using of better classes of seed and the proper drainage of the lands, after making the necessary studies and experiments in experimental stations and laboratories; the use of fertilizers, to the extent of $1,221,454 last year, while in the year 1902 only $20,921 was expended; the installation of an extensive system of irrigation; the substitution of the old machinery by modern machinery for the manufacture of sugar.

We desire to make special reference to the last two items; that is, irrigation and machinery, on account of their high cost. In addition to the large sums laid out by the property owners for the irrigation of their lands, the government of Porto Rico has negotiated and guaranteed a loan of about $5,000,000, to be paid by the benefited landowners for the irrigation of the lands on the eastern and southern parts of the island. The purchase and installation of new machinery for the manufacture of sugar and for the cultivation of cane has cost not less than $25,000,000.

In a word, the government and private enterprises have cooperated in the development of our sugar industry; the government, by fostering and giving its support and help to an industry upon which the welfare of the country depends, and private enterprise, by reinvesting all the benefit obtained from the industry in the development and enlargement of the same industry, and this has been done to such an extent that the many millions produced by sugar during 10 years of favorable conditions have not made any millionaires and the sugar growers of Porto Rico are still far from being rich. The reason for this is that the gold produced by the land has been converted into iron and steel for machinery and into water and fertilizer for the soil; and, above all, and as the most important benefit of all, as we will hereinafter show, the prosperity of the sugar industry has brought about a great improvement in the condition of the laboring classes of Porto Rico and an increasing general progress for the people of the island.

General commerce of the island.—The development of the sugar industry did naturally affect the other industries, the circulating medium was increased, our credit was extended, and the volume of our business considerably enlarged, but the beneficent effect of such development was felt to a greater degree in the commercial trans-

actions, which were increased by the economic activities of the island.

The figures following, taken from official statistics, will substantiate our statement:

Year.	Importations.	Exports.	Total.
1901	$8,918,136	$8,583,967	$17,502,103
1902	13,209,610	12,433,956	25,643,566
1903	14,449,286	15,089,079	29,538,365
1904	13,169,029	16,265,903	29,434,932
1905	16,536,259	18,709,565	35,245,824
1906	21,827,665	23,257,530	45,085,195
1907	29,267,172	26,996,300	56,263,472
1908	25,825,665	30,644,490	56,470,155
1909	26,544,326	30,391,225	56,935,551
1910	30,634,855	37,960,219	68,595,074
1911	38,786,997	39,918,367	78,705,364
1912	42,926,473	49,705,413	92,631,886

As shown by the foregoing figures, the sum total of our commerce has increased fourfold during the last decade, leaving a balance in favor of exportations of $639,793 in 1903 and of $6,778,940 in 1912. A perusal of the above figures reveals the fact that during the first years of prosperity for the sugar industry the balance of trade in our favor was very small as compared with the total sum of our commercial activities, due to the fact that a large quantity of machinery and agricultural implements, necessary for the manufacture of sugar and the cultivation of cane, were imported into Porto Rico. It may be affirmed without hesitation that the balance of our trade was distributed among the other industries, such as tobacco, without any part of it reaching the sugar industry, which during all that time was investing in its enlargement and development sums much larger than the benefits obtained, with the result that the Porto Rican manufacturers are still largely indebted to the American manufacturers of sugar machinery.

Very nearly all our importations came from the United States, and of the $38,786,997 imported in 1911 only $5,012,734 were merchandise from foreign markets, while the remaining $33,774,263 were merchandise from the United States. During the year 1912 Porto Rico has bought from the United States over $40,000,000 worth of goods, covering very nearly all of our importations.

The sugar shipped to the United States constitutes 63 per cent of our exportations, and we must state in conclusion that during the year 1911 Porto Rico sold to the United States only 248,911 pounds of coffee, valued at $35,726, while our sales to foreign markets amounted to 33,688,080 pounds, valued at $4,957,053. Coffee is already on the free list, and it has been sold at a reasonably fair price, only by reason of the economic speculations of Brazil, but as soon as that purely artificial cause shall be removed the coffee industry of Porto Rico will find itself in a very critical condition, thus increasing the poverty of our country in the event that sugar should be placed on the free list. In the latter event the two principal sources of wealth of Porto Rico will be left without any protection under the American tariff.

PROSPERITY OF SUGAR AND FRUIT INDUSTRIES IN RELATION TO THE WELL-BEING OF THE WORKING CLASSES.

Porto Rico is one of the most densely populated countries on the globe; according to the census of 1910 it had 1,108,012 inhabitants upon its 3,606 square miles, or an average of 307 persons to the square mile.

The rural population according to the last census was 834,214, almost all of whom are day laborers or owners of small farms, the laboring population itself exceeding 700,000, of whom more than 400,000 depend upon the growing of cane and the manufacture of sugar and more than 50,000 upon the fruit industry.

This density of working population has produced serious conditions in epochs of disturbance in our industries. After the cyclone of 1899 and whenever tariff legislation has affected the prices of sugar so as to diminish the amount of work, a current of emigration has been started to Hawaii, Mexico, and Panama, in which countries the Porto Rican immigrants have found themselves in such unfortunate circumstances that our legislature has upon several occasions had to vote money for their repatriation.

We have no authentic data as to the number of workmen employed in 1902 in the sugar and fruit industries, but from the small production of both articles that year it is manifest that the number of workmen on cane plantations and in sugar factories did not exceed 20,000, and in fruit culture 500, the latter in fact not being a special industry at that time. According to statistics of the Bureau of Labor of Porto Rico, in the year 1910 the average number of workmen employed by the sugar mills of the island was 1,119, and there being 66 factories in operation that year the number of day laborers employed reached a total of 62,664. In 1912 the number of workmen employed in the factories reached 78,000 and, considering the extensive cultivation of fruits, 6,000 is a fair estimate of the number of workmen employed in this industry. Each workman represents a family, and on a basis of 5 persons to a family we find that at least 420,000 persons of the most needy class depend upon said industries, and upon the sugar industry alone, 390,000.

According to the official report made by Dr. H. K. Carrol under the date of December 30, 1898, the wages of the laborers on the cane plantations in Porto Rico averaged from 35 to 50 cents a day, local money, which, according to the change of money effected in 1899, was equivalent in American money to from 21 to 30 cents per day.

In the year 1910 (bulletin of the bureau of labor of Porto Rico) the annual average of the wages of the same class of laborers was 62 cents a day, American money, and in accordance with the statement of Mr. Santiago Iglesias before this Finance Committee in 1912 the daily wages varied between 60 and 70 cents per day. Many of the most capable of these workmen earn up to $2 per day. At the present time the wages of workmen employed in the cane and sugar industry have increased to from 70 to 80 cents per day.

The wages of the laborers employed in the fruit industry have advanced in the same proportion as above set out, due to the growth and prosperity of the industry under the present tariff rates.

Again referring to the bulletin of the bureau of labor of Porto Rico we find that in the year 1910 the amount of money paid the laborers employed in the sugar industry was $10,370,542.56, and as the value of the sugar produced that year was $23,545 992 the cost of labor was 44¼ per cent of the total value of the product. The salaries of the employees in the administrative and technical part of the industry are not included in the percentage above mentioned, and if to the cost of labor be added the cost of fuel irrigation, fertilizer, experimental stations, rents, taxes, and other expenses of the business it will be evident that the profits of the farmers and manufacturers of sugar are not high in proportion to the large capital invested.

From the foregoing a clear conception is given of the great benefit derived by the laboring classes of Porto Rico from the increase in the industries mentioned under the protection of the present tariff laws. This is also the understanding of the laboring men of Porto Rico, and the only three organizations of laborers on the island—namely, the Federacion Libre de Trabajadores, a branch of the American Federation of Labor; the Federacion Regional de Trabajadores, and El Circulo Obrero de San Juan—have publicly expressed their opposition to a removal of the tariff on sugar, which for them would mean a return to their former state of misery.

THE DEVELOPMENT OF THE INDUSTRIES UNDER THE PROTECTIVE TARIFF AND ITS RELATION TO THE MATERIAL PROSPERITY AND THE MORAL PROGRESS OF PORTO RICO.

PROPERTY VALUES, GENERAL INCOME OF THE ISLAND.

The immediate consequence of the development of the industries, under the protection of the tariff, was the increase of the property values and of the income derived by the Insular Government from the direct taxation of those properties.

We have before us the Register of Porto Rico for the year 1911, prepared by the Hon. M. Drew Carrel, secretary of Porto Rico, and from page 160 thereof we copy the following:

> Cane lands that could be purchased at the time of the American occupation for $30 an acre suddenly leaped to $100 per acre, and now are worth $200 per acre.

The above figures seem to be somewhat low, and it must be taken into consideration that at the time of the American occupation the native currency used in all commercial transaction was valued at 40 per cent less than the American currency, thus reducing to $18 in United States currency the price per acre fixed by the secretary of Porto Rico as prevailing in the island at the time of the occupation. Large areas of land have been sold at $300 an acre and even at higher prices, and the lands adapted to the cultivation of fruits increased in value as the sugar lands became more valuable.

The personal property of the island has increased in the same manner, and the assessed value of the taxable property within the island has doubled, as shown by the following figures, which have been fur-

nished to us, under the date of April 21 last, by the treasurer of Porto Rico:

Years.	Assessed valuation.	Years.	Assessed valuation.
1901-2	$96,420,760	1907-8	$108,035,416
1902-3	93,103,466	1908-9	117,469,604
1903-4	93,331,459	1909-10	122,312,922
1904-5	89,320,675	1910-11	133,377,346
1905-6	93,356,341	1911-12	163,315,755
1906-7	98,555,474	1912-13	179,272,023

The commercial interchange was increased, our credit was extended, great activity stimulated our economic life, and as a natural consequence of such prosperity the revenues of the Government were increased by the progressive increase of the customs and internal revenues and of the direct property taxes.

To substantiate this statement we requested from the auditor of Porto Rico a detailed statement of the income and expenditures of the insular treasury, and from the auditor's report dated April 30 last we extract the following:

Years.	Incomes.	Years.	Incomes.
1902	$2,514,042.80	1908	$4,612,822.37
1903	2,817,281.47	1909	4,621,257.37
1904	2,723,010.34	1910	4,270,671.06
1905	3,729,517.56	1911	5,140,426.13
1906	3,961,906.22	1912	6,650,224.10
1907	4,269,528.54		

To the above we must add that during the last session of our legislature, from January to March, 1913, for the purpose of increasing the number of schools in the island and building new roads, several laws were passed providing for the levying and collection of indirect taxes, which will add about $2,000,000 more to the insular revenues, the total of which for the next fiscal year will be in excess of $8,000,000.

With such means at its disposal the legislature of Porto Rico has been able to make provision for the extension and betterment of the public service, and, above all, it has been able to attend to the necessities of public education, the building of new roads, and the work of sanitation.

PUBLIC EDUCATION.

Nothing like figures will show our exact appreciation of the facts, and with that end in view we insert here the statement recently furnished to us by the commissioner of education of Porto Rico:

Statistics of school budget.

Fiscal year.	Insular government.	School boards.	Total.
1900-1901	$435,565.28	....	$435,565.28
1901-2	479,478.67	$118,209.69	597,688.36
1902-3	563,138.64	159,972.66	723,111.30
1903-4	595,591.79	182,583.11	778,174.90
1904-5	622,835.92	220,364.26	843,200.18
1905-6	609,114.44	259,193.38	868,307.82
1906-7	650,935.00	257,859.00	908,794.00
1907-8	752,537.25	340,774.54	1,093,311.79
1908-9	848,817.11	437,485.98	1,286,303.09
1909-10	825,339.88	419,161.89	1,244,501.77
1910-11	878,635.00	403,691.57	1,282,326.57
1911-12	980,375.28	386,434.88	1,366,810.16
1912-13 (estimated)	981,480.00	400,000.00	1,381,480.00
1913-14 (estimated)	1,442,490.00	500,000.00	....
Additional budget	528,250.00	....	2,470,740.00

EXPENSES OF THE UNIVERSITY OF PORTO RICO.

The University of Porto Rico was opened on the first day of June, 1903.

During the year 1903-4 its expenses were $20,840.12.

There are no statistics showing in detail the expenditures for the fiscal years from 1904 to 1908, both inclusive, so as to enable us to state definitely the totals of the expenditures for each of said years, but the expenses subsequent thereto are as follows:

Fiscal year—	
1908-9	$91,827.62
1909-10	96,088.98
1910-11	105,000.44
1911-12	151,969.10
1912-13 (estimates for the months of April, May, and June)	237,418.19

During the year 1911-12, 160,657 children were enrolled in the public schools of Porto Rico, and the average daily attendance during the years 1902 to 1911 was as follows:

Year.	Schools.	Average daily attendance.	Year.	Schools.	Average daily attendance.
1902	833	29,457	1907	1,243	47,277
1903	1,026	34,457	1908	1,509	57,117
1904	1,113	41,811	1909	1,992	74,732
1905	1,104	45,201	1910	2,450	84,258
1906	1,135	45,417	1911	2,838	102,612

The report of the governor of Porto Rico to the Secretary of War for the year 1912 shows that during said year the average daily attendance of children to the schools was 114,834.

Our legislature at its last session appropriated the funds necessary for the establishment of 600 additional schools, which, based on an average of 50 children for each school, will provide school facilities for 30,000 more children, thus raising the average daily attendance of the public schools to approximately 145,000 children. But even this is insufficient when we consider that the population of Porto Rico is 1,200,000 inhabitants, of which there are about 250,000 children and 400,000 adults to be educated; and the oft-expressed

desire of our legislature has been to increase from year to year the budget for public education, so as to place the people of Porto Rico upon the same intellectual level reached by the most civilized communities.

We have about 800 buildings owned by the island and used exclusively for school purposes, and in which the kindergarten, rural, graded, night, and high schools are established. We provide annually for 75 scholarships in American colleges and universities for poor students, and also 100 scholarships in our normal school and a large number of scholarships for our high schools and other schools up to the eighth grade.

We desire to make special reference to our normal school at Rio Piedras, which may be cited as a model among schools of its kind by its curriculum, the learning of its teachers, its pedagogic efficiency, and the activity of its pupils.

The normal school constitutes a branch of the University of Porto Rico, which, among other important departments, embraces a college of agriculture, a college of mechanical arts, a school of pharmacy, and a college of law. The Hon. William J. Bryan, at present Secretary of State, visited Porto Rico and heartily indorsed our project of establishing in our island a Pan-American university, which should be the most potent factor in effecting the union and fraternity of all the peoples of our hemisphere, as the heralds of universal civilization. The Porto Rican people are anxious of attaining such glory, and the Congress of the United States should not deprive our people of the means necessary to accomplish that which would also be an honor and glory to the American people.

INSULAR ROADS.

Porto Rico has made very notable progress in public works, and especially in the building of roads, during the last 10 years.

In 1898 we had 284 kilometers of macadam roads, while we now have, according to the records of the department of the interior, 1,069 kilometers, almost all of which have been built since 1902, from which date the free trade existing between the United States and the island has stimulated the development of all public improvements.

According to the books of the auditor of Porto Rico, the sums expended for roads and bridges are as follows:

Years.	Sums.	Years.	Sums.
1902	$552,015.17	1909	$986,675.19
1903	740,632.37	1910	314,410.41
1904	635,431.51	1911	406,780.09
1905	303,018.19	1912	606,295.33
1906	280,415.92		
1907	371,704.26	Total	6,394,587.97
1908	951,193.90		

The ordinary receipts of the treasury not being sufficient to meet such large expenditures, the government of Porto Rico in 1906 issued bonds for $1,000,000, and later made another issue of $500,000, for the building of roads. The cost of road construction in Porto Rico

is very high, due to the fact that the greater part of them have to be built in the mountainous regions, which practically cover the whole island. The cost of maintenance is also high, on account of erosion and frequent landslides during the rainy season.

The construction of these roads was indispensable, and there yet remain important public works to be done, due to the fact that there exists only one railroad line, which is around the coast, with two short branches in level regions; the people of the interior regions, almost all of which are situated in the mountains and are dedicated to the cultivation of coffee, are badly in need of roads to the ports for the transportation of their products and merchandise and for their own travel. Notwithstanding the great amount of work already done, there is yet a great loss in yautias, plantains, yams, and other minor fruits, as well as in timber, for lack of means of communication and transportation between the ports and principal cities of the island.

The last session of our legislature, upon establishing new tax schedules for increasing the revenue, voted $726,500 for roads and bridges, and $219,000 for schoolhouses. It was and is the intention of our legislators, if the threatened death of our industries shall not be consummated, to expend a million dollars a year for public roads until the general network of our system is completed, and to continue assigning thereafter the same amount annually for their maintenance.

HEALTH.

Yellow fever was endemic in Porto Rico, as in Cuba, when the United States Army took possession in 1898, but the work has been carried on so actively and with such satisfactory results in eradicating the causes of the disease that the morbose germs have disappeared from the country and no case of yellow fever has since occurred.

Immediately after the institution of our civil government and the proclamation of free trade with the United States, our legislature and administrative authorities, with the means at their command due to increase of taxes, began the organization of insular sanitation, devoting large sums of money thereto in benefit of the public health.

The government of Porto Rico soon had to combat energetically an old epidemic disease, the cause of which was unknown and which affected at least two-thirds of the inhabitants of the island, causing among the rural population a great loss of energy and a frightful mortality.

In 1900 Dr. Bailey K. Ashford, greatly esteemed in Porto Rico, discovered on the island and for the first time in America the existence of uncinariasis, later recognized in some of your Southern States. The germ of this disease is a parasite which attacks the intestines, producing a chlorosis which in no long period of time is mortal to the patient.

The campaign against uncinariasis was begun in 1904 under the direction of Drs. Ashford, Gutierrez Igaravidez, Gonzalez Martinez, and other prominent Porto Rican doctors, lovers of their science and their native land. Our legislature in 1906 and 1910 and in later sessions, voted hundreds of thousands of dollars for the fight against this disease; an effective sanitary work was carried on throughout the island, founding dispensaries and hospitals, with a crusade of

physicians which scattered over mountains and hills in the hunt for the afflicted in his own home and for the malady in its preferred centers. The result was so brilliant that, according to the bulletin published by Drs. Ashford and Gutierrez in 1911, 287,568 persons had been cured. The system adopted was so simple, wise, and efficient that some boards of health of England and of your Southern States have obtained copies for the purpose of studying and adopting them.

Rules were promulgated for the prevention of the invasion of this disease, sanitary conditions in the cities and country were modified, and the great work continues unabated. In the year 1911–12, 43 uncinariasis stations were carried on, 6,643 persons were cured and 16,473 cases were under treatment, only 63 deaths occurring.

At the same time warfare was waged against the mosquito which cause typhoid fever, aid was given to private associations combating tuberculosis, a bureau of contagious diseases was organized, and the general hygiene of the island was attended to.

Our legislature has not yet perfected its wrok of sanitation, and at the session of 1911 a law was approved reorganizing the service by inaugurating a department directed independently of the other administrative branches by a director and a board of health; and in the session of 1912 the law was again corrected for the purpose of bettering the system and conceding greater independence and authority to the officials and the board in charge of the department. Unquestionably none of these things could have been done without increased expenditures, which in the last year amounted to $639,029.84. The Legislature of Porto Rico provided the necessary funds, considering that sanitation and education, cleanliness also of the spirit, are the institutions most essential to the life of States.

It seemed providential that our ideas and procedure had been thus when one of the most terrible plagues endeavored to fasten itself upon the island. In June, 1912, bubonic plague was declared to exist in San Juan and the sanitary service found itself provided with every means with which to combat and exterminate it; some isolated cases also appeared in the towns of Rio Piedras and Carolina, and public alarm was immediately arrested by the most vigorous and successful campaign ever waged in any country against this deadly plague.

Three months later, with only three dozen deaths from the epidemic, the Territory was absolutely free from this dreaded scourge. It is true that the Public Health Service of the United States and the Marine Hospital Service sent most competent officials to our aid, meriting a most cordial vote of our gratitude, but this in no wise discredits the very efficient work of the Porto Rico health department.

A clear understanding of this work is to be derived from the vital statistics of the year 1912, in which, in spite of the appearance of the bubonic plague and of an epidemic of typhoid, which was exterminated in the municipality of Penuelas, the number of deaths on the island amounted to only 27,697, while the births totaled 39,874, or a difference of 12,177 in favor of births. The mortality on the island was therefore 24 persons to the 1,000 in 1912, while in normal years it should not exceed 22 per thousand.

In March of this year the legislature created a permanent institute of tropical medicine, voted $120,000 for the establishment of seven

district hospitals, which are to receive each year the necessary running expenses, and adopted other measures tending to the betterment of health conditions and other public services, not counting that in the future it might be deprived of the revenues with which to attend to the highest needs of the health of its people.

THE RUIN OF THE SUGAR AND FRUIT INDUSTRIES IN PORTO RICO IF SUGAR SHOULD BE PLACED ON THE FREE LIST AND THE TARIFF ON FRUITS REDUCED.

We will show in another chapter that the splendid work described in the foregoing chapters, and which refer to the most important branches of our government, would be destroyed and the progress of our civilization retarded if the tariff bill now before the Senate should be enacted; but before doing so we must prove that such a law would necessarily cause the destruction of said industries in Porto Rico.

We do not refer especially to the ruin of the present planters and manufacturers, unfortunate as it would be, for the reason that we are not representing such private interests, and lastly, because if the ruin of such planters and manufacturers were not unavoidably connected with the ruin of the plantations and the factories, the result would be a mere substitution of said planters and manufacturers by new planters and manufacturers who might with new capital continue the same line of business without affecting in any way the interests of the public in general.

Rather than that, what we are going to demonstrate is that not only the planters and manufacturers but the sugar and fruit industries themselves will not be able to subsist in Porto Rico if the tariff bill is approved as passed by the House of Representatives, and that the destruction of those industries will necessarily cause the economic destruction of our country.

At the present time sugar testing 96° by the polariscope and produced in foreign countries pays, when coming into the United States, an import duty of 1.685 cents per pound, with a reduction of 20 per cent in favor of Cuban sugar, as provided by the reciprocity treaty between the United States and Cuba. Section 179 of H. R. 3321 provides for the collection during three years of a duty of 1.25 cents per pound on all foreign sugar, but this duty is reduced 20 per cent with respect to the Cuban sugar by virtue of the reciprocity treaty, so that Cuban sugar will pay $1 and the other foreign sugar testing 96° by the polariscope $1.25 on each 100 pounds until the 1st day of May, 1916, and after that date sugar will be imported free of duty.

At the outset we will state that, owing to the peculiar conditions of cane culture and of the sugar industry in Porto Rico, the limitation of three years provided for in the bill is practically of no benefit to Porto Rico, which, if the law is passed, would immediately begin to suffer nearly all the injurious consequences of the total elimination of the tariff on foreign sugar imported into the United States. The first crop of cane from seed (gran cultura), which gives the largest yield in Porto Rico, takes 18 months to develop and yields two crops in three years, but as the greater part of the sugar manufactured in Porto Rico is sold during the months of May and June, and sugar,

under the provisions of the pending bill would be placed on the free list from and after the 1st of May, 1916, our island would sell under the protection of a tariff practically only one more crop. Long plantings (gran cultura) are made during the last three months of the year and consequently the planting made this year would produce the first crop in the year 1915—that is, 18 months after planting—and that crop of 1915 would be the only one that could be shipped to the United States under the protection of the tariff. A second crop from such canes could be obtained during the first months of the year 1916, but, although many planters do not cultivate the ratoons from the long planting, even if such crop could be cut and ground before May 1, 1916, it is evident that the price of sugar of 96° at any time during said year 1916, due to the approaching suppression of the tariff, would be as low as if the tariff had been actually removed from the first day of the year.

For the above reasons and because the placing of sugar on the free list is what we consider to be disastrous to Porto Rico, we will discuss the subject from the standpoint of the complete removal of the tariff within the period of time fixed by the proposed law.

The cost of production of a ton (short ton) of cane in Porto Rico is as follows:

Cultivation, work, and materials	$1.50
Irrigation	.36
Fertilizers	.90
Taxes on the land	.07
Management	.10
Cutting and transportation to loading station	.65
Loading	.10
Hauling to the factory	.36
	4.04

The following is the cost of the manufacture into sugar of a ton of cane and of the transportation of the sugar from Porto Rico to New York:

Manufacture of 210 pounds of sugar produced by a ton of cane, on the basis of yielding 10½ per cent	$0.7350
Transportation of 210 pounds of sugar to the shipping port	.2940
Transportation of 210 pounds of sugar from Porto Rico to New York	.3150
Warehousing, selling commission, and weighing 210 pounds	.2310
	1.5750

The above figures refer to the cost of cultivation of a ton of cane and the cost of manufacture of 210 pounds of sugar, which is the average yield of a ton of cane.

In order to find the cost of production of 100 pounds of sugar it is necessary to deduct 52.38 per cent from the cost of production in the following manner:

For cultivation and expenses incidental thereto	$1.92
For manufacture and expenses incidental thereto	.7833
	2.7033

Hence, each hundredweight of Porto Rican sugar sold in New York represents a cost of $2.7033. In calculating the average above set out we have taken the most conservative figures so as not to fall into misstatements, and they agree with facts known to us and information received from careful investigation. We have not included in

those figures the cost of rent of lands, interest on investment, impoverishment of land, or depreciation of machinery. These should, in reality, be taken into consideration, but we have not considered them, because we wanted to confine our calculations of the net cost of production of our sugar within the most narrow limits possible.

Moreover, if to the average of $2.70 net cost of production and transportation of a hundredweight of our sugar to market we add, as should be done, interest on the capital invested in the industry and the depreciation thereof by the use of the lands and machinery, we are safe in saying that the cost of production, manufacture, and transportation per hundredweight of Porto Rican sugar is not less than $3.

The average price per hundred pounds of sugar of 96° in New York, according to statistics for a long period of years, is $3.50, which, of course, includes the tariff of $1.35 on Cuban sugar and $1.685 on other foreign sugar.

If sugar is placed on the free list it is reasonable to suppose that the price will be lowered by an amount equivalent to the present tariff, not due solely to the elimination of the duties, but to the stimulation of production, on account of free entry, in Cuba, Santo Domingo, and other foreign countries which can produce sugar more cheaply than Porto Rico. The quantity produced will determine the quantity offered and this in turn the reduction in price.

Thus, if from the average of $3.50 per hundred pounds of sugar under the protective tariff be deducted the amount of duty included in that price, namely, $1.35 for Cuban sugar and $1.685 for other foreign sugars, it results that Porto Rico under free importation of sugar would have to sell at $2.15 to compete with Cuba and at $2.82 to compete with Santo Domingo and other foreign countries. But if the cost of production in Porto Rico is $3, the sale of each hundred pounds of sugar would entail a loss of $0.85 if calculated as competing with Cuban sugar and of $1.18 if calculated as against other foreign sugars. And even if it should appear that the average that we have taken for the price of sugar in New York is low, yet if that average should be raised to any figure that is not absurd, under free trade conditions, the sugar producers in Porto Rico would have to suffer loss.

We have seemingly spoken for the growers—that is to say, the manufacturers and sellers of sugar—but an analysis of the matter with reference to the growers themselves, to those who plant for the sugar mills, to the small landowners of Porto Rico, the misfortune is incomparably greater. We do not want to repeat a prolix analysis of the cost of cultivation, cutting, and transportation of cane, but it is sufficient to call attention to the fact that the grower in his contract with the factory receives from 5½ to 6 per cent of the gross weight of his canes in sugar, and that from this he not only has to pay the cost of cultivation, but also the interest, which fluctuates between 9 and 12 per cent per annum on the loans that he has to make for the purpose of attending to the cultivation, as well as living expenses. And it is the grower also who has to suffer the frequent losses of the crops caused by bad weather or by plant diseases.

These cultivators of the lands would be the persons most seriously affected by the removal of the tariff on sugar. Their number exceeds the sum of 46,000, according to the last official census, while the

number of factories is less than 50. This is one of the peculiar conditions of Porto Rico, where the land, with some exceptions, is divided into small farms held by their owners or by leaseholders.

Two arguments could be presented against our statement that the sugar industry will be ruined if the protective tariff is removed. One of those arguments is, that before free trade between Porto Rico and the United States was established, Porto Rico was in the same condition in which it would find itself if free trade, with regard to sugar, was established between the United States and all other countries; and the second argument is that, if Cuba, Santo Domingo, and other tropical countries are able to manufacture and sell their sugar with a profit in the United States under free trade, Porto Rico should be able to do likewise under similar circumstances. Both arguments are specious and fallacious and may be successfully answered.

It is true that prior to the year 1902 Porto Rico did not enjoy the advantages of free trade with the United States; but it is also true that it was not subject to the burden of the American tariff which was applied in the island to foreign importations. We bought rice, potatoes, beans, and all the necessaries of life consumed in the country, and also textile fabrics, machinery, and the principal manufactured articles at very low prices in Europe; but after the establishment of free trade and the application of the American tariff to Porto Rico, we were compelled to buy the same articles in the United States at "domestic prices"—that is, at a price much higher than the one formerly paid by us in Europe. Of rice alone we purchase over $5,000,000 annually in the United States; and during the year 1911 our purchase in the United States amounted to $40,000,000. Consequently the cost of living has become so high that it has been only due to the prosperity of certain industries, and particularly of the sugar industry, which has benefited all the social classes of Porto Rico, that we have been able to stand the cost of living in our island.

It matters little that the tariff bill provides for a reduction of the tariff on certain articles, such as rice, which is greatly consumed on the island, and which reduction is expected to cause a gradual reduction of prices. Neither the proposed reductions are sufficient to put the American products on the same level with those of other countries, nor are there in the pending bill any material reductions on the greater part of the articles most largely consumed in Porto Rico.

The cost of living in Porto Rico will continue to be enormously high, owing to the tariff on our importations; and if sugar is placed on the free list, where coffee is already, inasmuch as sugar and coffee are our two leading articles of export, we will be compelled to buy our necessities at exceedingly high prices and to sell our products at exceedingly low prices, placing us under unbearable economic conditions.

We might enter into a discussion of and perhaps we would be ready to accept the doctrine of free trade universally applied; but the merits of such doctrine are not involved in this argument, for the reason that the bill pending before the Senate does not provide for absolute free trade and is merely an eclectic combination of free trade and protection under which the products of Porto Rico will have

absolutely no protection in the United States, while the American products will be protected when imported into Porto Rico

Regarding the argument of the equality of conditions in Porto Rico, Cuba, and Santo Domingo, and other sugar-producing countries, we simply say that such quality does not exist and that the argument has no force.

Such equality does not exist, for the reason that the lands in Porto Rico have become exhausted by intense cultivation during several hundred years, during which the farmers have been obliged to extract from the soil of a small but densely populated island an excessive production necessary for the subsistence of its inhabitants. In Cuba and Santo Domingo there are large areas of virgin lands adapted to the cultivation of cane, while in Porto Rico there is not an inch of cane land idle; in Santo Domingo and Cuba the planting of cane alternates with the grazing of cattle, which improves the lands; while in Porto Rico the same lands have to be used year after year for the cultivation of the same product; in Cuba and Santo Domingo the plantings of cane yield from 8 to 12 crops, while in Porto Rico they yield two crops at the most; the cost of production in the other islands is lower than that of Porto Rico; and lastly, the other West India Islands will sell their sugar in the United States under the same conditions as Porto Rico—that is, without paying tariff duties—but they will not be compelled, as Porto Rico will, to buy their importations in the United States, being able, because of their economic independence, to buy in the markets giving them lower prices.

Persons who are not acquainted with the nature of the lands now used in Porto Rico for growing cane have suggested the substitution of cane for some other product, such as rice or others. Our cane lands, as admitted by all those who have studied the conditions of our soil, do not contain sufficient moisture for the planting of rice and are proper only for the cultivation of cane or the grazing of cattle.

The raising of cattle and breeding of horses on the lands now used for the cultivation of cane was some years ago a source of wealth in Porto Rico, our cattle being exported to Cuba, Venezuela, and other points under the advantages granted to us by the Spanish tariff; but under the present circumstances said business would be reduced to supplying the local market, as we would be unable, owing to the cost of production, to enter into the competition sustained by the Argentine Republic and the Western States of the United States for the supply of a large part of the world.

At the present time an import duty of 1 cent per pound is levied on all importations of oranges and grapefruits. The Underwood tariff bill modifies the tariff in this form: Eighteen cents on each box not exceeding 1¼ cubic feet; 35 cents on each box not exceeding 2½ cubic feet; 70 cents on each box not exceeding 5 cubic feet; one-half cent per pound on boxes of more than 5 cubic feet or in bulk.

From the rate fixed for importations in large boxes and in bulk it may be inferred that the intention of the framers of the bill has been to make a reduction of 50 per cent on the existing tariff by making the tariff one-half cent per pound. In that case the proposed rates are not harmonious. The boxes used in Porto Rico for the packing of oranges and grapefruit have a capacity of exactly 2 cubic feet and

weigh 80 pounds; hence a cubic foot contains 40 pounds and a box of 1¼ cubic feet contains 50 pounds of fruit. If the tariff on 50 pounds is 18 cents, the rate per pound will be 0.36 cent, representing a reduction of 64 per cent on the present tariff. Very few packers use the 1¼-cubic-foot box, and the boxes most commonly used are those measuring 2 and 2½ cubic feet. A box of fruit of 2½ cubic feet, weighing 100 pounds, would pay, under the Underwood bill, 35 cents, and consequently all packers would use the 2½-cubic-foot box, thus getting the benefit of a lower rate.

The reduction of the tariff would practically be 65 per cent; that is, 52 cents on each box similar to those used in Porto Rico.

In regard to pineapples, the Underwood bill reduces the existing tariff from 8 to 6 cents a cubic foot. The proposed change is not so important as the one affecting oranges and grapefruit, but it will be sufficient to stop the progress of the industry of canning pines, now in its infancy in Porto Rico, on account of lowered duty on canned goods giving impetus to production in Singapore.

A reduction of the tariff on said fruits would stimulate the importation of oranges from Spain, Italy, and Jaffa and of pineapples from Cuba and India, causing an immediate reduction in prices, with the result that the orange industry would have to be abandoned in Porto Rico, because it could not in any way enter into competition with those countries where the cost of production is lower than in our island.

At the present time the production of California, Florida, and Porto Rico, which are the purveyors of oranges and grapefruit to the American market, being well known, we are able to make our distribution in accordance with the demands of the various markets, thus obtaining more satisfactory prices and preventing the decay and consequent loss of fruit when any market is oversupplied. Such precautions will become impossible when we shall be confronted with the uncertainty of the quantity of fruit to be imported from Spain, Italy, and Jaffa, and which countries would be able to import enormous quantities to the prejudice of all.

The principal object of the changes proposed in the Underwood bill, in trying to favor importations, can not be other, and it has been so proclaimed by its supporters, than to reduce the cost of living of the poor classes in the United States.

We do not care to discuss at this time whether such object will be attained, especially in reference to sugar, the price of which is regulated by the refiners, who have monopolized the market; but we must state, with reference to fruits, oranges, grapefruit, and pineapples, that they are not necessaries of life, but rather articles of luxury and refinement, and as such the import duties on them should be increased rather than reduced within the spirit of the Underwood bill. The American laborer may consume pears, strawberries, and apples at a price as low as is permitted by the extensive production of the country; but those who, after satisfying their necessities, wish to consume exotic fruits, such as pineapples or others scarcely produced within the country, as oranges and grapefruit, should pay for the refinement of their taste.

The destruction of the fruit industry, and especially of the sugar industry, will have upon the commerce of Porto Rico, upon our business and economic life, an effect exactly the contrary of that which

their development and prosperity had upon the general prosperity of our island; that is, what has been prosperity and progress under the existing tariff will be ruin and destruction of the principal products of Porto Rico under the revised tariff.

DISASTROUS EFFECT OF THE REVISION OF THE TARIFF UPON THE CONDITION OF THE LABORING CLASS, UPON THE MORAL PROGRESS OF PORTO RICO, AND UPON THE RELATIONS BETWEEN THE UNITED STATES AND PORTO RICO.

THE WORKING CLASS.

We have shown elsewhere in this brief, by authentic figures, that in the year 1912 there were 78,000 day laborers employed in the sugar industry and not less than 6,000 on the fruit farms of the island, and that, each workman representing a family of 5 persons, 420,000 people of the most needy class of our community depend upon those industries. Those figures refer exclusively to the workmen directly employed in the sugar factories and on the fruit and cane plantations; but when we consider that the ruin of these industries would cause a general stagnation of all business on the island, the total working population of Porto Rico, which represents two-thirds of its population, would be dragged down by the economic disaster.

The average wage, which is now 60 to 70 cents per day, according to the reports of the Bureau of Labor and the representative of the American Federation of Labor, in Porto Rico, would fall to the rate of 21 to 30 cents, which prevailed, according to the official report of Dr. Carroll previously referred to, prior to the extension of the American tariff system to Porto Rico. With a wage as low as above indicated the Porto Rican laborers would have to supply their wants under more precarious conditions than existed at that time, because the necessaries of life in Porto Rico are more dear, due to the tariff, which would continue protecting the American importations into Porto Rico while leaving without any protection whatsoever the exportations to the United States.

After having become accustomed to the improvement of their unfortunate situation in their efforts to earn a livelihood, would it be possible for the Porto Rican laborer to quietly accept a return to a condition of misery? Would not the conflict of social inequality, which is the most formidable menace of the modern era, establish itself in Porto Rico with all the horrible characteristics of a conflagration without a remedy?

THE INSULAR TREASURY.

The principal industries ruined and commerce abated, the impoverishment of the country would of its own force determine the reduction in the treasury receipts. The cane lands, which are now valued at $150, $200, and up to $300 per acre, would be reduced to their former value of $20 to $30; a like decrease would occur in the lands dedicated to fruits; urban and personal property would be affected likewise; commerce would have to very largely reduce operations; and, in short, by the interlinking of economic enterprises, the taxation of the properties of the island which, in 1912 amounted to $179,272,023,

would be reduced to the level of 1902, when it only reached $96,-420,769.

As a consequence, since the system of taxes in Porto Rico is based on a tax of 1 per cent of the property valuation, the direct taxes of the treasury would be reduced in proportion to the value of the property. The indirect taxes, internal revenues, would suffer a similar diminution on account of the decreased business activity and the reduction of the consumption of the articles taxed and the general income of the island would not even reach the $2,500,000 of 1902 prior to the establishment of free trade between Porto Rico and the United States. We repeat, that the taxes would not reach the amount collected in 1902, because, on account of the reductions which the Underwood bill makes upon certain articles which Porto Rico imports for consumption, the customs duties would be reduced by $397,778 per year according to an estimate which we have obtained from the customhouse at San Juan.

To this reduction, due to the changes in the tariff, it would be necessary to add a reduction of duties upon many articles imported into the island which are not prime necessities and the consumption of which would be greatly reduced, by the impoverishment of the island.

In this situation the Government of Porto Rico, depending solely upon its annual revenues of $2,000,000 to $2,500,000 to cover its expenditures for public service, which amount to about $8,000,000, according to the budget approved by the last legislative assembly, would find itself forced to either of two alternatives, namely, to maintain the public services inaugurated by raising the tax rate from 1 to 4 or 5 per cent upon the value of property or to reduce to the lowest possible limit these public services. The first alternative is impossible because property, in Porto Rico can not support such a heavy tax; the second would mean the complete destruction of the material and moral progress of the island.

In addition to such a large deficit between the income and expenses of the insular treasury, it would be necessary to provide the payment of the loans made upon bonds placed by the government under the guaranty of the people of Porto Rico.

Among these loans is one for $5,000,000 for the building of a large irrigation system on the southern and eastern parts of the island. This sum is to be paid by the cane growers, who would benefit by the irrigation, under the rules fixed by the law authorizing the loan which was guaranteed by the people of Porto Rico. If the cane industry is destroyed by the placing of sugar on the free list, the growers can not pay the loan and the Government would have to levy on and sell the farms to collect the debt in the same manner that it does to collect taxes; but, meanwhile, the Government would have to pay the interest from year to year in fulfillment of its guaranty.

The people of Porto Rico will pay honestly and under whatever conditions may arise all of its obligations, but our people would be reduced to desperate circumstances to make the sacrifice.

CESSATION OF PROGRESS IN PORTO RICO.

We have described in the foregoing paragraphs the splendid work of our people during the last 10 years in education, public works,

sanitation, and in other public services which are necessary to the life of a civilized community. All such progress would be destroyed by reason of the lack of sufficient revenues with which to continue or even maintain it.

How could we cover our budget of $2,470,740 for public education alone, voted by our legislature at its last session, if the general income of the insular treasury for all governmental purposes will not even reach such sum, as soon as we are thrown into financial distress by leaving our industries and our agriculture without a reasonable protection unde the American tariff?

By the expenditure of $2,500,000 we are able to provide school facilities and education for 200,000 children; and as it would be impossible for us, in the event that we so much fear, to appropriate more than one-fourth of the sum needed, the result would be the closing of the greater part of the schools, thus leaving 150,000 children without school facilities and uneducated.

The closing of the schools would be an emergency so bitter and of such importance to the life and future of our country that we can not conceive that the Government of the United States will fail to find a remedy for such an imminent and serious danger either within the protection of the tariff or outside of the tariff.

Having stated that our highest ideal, the education of our children, will be made impossible, it seems useless to repeat that our public works will have to be abandoned; that our public roads already built will deteriorate if there is no money to be expended in their repair and maintenance; that the sanitation service of the island will have to reduce its sphere of action; that patients will have to be taken out of the hospitals, in the same manner as children from the schools; and in a word, that the people of Porto Rico will be seriously affected in its health, dignity, welfare, and culture.

WEAKENING OF THE RELATIONS BETWEEN THE PEOPLE OF PORTO RICO AND THE PEOPLE OF THE UNITED STATES.

Our island finds itself in a most unique situation; it does not constitute a part, and yet it is not outside of, the federation forming this great Republic. Considering this ambiguous situation, and the high ideals with which the people of the United States must inspire its fraternal relations with the other peoples of the American hemisphere, it would seem most wise to foment the harmony and community of interests and the mutuality of ideals between your great Republic and our little island.

There is nothing more disturbing of the public relations between peoples than those causes which produce economic disturbances; and something ought to be done to prevent said causes from affecting in any way the sentiments of fraternity existing between the American and the Porto Rican peoples.

Porto Rico can not be prosperous and progressive, as it has the right to be, if left without protection under the American tariff and subject to the disadvantages of the tariff which protects all American commodities imported into Porto Rico.

We do not pretend that the people of the United States should be sacrificed for the benefit of Porto Rico, nor do we admit that the Porto Rican people should be sacrificed for the benefit of the American.

Between the two injustices, if such they be, we must seek justice elsewhere. If you can not do us justice within the provisions of your revenue laws, you must do us justice even outside of said laws. If your tariff can not afford us any protection, then grant us our economic independence and allow us to seek our own protection in the rest of the world.

But, if you do not do either of the two things, if you do not save Porto Rico from disaster, either by the protection of the tariff or the grant of its economic independence, misery and misfortune will unavoidably affect the sentiments of our people and the ties of union between your country and ours will be weakened, contrary to the interest and high ideal of the United States, in its relation with the rest of America.

THE IMMEDIATE CONFLICT.

The mere threat of the possibility of sugar being transferred to the free list, or the tariff on it reduced, has been sufficient to cause a disturbance and paralyzation of business in Porto Rico.

The buyers of sugar in the United States are exacting from the sellers of Porto Rico a deposit or security for a part of the purchase price equal to the present import duties on sugar. Consequently, the purchasing houses of Porto Rico require from the sugar manufacturers, and the latter from the cane growers, the same security. But, inasmuch as it is not known with certainty when the bill will be approved and when it will go into effect, it is impossible to fix the period of guranty for the sales, and in such situation, the present sugar crop in Porto Rico can not be marketed, business is at a standstill, credit is withdrawn, and money is not in circulation.

Great damage has already been caused, but it may be attenuated, if in the event of the tariff on sugar being modified, the law should not go into effect for a shorter period than 60 days after its passage, thus giving the time necessary for the sale of the sugar already manufactured under the same conditions under which it was manufactured. If the law should provide for its taking effect on and after the 31st of December of the present year, the sugar producers of Louisiana, Hawaii, and Porto Rico would at least secure a concession from Congress, which would lessen the effect of the treatment accorded to one of the most vital elements of American industry.

PETITIONS.

In consideration of the foregoing statements and arguments, we now formulate our petitions as follows:

FIRST PETITION.

Tariff on sugar.—We pray, that in the event that a reduction of the import duty on 96° test sugar should be deemed absolutely necessary, the said reduction be made gradually, down to the minimum limit of 1 cent per pound, which shall remain as the permanent duty on sugar. Even though the immediate reduction of the tariff to the limit of 1 cent per pound would seriously affect Porto Rico, we could accept a reduction down to the said limit, if the provision of H. R. 3321 placing sugar on the free list at the end of three years is eliminated from the bill. In any case, we earnestly oppose the free importation of foreign sugar; and in the event of any reduction of the present tariff being made, we pray that the law be made so as not to go into effect until at

least 60 days after its passage, so as to avoid serious losses in the sale of the present crop in Porto Rico, where the cultivation and the manufacture were conducted under prices and conditions justified by the protection of the existing tariff. This petition, with reference to the date for the law to take effect, is an absolute necessity, in view of the economic crisis through which the planters, manufacturers, merchants, and the whole community of Porto Rico are passing at the present time.

SECOND PETITION.

Tariff on fruits.—We request the maintenance of the present duties on the importation of oranges, grapefruit, and pineapples, in order that this industry may not be strangled in its infancy in Porto Rico, as well as in other American States.

THIRD PETITION.

Protection of Porto Rican coffee in treaties with other nations.—Coffee is one of the articles which, for a long period of time, has been admitted free of duty into the United States. At the time when it was placed on the free list coffee was not an American product, as it has been since the occupation of Porto Rico in 1898, which island has had to suffer the consequences of a condition existing prior to its new political situation.

Therefore, since that misfortune can not be avoided and would seem to be remediless, owing to the inclination of the Government toward free trade, we request the Government of the United States, in the negotiation of new treaties or the renewal of existing ones with other nations, to include Porto Rican coffee among the most favored products in reciprocity agreements.

FOURTH PETITION.

Placing on the free list articles of general consumption in Porto Rico.—In case the tariff shall be reduced or removed from sugar, we request that the free list be extended to include rice, codfish, wheat, beans, lima beans, olive oils, butter, cotton, and woolen goods, jute bags, utensils made of iron, glass, earthenware, chinaware, farming implements, machinery and other products of general use in the island, to compensate, in a measure, for the impoverishment of the country by reducing the cost of living.

FIFTH PETITION.

Declaration of all the ports of the island as free ports for the importation of all classes of merchandise free of duty.—We here reproduce one of the requests of the Resident Commissioner from Porto Rico, the Hon. Luis Muñoz Rivera, presented in his address to the House of Representatives on the 28th of April of this year.

Holland, Great Britain, Denmark, and France are preparing their West Indian possessions for the great mercantile traffic that the opening of the Panama Canal will stimulate, and have set aside large sums of money for the building of dry docks, piers, arsenals, coaling stations, and other conveniences for stopping places of vessels. The United States Government has done nothing yet along this line, in regard to our island, and the declaration of our ports as free ports would be of great advantage to interoceanic commerce and would also aid us in the solution of our economic problems.

SIXTH PETITION.

Economic independence of Porto Rico, in case it shall remain without efficient protection of its principal products.—As a last request, we ask that we be granted the authority to make our own custom laws, to establish commercial alliances with other nations, and to seek, wherever they may be obtained, the advantages that the United States can not give us.

Perhaps, under the present conditions of production, marketing, and consumption of sugar in the world, it would not be possible to effect a commercial alliance that would protect our sugar industry, but it is certain that in France, Germany, Spain, and other countries we can obtain tariff preferences for our coffee and other products of the island.

The very peculiar situation of Porto Rico, in that it does not form a part of the United States, leaves the Government with full constitutional authority to permit our government to protect itself when no one else can, should, or desires to protect it.

We respectfully submit these matters to your consideration and confide in God, your sense of justice, and our own rights.

(Signed by Jose de Diego, speaker of the House of Delegates of Porto Rico, chairman; Martin Travieso, jr., president of Executive Council of Porto Rico, vice chairman; Antonio R. Barcelo, president of the Porto Rico Association; and Carlos Cabrera, Hector H. Scoville, delegation representing the economical interests of Porto Rico.

HON. DONALDSON CAFFREY.

[An address delivered before the American Cane Growers' Association in mass meeting assembled March 12, 1912, to protest against the abolishment of the sugar tariff.]

Mr. Chairman, Ladies, and Fellow Citizens: Those of you who indorse the theory of protection will be glad to know that there are many who condemn the Underwood sugar bill, as I do, from the standpoint of the theory of free trade. In its effects upon a protected industry, a tariff may raise prices within the protected area to a point where a fair and reasonable profit may be had, or it may raise prices to a point where excessive profits generate trusts and a brood of millionaires. It has been the unwisdom of protection to favor certain industries with such extraordinary profits, and that protection is justly denounced as robbery. It is equally the unwisdom of free trade to vent the prejudice agianst that sort of protection which is robbery, to the undoing of a long-established home industry, which ekes out under a diluted form of protection a fraction of a bare existence.

There have been many wrongs perpetrated against the American people in the tariff bills passed to benefit protected favorites, but there never has been, in all the history of tariffs, such a wrong as this, which is proposed as a remedy for those other wrongs—the wiping out of existence of an industry which gives to American trade $5 in the American markets for every dollar of protection it receives, and which, leaving out tropical Hawaii and Porto Rico, whenever it does receive a dollar of protection, pays into the Treasury $4 in revenue.

The ground upon which most Democrats support the sugar tariff is that it is a tariff for revenue. I go further than that. When a national policy, continued through a long period of time, and old when Louisiana was ceded by Napoleon, has given birth to an industry, and has built up that industry until $500,000,000 are invested in it; until its annual output is $100,000,000; until there are 1,000,000 or more people directly dependent upon it for support, a high national obligation—which no benefits of free trade can dwarf or overshadow—a high national obligation arises which prevents the abandoning of that policy on a theory, or on a whim, or on a base pandering play for votes in an election.

But more than the fate of sugar itself is involved in this question. The question is, whether when the Government has committed itself through all these years to a settled policy, varying only as to details, whether the Government can, without placing a stain upon the national escutcheon, reverse and abandon that policy to the destruction of any considerable number of its citizens, whether they are in Louisiana, whether they are in Colorado, whether they are in Michigan, or whether they are in California.

It is quite true that the country does not stand forever committed to protection because it started out that way, but the child of that

policy is the child of the Nation, which it would be immoral to destroy without grave economic necessity; and when we find that out of two or three thousand protected articles sugar alone is placed on the free list; when we find dangerous and perilous expedients resorted to for making up the revenue which is lost from sugar under the bill; when we find that never before in the history of this country, or of any other country, has an important industry been broken up by a stroke of the pen, effecting a shifting of tariff rates behind protection walls, the open mind can not resist the conviction that we are witnessing not an ordinary campaign maneuver, but one of those cruel and monumental and disaster-breeding crimes which, if consummated, would stand out in history like the revocation of the Edict of Nantes, or the expulsion of the Acadians from Nova Scotia, or the slaying of her children by Medea.

Mr. Underwood reassures us by announcing that his bill will not bring ruin to the domestic sugar industry. I doubt whether to admire most the extent of his information, or the quality of his statesmanship, or the knightly fairness which he displays in so honorably representing to the country the effect of the law he is asking it to adopt. It must be a bashfulness—it can't be anything else—that keeps Mr. Underwood from telling the country that he is sugar's best friend, and that he is only proceeding in an indirect way to shower blessings upon it. It is quite in line with his benevolence toward sugar that the attitude of his chief lieutenant, Mr. Hardwick, is that, because sugar is raised in the Tropics for 2 cents and in Java for 1.6 cents, there is no use of trying it any longer in Louisiana or the sugar-growing States, where their sugar costs from 3½ to 4 cents a pound.

In view of Mr. Underwood's proclaiming that there is a way for us to produce sugar in competition with the Tropics at 2 cents a pound, we had better hire him to come down here as general manager of the sugar business on a salary of half of everything he saves. There would be about four millions a year in it for Underwood; but it would pay the iron and steel interests of Birmingham to double or quadruple that sum to keep Underwood in Congress, where he can safeguard their industries while throwing overboard an occasional victim to free trade taken from beyond the sacred Birmingham zone.

Fellow citizens, I contend that however wrong protection may be in its theory or in its beginnings (upon that I will suspend the quarrel with Mr. Pharr and those other excellent protectionists who have spoken here)—however wrong it may be in its theory or in its beginnings, that that question passes out of sight after the thing is done; that we can not go back and dig up the past from the grave where it lies to investigate and to moralize with Maud Muller over what might have been. After free trade has allowed protection to build, as Mr. Porch has so eloquently told you, after free trade has allowed protection to build in that way, then it is as much bound to respect, within reasonable limits, the institutions of protection as we would be bound to respect the institutions of one who had seized the Government without any title. If free trade has been neglectful of its kingdom for these hundred years, shall it rouse itself from its slumber now and come in and order off heads and confiscate property without heeding the houses it will uproot, the bankruptcies it will create, and the widows and orphans who will curse its coming? But, independently of that question, that great moral issue which must give us

pause when we proceed to demolish the protective system—that great moral issue upon which Mr. Underwood and Mr. Hardwick, and the majority members of the Ways and Means Committee line themselves up for detaching the great principle of free trade from all moorings and perverting it into oppression and immorality—apart from that question, fellow citizens, there is the other question as to whether it is wise, as to whether it is expedient, as to whether it is sound American financial policy to put upon the statute book this extraordinary law. Why, fellow citizens, this $100,000,000 of annual turnover from sugar circulates through every American financial artery. It is not hidden away in overgrown fortunes; it is not part of the amount with which millionaires from the iron centers disgrace themselves and disgrace the country in their sportings and plungings. It is a vital and a desirable part of the American business kingdom, and when you strike out of that kingdom so great a pillar of it, so much that enters into its very structure, you bring upon it ruin. One of our speakers here has said "almost ruin." Let us not disguise the consequences from ourselves or from the country. It brings ruin to this part of the country—to the beet-sugar part of the country; it brings ruin which would dwarf the fire loss of San Francisco, and when you bring such ruin as that upon the country or upon any part of it you injure the whole business kingdom more than free trade in sugar could help it in a thousand years.

Now, fellow citizens, from the standpoint of interest—and of course these questions must be considered from that standpoint by others as well as by ourselves, for this is a pretty big country—the question is, considering the interest of the rest of the country, Is this a wise or a statesmanlike measure?

Now, here is this one hundred millions of annual turnover from the domestic sugar trade, which is distributed far and wide among the business men of our country. In that one hundred millions the American people have approximately a profit of from $10,000,000 to $20,000,000 per annum. So, fellow citizens, right there this bill, by annihilating the American sugar producer, deprives the American Commonwealth in general of a profit of from $10,000,000 to $20,000,000 per annum.

In addition to that, if you destroy the American competition in the protection of sugar you raise the price of sugar to a point which would more than equalize any loss to the general tax consumer in America, which falls upon him by reason of his having to pay the tax which the sugar tariff represents. We had an illustration of that only a few months ago. Did not sugar fall from about 6 cents to about 4½ cents as soon as the Louisiana crop came into the market? Therefore, when you eliminate that Louisiana crop, when you eliminate the beet crop—the 700,000 or 800,000 tons of sugar raised in America—you simply raise the price a cent or two a pound for the benefit of our competitors in Germany, or Java, or Cuba.

We have no particular enmity against those people over there, but we do not think our own throats should be cut in Congress that they may fatten upon our blood. And what will they do in Germany or Java when the American markets are handed to them in that way but put on an export tax, under which we will pay for sugar what Germany and Java decree it is worth? And the blood of the American cane and beet growers would be the seed of higher prices than ever to the sugar growers of Europe and the Tropics.

Fellow citizens, is it possible that the cane and the beet growers in this country stand no better before the American consumer, before the American citizen, before the American Congress, than the odious Sugar Trust, with its "17 holes" for fraudulently underweighing imported sugar? Do we stand so badly that when the Sugar Trust loses its tariff on refined raw sugar—a tariff which to it has been only one of a thousand instruments of robbery—that then the beet-sugar people and the Louisiana people have to be linked to it and stripped of their tariff on raws, especially when the tax on raw sugars is a life rope to the cane growers and the beet growers and a hindrance to the Sugar Trust?

After keeping us under tariff rates which have fed as high as $162,000,000 a year to the Steel Trust, $20,000,000 a year to the Sugar Trust, $100,000,000 a year to makers of woolen clothing, $7,500,000 a year to the dear Cubans, $12,000,000 a year to the dear Hawaiians—is all the evil of it to be swept away and reformed by putting on the free list this industry, which receives the most diluted form of protection; this industry which is the least protected and which is the least able to survive free trade?

Fellow citizens, the most cold-blooded analysis of sugar's case would come to this: That there is that profit of ten to twenty millions a year which those who trade in the American market receive from sugar, and which is more than our home sugar (leaving out tropical Hawaii and Porto Rico) receives under the tariff from the American public at large, but that profit which is given by sugar in those tradings of the public at large is not distributed with the same absolute equality over the whole land as the tax on sugar is. Now, does that inequality justify the treating of the sugar question as an academic one, as if nothing had been done under it, as if we were not squandering and revolutionizing an accumulation of wealth out of existence, as if we were only in the beginning of things in so far as the tariff is concerned? Does it, fellow citizens, justify the crushing of a great industry because it was not constructed according to the specifications of Adam Smith and Richard Cobden, the free-trade apostles? Adam Smith himself lays it down that there are equities which free trade would violate in an undiscriminating overturn and slaughter. I follow Adam Smith, I follow Richard Cobden, where it can be done with justice; I follow them in the building up of a civilization, but I do not follow them through the tearing down of a civilization, and through its débris. I do not follow them through the want and woe of those about me, through the distress and suffering and bankruptcy of my fellow citizens; I only follow them because they are beacon lights upon a yet untraveled sea to tell us how we should go, but they are not there as false lights to bring the trusting mariner who sails the protection sea to hidden rocks and shipwreck.

But, superior to all these considerations, rising high above these considerations of harm or loss here and there, is the consideration that if there is an inequality it was placed there by the law. It is the inequality of the law. It is not the inequality of sugar itself. It is not for the law to say, and the law has never said, "I find I have made a mistake. I will cut down what has grown up under my error and will start over again." Does the law speak in those terms? Would civilization recognize the voice of the law if it said to its own progeny: "Because it was a misdeed of my impetuous youth to

bring thee forth with this imperfection, I slay thee; and to make thy death what my spokesman, Underwood, will say is a bonanza and a joy, go forth and sell on a free-trade market, you who have built your factories in a protected market, who will buy everything you use in a protected market, who will pay your labor the wages of a protected market." From that harsh decree, from that violation of a near-by equity in a narrow and misguided devotion to a far-off one, from that wrong to a neighbor, from that butchery of the innocent, the appeal can not be in vain which we make to the sound business judgment, the broad statesmanship, and the love of justice of the American people.

Pars. 179-182.—BEET SUGAR, ETC.

UNITED STATES BEET SUGAR INDUSTRY, UNION TRUST BUILDING, WASHINGTON, D. C., BY TRUMAN G. PALMER, SECRETARY.

Cost of Producing Sugar.

In arriving at the relative cost of producing sugar in the United States and Europe three factors are to be considered:

(1) The cost of erecting factories of a given capacity in the different countries and the consequent margin of profit required in order to return a given rate of interest on the investment,

(2) The cost of operating factories, and

(3) The cost of raw material, i. e., the cost per pound of the extractable sugar in the beet, laid down at the factory gates before the factory commences to work them.

In Europe it costs approximately one-half as much as it costs in the United States to erect a factory of a given capacity, the number of operatives required is about the same, while the wage rate is but a fraction of what it is in the United States. In this study, however, I shall confine myself to a consideration of the quality and cost of raw material.

QUALITY OF RAW MATERIAL.

In the manufacture of sugar the cost of raw material depends upon its quality as well as upon the price per ton. A ton of beets or cane is valuable for sugar-making purposes in proportion not only to its sugar content but to its purity.

The two plants from which the world derives its sugar are as dissimilar as well could be imagined. Sugar cane is a weed in the Tropics, springing from the same root year after year without replanting and containing about the same sugar content whether growing wild or under cultivation; about the same now as generations ago. On the other hand, the sugar beet is the most scientifically bred plant in the world. Originally containing only 4 to 5 per cent of sugar and having a low purity, it now contains from 15 to more than 20 per cent of sugar and is of a much higher purity, the latter enabling the factory to extract a greater percentage of the sugar contained in the root. But while responding to science and to correct cultural methods more readily than does any other plant known, it yields the poorest results of any plant, both in quantity and quality, if correct cultural methods be not applied to it; hence a knowledge of and an

application of correct cultural methods by the farmers growing the crop is of primary importance.

The progress made in the United States in raising the quality of the beet has been marked, the extractable raw sugar in a ton of beets having increased in 20 years from 177 pounds to 253 pounds, our present average extraction being greater than was the extraction in any country in Europe 20 years ago. But while we have been progressing Europe also has progressed, and due to her superior cultural methods, which our farmers are slow to adopt, Europe still excels us, both in tonnage per acre and in the purity of her beets, only Russia falling below us in tonnage per acre.

If the average quality of the beets and the tonnage per acre secured in the various beet-sugar districts of the United States approached the maximum results which reasonably could be expected, the outlook for eventually competing with Europe would be discouraging; but when we consider the fact that there scarcely is a sugar-beet district in the United States where numbers of farmers do not produce a greater tonnage of high-grade beets that are produced in the best districts of Europe, it is plain to be seen that our low averages result from a lack of education on the part of our farmers.

James Wilson grew over 20 tons of high-grade beets per acre in Iowa year after year before he became Secretary of Agriculture, and he is convinced that when our farmers shall have become accustomed to the culture of beets they will produce at least that tonnage, which is 25 per cent in excess of what the German farmers are able to coax from their worn-out soils. In the judgment of those most familiar with the industry, it is not a question of soil or of climate but of cultural education.

PRICE OF SUGAR BEETS IN EUROPE AND IN THE UNITED STATES.

Germany, Russia, and Austria-Hungary are the dominant beet-sugar producing countries of the world. Of the 9,000,000 tons of beet sugar annually produced in Europe, 7,000,000 tons, or 77 per cent, are produced in these three countries, which also export 2,500,000 tons annually, or 83 per cent of the total sugar exports of Europe. Sugar conditions in other European countries do not materially affect the international sugar situation, and when comparing the cost of raw material at home and abroad these are the countries which must be taken into consideration.

The beet sugar produced in the United States is refined sugar for direct consumption, but to afford an exact comparison, the United States production of refined sugar per ton of beets, as given by the Department of Agriculture, has been reduced to terms of raw, on the basis of 100 pounds of refined being equivalent to 107 pounds of raw.

Table No. VII, attached hereto, shows the average number of pounds of raw sugar extracted from a 2,000-pound ton of beets in the United States and in various European countries for a series of years.

For the five-year period from 1907–8 to 1911–12 it will be seen that the extraction were as follows:

	Pounds.
Germany	328.30
Russia	316.98
Austria-Hungary	315.20
United States	264.41

As will be seen by the attached data, the north German and the Holland sugar manufacturers' associations have fixed the 1913-14 price of beets in the two countries at an average of $4.34 per 2,000-pound ton, delivered at the factory gates, while in the south the factories are holding out for $4.32½.

As also will be seen by the attached data, the Prague Association of Raw Sugar Manufacturers of Bohemia, and the Organization of Sugar Beet Growers, have agreed upon the price of $3.68 per 2,000-pound ton for the 1913-14 campaign, delivered at receiving stations, and $3.88 delivered at the factory. The latest advices, as given in foreign sugar journals, are to the effect that other Austrian factory and beet growers' associations are perfecting agreements on practically the same basis.

The latest obtainable figures on Russia are given by the minister of finance and are for the campaign 1911-12, when the average price paid throughout the Russian Empire was $3.90 per 2,000-pound ton. The minister's report does not state whether the price is for beets delivered at the factory or at receiving stations, but in the second calculation I have added 20 cents per ton for freight, as in Austria.

The average price paid to farmers for beets in the United States, as given in the April issue of the Crop Reporter, issued by the Department of Agriculture, was $5.50 per ton in 1911 and $5.82 per ton in 1912. Direct reports from 65 factories show an average freight charge on beets, paid by the factories, of 43 cents per ton in 1911, 45 cents in 1912, and 41 cents per ton for agricultural expenses in 1911, 38 cents for 1912.

Thus the average cost of beets laid down at the factory gates in the United States was $6.34 per ton in 1911 and $6.65 in 1912.

Assuming that the official figures for Russia are for beets at the farm and not delivered to the factory, and that the delivered price as given in Germany includes 20 cents per ton for freight, as in Austria, the following table shows the average amount paid to farmers in four countries for each 100 pounds of extractable raw sugar which their beets contain:

Farmers' receipts for raw material.

	Farm price of beets per 2,000-pound ton.	Average extraction of raw sugar per 2,000-pound ton of beets, 1907-1911.	Average farm cost of 100 pounds of sugar in the beet.	United States farm cost per 100 pounds of raw sugar in the beet in excess of cost in other countries.
United States	$5.82	264.41	$2.20	....
Russia	3.90	316.98	1.23	$0.97
Austria-Hungary	3.68	315.20	1.16	1.04
Germany	4.14	328.30	1.26	.94

COST OF BEETS DELIVERED AT THE FACTORY.

To determine the cost of raw material to the factory, there must be added to the price paid the farmer for his beets the agricultural expense borne by the factory and the freight on the beets from receiving station to the factory. The great agricultural expense which formerly attached to the growing of beets in Europe practically has disappeared, since European farmers thoroughly understand the cultivation of this crop, and although they naturally strive to secure a high price per ton, they are anxious to plant beets because of the indirect agricultural advantages; and while the agricultural expense is decreasing in the United States and eventually will be eliminated here as it has been in Europe, at present it is an important and a necessary item of expense attaching to the cost of raw material in the United States.

In Europe, where the custom of rotating cereal crops with a hoed crop is universal, the beet supply is grown closer to the factories than it is in the United States and the freight charges are correspondingly lower. Although the freight expense in the United States was greater by 2 cents per ton in 1912 than in 1911, as compared with earlier years, it is much less now and it will continue to be a decreasing item of expense.

The following table shows the average cost to the factory of 100 pounds of extractable raw sugar in the beets, delivered at the factory gates, in the United States and in the three principal European beet-sugar producing countries:

Factory cost of raw material.

		Cost of beets per 2,000-pound ton.	Average extraction of raw sugar per ton of beets, 1907-1911.	Average cost of 100 pounds of raw sugar in the beet.	United States cost per 100 pounds of raw sugar in the beet in excess of cost in other countries.
United States:			*Pounds.*		
Average price paid farmers in 1912	$5.82				
Average freight paid by factories	.45				
Average agricultural expense incurred by factories	.38				
Total per ton		$6.65	264.41	$2.51	....
Russia:					
Average price paid for beets in 1911	3.90				
Assuming for freight as in Austria	.20				
Total		4.10	316.98	1.29	$1.22
Austria-Hungary:					
Bohemia, 1913 contract price at receiving stations	3.68				
Contract price delivered at factory		3.88	315.20	1.23	1.28
Germany:					
Average cost, purchase beets, 1904 to 1910	4.44				
North Germany, average 1913 contract price purchase beets, delivered at factory gates		4.34	328.30	1.32	1.19

The difference in the average cost of raw material in our principal beet-sugar producing States is given in the following table. The average cost of beets laid down at the factory is derived by adding

to the price paid per ton of beets to farmers in 1912, as given by the Department of Agriculture, 45 cents, average freight paid by 65 factories, and 38 cents, average agricultural expense. As in 1912 the department changed its classification by grouping Wisconsin with certain other States and forming a new group for "Other State." The extraction as shown for these two groups in the following table may differ slightly, though not materially, from what would be shown had the department not changed its classification.

Factory cost of raw material, by States.

	Average cost of beets per ton, laid down at factory, 1912.	Pounds of raw sugar extracted per ton of beets, 1907-1911.[1]	Cost of 100 pounds of extractable raw sugar in the beet.
California	$7.29	312.91	$2.33
Utah and Idaho	5.80	271.63	2.13
Colorado	6.79	270.41	2.51
Michigan	6.52	253.63	2.57
Ohio, Indiana, Illinois, and Wisconsin	6.43	251.28	2.55
Other States	6.64	251.19	2.64

[1] Based on the assumption that 100 pounds of raw sugar is equivalent to 107 pounds of refined.

FROM THE FARMING VIEWPOINT.

As stated before, the drought of 1911 resulted in an abnormally low tonnage per acre in western Europe. The yield per acre during the preceding five years was as follows in the four countries mentioned:

Tonnage per acre.

Average for the year—	Germany.	Russia.	Austria-Hungary.	United States.
1906-7	14.16	7.95	11.70	11.26
1907-8	13.26	6.31	11.29	10.16
1908-9	12.08	6.99	10.71	9.36
1909-10	12.56	5.64	11.28	9.71
1910-11	14.70	8.74	12.36	10.17
Average of 5 years, 1907-1911	13.37	7.126	11.47	10.13

Taking the above average yield for five years and applying the latest available figures concerning the price paid to farmers for beets, and assuming that the cost of freight in Germany is 20 cents per ton, as in Austria, the average gross returns per acre to farmers in the four countries are as follows:

Gross returns to farmers per acre.

	Tons per acre.	Per ton.	Per acre.
Russia	7.126	$3.90	$27.79
Austria-Hungary	11.47	3.68	42.21
Germany	13.37	4.14	55.35
United States	10.13	5.82	58.95

The variation in gross amount per acre received by farmers for their beet crop in our leading beet-sugar producing States is as follows:

	Tons of beets per acre, 1907-1911.	Price paid to farmers per ton for beets in 1912.	Gross returns per acre.
California	10.37	$6.46	$66.99
Utah and Idaho	11.32	4.97	62.57
Colorado	10.64	5.96	63.41
Michigan	8.58	5.69	48.82
Wisconsin	10.02	[1] 5.60	56.11
Other States	9.07	5.81	52.69

[1] Under new classification by Department of Agriculture this is the average price paid in Wisconsin, Indiana, Ohio, and Illinois.

Considering the difference in the cost of farm labor in the United States and in Europe, it is evident that the disparity in the cost of raw material is not due to inordinate profits made by American farmers, hence it is impracticable to try and remedy it through a material lowering of the price of beets in the United States.

The remedy lies with the education of our farmers, who, as compared with German farmers, produce 24 per cent less tonnage of beets per acre and of a quality which yields the factory 19.5 per cent less sugar per ton. As a result, from 1906 to 1910, inclusive, American farmers produced an average of but 2,255 pounds of extractable sugar per acre, as compared with 4,355 pounds produced per acre in Germany during the same period. From a like quality of beets American factories extract as much sugar as do European factories, and the equalization of the cost of raw material only can be accomplished on the farm. Here it is a new crop, while European farmers have had generations of experience.

PRICE OF BEETS IN GERMANY.

In Germany beets are secured in three ways—(1) beets grown by the factories; (2) contract and shareholders' beets; (3) purchase beets. The percentage of each class, as given by the German imperial bureau of statistics, is as follows:

	Per cent.
Factory-grown beets	4.09
Contract and shareholders' beets (cooperative)	40.48
Purchase beets (Kaufrueben)	55.43

The low initial price paid for the first two classes of beets above mentioned does not necessarily indicate the real value of the beets for sugar-making purposes, as after the campaign is over an additional distribution of a certain amount per ton is made to the growers, the amount depending upon the success of the campaign. The size of the second distribution is more dependent upon the price of sugar than of any other condition and the total amount received per ton of beets includes the manufacturing as well as the agricultural profits. Presumably for this reason the German Government does not publish the average price for either of these classes of beets, but confines itself to reporting the cost of what are termed purchase beets, beets which are purchased by the factories regardless of any consideration except the value of the beets for sugar-making purposes and where the price

is not affected by reason of free seed or free pulp or by any other consideration. The cost of these beets for the past eight years, as given by the German Imperial Bureau of Statistics, has been as follows:

Year.	Average prices.	
	Per metric ton.	Per 2,000-pound ton.
	Marks.	
1904-5	20.10	$4.34
1905-6	20.00	4.32
1906-7	18.70	4.04
1907-8	19.60	4.23
1908-9	21.30	4.60
1909-10	21.90	4.73
1910-11	22.50	4.86
Average for 7 years	....	4.44
1911-12	25.10	5.42

The price paid for beets in Germany and other portions of western Europe in 1911 can not be used as a criterion, because of the drought which that year prevailed throughout that section and thereby created an abnormal price for both beets and sugar. Prior to July of that year crop conditions were favorable and, as is their custom, raw-sugar factories sold sugar ahead for October-December delivery. In July a prolonged drought set in, the result of which was that the tonnage of beets harvested in the autumn amounted to less than 8 tons per acre in Germany, or but little over one-half the usual yield. With a shortage in Europe of 1,760,000 tons of sugar and the consequent high prices, sugar factories bid up the price of beets to a figure never before known, even importing large quantities from Holland, thus shortening the campaign of the Dutch factories. The German factories secured only enough beets to operate an average of 42 days, as compared with 70 days the year before, and many factories were compelled to purchase raw sugar on the Magdeburg market at high prices in order to fulfill their advance sales contracts.

Following the half crop of 1911, the plantings of beets increased, and the 1912 beet yield was a million tons in excess of any preceding year. With this bumper crop, not only has the price of sugar but of beets gone down, the drop in the price of beets in Germany being even greater than it was in 1906, as will be seen by the following excerpt from the Journal des Fabricants de Sucre, Paris, February 12, 1913:

[Excerpt from leading article.]

PROVINCE OF SAXONY.

In consequence of better offers having been made for beets by the factories it is not likely that a diminution of acreage to beets will occur in Germany (Province of Saxony), 1 mark to 1.10 marks for 50 kilograms of beets will be paid (equal to $4.31 per short ton); in addition the grower is to receive 50 per cent of pulp.

[Excerpt from Die Deutsche Zuckerindustrie, Mar. 14, 1913, p. 239.]

GERMANY.

Price of beets in Germany.—The beet prices are dependent usually on the current market price of sugar. At the end of 1911 the price of raw sugar was very high, and this is the reason why all German beet-sugar factories were able to pay high prices for their beets; but recently the price of sugar has reached a low level, wherefore the

sugar factories of Germany, especially those of south Germany, are determined to secure their beets at a lower price than they have been paying up to the present time. This was brought to the attention of Secretary of State Frhr. Zorn v. Bulach in the House of Representatives of Alsace-Lorraine, and he was asked what the Government intended doing about the proposed reduction in the price of beets. The honorable gentleman conferred with Representative Wehrung, and after the conference stated that it was his opinion that the farmers should organize and protest against the lowering of the price of beets, and that the Government is not in a position to bring pressure to bear upon the farmers to accept a lower price for their beets, but that the farmers should have patience, and when the price of sugar in the world market shall warrant the price of beets would undoubtedly return to the level of what it was in the last campaign.

NETHERLANDS (IBID).

Nord-Brabandt, 12th of March, 1913.—Contracts for beets are being signed up in different districts. Fixed prices for beets have been determined upon as follows for the campaign 1913-14: Districts 1 and 2, 12 florens per metric ton, equals $4.38 per short ton; district 3, 11 florens per metric ton, equals $4.01 per short ton; district 4, 12.70 florens per metric ton, equals $4.63 per short ton; average, $4.34.

These prices are paid for beets delivered at the factory gates, and no increase or deferred payment will be made for deferred deliveries. The "Bund" of sugar manufacturers made an agreement with the German sugar factory association to the effect that these organizations will cooperate with each other in keeping the price the same in both countries.

From the above it appears that the average price of purchase beets in north Germany in 1913-14 delivered at the factory will be $4.34 per 2,000-pound ton, or 10 cents per ton less than was paid during the seven years preceding 1911.

The following article indicates that the price of beets for this year is to be about the same in south Germany as it is in the northern provinces of the Empire:

[Excerpt from Die Deutsche Zuckerindustrie, Apr. 5, 1913, p. 960.]

BEET GROWERS VERSUS FACTORIES IN SOUTHERN GERMANY.

The Strassburger Post publishes the following article:

"All those who have the interest of agriculture at heart will be unpleasantly surprised at the agitation started by beet growers against the sugar factories; the agitators do not wish to look facts in the face. Any agronomist, as well as those who have experience in beet growing, will frankly admit that beet culture is a blessing for agriculture in general, and 1 mark per 50 kilogram (equal to $4.32½ per short ton) paid for beets leaves a fair margin for the grower.

"Unfortunately, the factory is not in a position to adjust the sale price of sugar to the purchase price of beets, but has to part with the sugar at whatever the world's market price happens to be. Considering the fact that sugar is a product dealt in by the world's producers and costs (raw) now 9.75 marks per 50 kilograms (equal to $2.11 per 100 pounds) factory price, we do not see how it is possible to pay more than 1 mark per centner of beets ($4.32½ per short ton).

"All agitation in the world will not remedy this state of affairs. Even experts will tell you that very little profit can be made by manufacturers paying 1 mark per centner ($4.32½ per short ton) if sugar is not going to be higher in the world's markets.

"Beet growers should realize and know what are their real interests and should not allow themselves to be incited by their so-called friends to carry on a senseless agitation—a campaign against the beet-sugar factory owners with whom they should have a community of interests."

PRICE OF BEETS IN AUSTRIA-HUNGARY.

The Prague (Bohemia) organization of raw sugar manufacturers and the organization of beet growers have fixed the price of beets for the 1913-14 campaign at $3.68 per short ton at receiving stations and $3.88 delivered at the factories.

On February 28 the Brünn (Moravia) raw sugar manufacturers and the beet growers were close to an agreement. The growers were demanding $3.95 per short ton for all beets, with an increase of 18 cents per ton if the factory price of raw sugar during October, November, and December should exceed 2 cents per pound. The factories were willing to pay $3.95 for one group, but were holding out for $3.78 for other beets, with an increase of 14 cents per ton if the price of sugar October-December should exceed 2.11 cents per pound.

The factories of Boemish Brod were offering but $3.68 per short ton, with an increase of 18 cents per ton if the October-December price of raw sugar should exceed $1.89 per 100 pounds.

Austrian export sugar is shipped down the Elbe and across Germany to Hamburg, at which port the average price in 1912, October-December, was 2.06 cents per pound.

[Excerpt from Prager Zuckermarkt, Feb. 26, 1913. P. 168. Beet Sugar Purchases, Campaign 1913-14.]

The Association of the Prague Raw Sugar Factories has perfected in harmony with the Organization of Sugar Beet Growers their agreement for delivery of beets during campaign 1913-14 on the basis of 2.10 kronen per double zentner (220 pounds) delivered at factory ($3.88 per short ton); and on the basis 2 kronen per double zentner ($3.68 per short ton), delivered at the field receiving station. Conditions of delivery to remain the same as in preceding campaign 1911-12.

[Excerpt from the Journal des Fabricants de Sucre, Mar. 12, 1913.]

AUSTRIA.

Bohemia-Moravia.—From leading article by G. Dureau:

"In Austria negotiations regarding beet contracts and agreements about Kaufrueben (purchase beets) are being carried on.

"The prospects for an understanding between the growers and factories now rest upon a solid basis and it is most likely that shortly an arrangement acceptable to both sides will be made.

"At a meeting in Brunn, Moravia, held on February 28, 1913, by representatives of sugar factories and delegates of the Organization of Beet Growers, the sugar factories advocated the adoption of a minimum price as a basis of a certain level eventually attained by sugar quotations; the growers agreeing to this in principle, have asked that the price of purchase beets be fixed at 2.15 kronen per 100 kilograms (=$3.95 per short ton) with an increase of 10 hellers (18 cents per short ton of beets)—if sugar quotations rise above 22 kronen ($4.46 per 100 kilograms sugar, or $2 per 100 pounds).

"The factory delegates have offered 2.05 kronen per 100 kilograms beets (=$3.78 per short ton) for the first group (district)—and 2.15 kronen per 100 kilograms for every kronen ($0.203) rise in price of sugar beyond 22 kronen—($4.46 per 100 kilograms sugar, or $2 per 100 pounds).

"In some parts of Moravia beets were purchased at fixed prices.

"The sugar factories of Boemish Brod offer 2 kronen per 100 kilograms beets (=$3.68 per short ton) with an increase for every 100 kilograms of 10 hellers (18 cents per short ton) if sugar quotations reach above 20.50 kronen ($4.16 per 100 kilograms of sugar, or $1.89 per 100 pounds) delivery October-December, 1913."

The following tabulated figures for the various Provinces of Austria-Hungary are from the official publication, Mitteilungen des K. K. Finans Ministeriums. Only minimum and maximum prices are given in the report of the finance minister and it is impossible to derive the average price. I have added, however, a column giving the mean of the minimum and maximum.

Year.	Hellers per 100 kilos.		Per 2,000-pound ton.		United States currency, mean of minimum and maximum.
	Minimum.	Maximum.	Minimum.	Maximum.	
BOHEMIA.					
1895-96	130	260	2.39	4.79	$3.59
1896-97	160	270	2.95	4.97	3.96
1897-98	160	260	2.95	4.79	2.87
1898-99	160	250	3.13	4.61	3.87
1899-1900	170	274	3.13	5.05	4.09
1900-1901	180	274	3.32	5.05	4.19
1901-2	160	250	2.95	4.61	3.78
1902-3	140	272	2.58	5.02	3.80
1903-4	140	250	2.58	4.61	3.60
1904-5	160	276	2.95	5.09	4.02
1905-6	170	290	3.13	5.35	4.24
1906-7	160	290	2.95	5.35	4.15
1907-8	170	265	3.13	4.89	4.01
1908-9	185	282	3.41	5.19	4.30
MORAVIA.					
1895-96	172	260	3.15	4.80	3.98
1896-97	160	236	2.95	4.35	3.65
1897-98	160	240	2.95	4.42	3.69
1898-99	170	249	3.13	4.59	3.86
1899-1900	170	245	3.13	4.51	3.82
1900-1901	170	274	3.13	5.05	4.10
1901-2	170	242	3.13	4.47	3.80
1902-3	162	240	2.99	4.42	3.70
1903-4	170	237	3.13	4.37	3.75
1904-5	168	260	3.10	4.80	3.95
1905-6	185	275	3.41	5.08	4.24
1906-7	180	274	3.32	5.06	4.19
1907-8	170	264	3.13	4.87	4.00
1908-9	205	284	3.77	5.23	4.50
SILESIA.					
1895-96	210	250	3.87	4.61	4.24
1896-97	190	237	3.50	4.37	3.94
1897-98	190	200	3.50	3.69	3.60
1898-99	206	248	3.80	4.57	4.19
1899-1900	216	247	3.98	4.56	4.27
1900-1901	212	248	3.91	4.57	4.24
1901-2	219	243	4.03	4.48	4.26
1902-3	210	236	3.87	4.35	4.11
1903-4	180	242	3.32	4.47	3.90
1904-5	180	248	3.32	4.57	3.95
1905-6	200	246	3.69	4.54	4.12
1906-7	190	251	3.50	4.63	4.06
1907-8	200	249	3.69	4.59	4.24
1908-9	220	257	4.06	4.74	4.40
GALICIA.					
1895-96	190	210	3.50	3.87	3.68
1896-97	200	220	3.69	4.06	3.87
1897-98	200	220	3.69	4.06	3.87
1898-99	190	220	3.50	4.06	3.78
1899-1900	190	226	3.50	4.17	3.84
1900-1	190	210	3.50	3.87	3.69
1901-2	208	210	3.84	3.87	3.85
1902-3	191	208	3.52	3.84	3.68
1903-4	189	190	3.49	3.50	3.50
1904-5	....	210	....	3.87	....
1905-6	....	208	....	3.83	....
1906-7	....	189	....	3.49	....
1907-8	....	200	....	3.69	....
1908-9	....	200	....	3.69	....
AUSTRIA BELOW THE EMS.					
1895-96	200	230	3.69	4.24	3.96
1896-97	222	230	4.10	4.24	4.17
1897-98	222	230	4.10	4.24	4.17
1898-99	206	212	3.76	3.91	3.84
1899-1900	205	230	3.78	4.24	4.01
1900-1	210	230	3.87	4.24	4.05
1901-2	210	218	3.87	4.02	3.95
1902-3	202	260	3.72	4.79	4.25
1903-4	207	221	3.81	4.07	3.94
1904-5	185	225	3.41	4.15	3.78
1905-6	200	240	3.69	4.42	4.06
1906-7	200	230	3.69	4.24	3.96
1907-8	200	248	3.69	4.57	4.23
1908-9	245	250	4.52	4.61	4.56

Year.	Hellers per 100 kilos.		Per 2,000-pound ton.		United States currency, mean of minimum and maximum.
	Minimum.	Maximum.	Minimum.	Maximum.	
HUNGARY AND BUKOWINA.					
1895-96	160	300	2.95	5.53	$4.14
1896-97	180	300	3.32	5.53	4.42
1897-98	180	300	3.32	5.53	4.42
1898-99	163	300	3.00	5.53	4.26
1899-1900	104	300	1.92	5.53	3.72
1900-1					
1901-2					
1902-3	170	300	3.13	5.53	4.33
1903-4	224	234	4.13	4.32	4.22
1904-5		251		4.63	
1905-6	255	272	4.69	5.02	4.85
1906-7	200	240	3.69	4.42	4.05
1907-8	236	245	4.35	4.52	4.43
1908-9	252	264	4.65	4.87	4.76

PRICE OF BEETS IN RUSSIA.

The drought of 1911 which shortened the sugar crop of Europe 1,760,000 tons did not materially affect the principal beet-growing sections of Russia, and the average tonnage per acre, while below that of 1910, was greater than it had been in any other year subsequent to 1906, and consequently the price of beets was normal.

Pirces quoted to me as being paid in the vicinity of Warsaw in November, 1911, were 27 to 30 kopecks per Russian hundred pounds (2.4 pounds per kilo), which is equal to $3.08 to $3.43 per short ton.

In 1911 the French Association of Sugar Manufacturers appointed a commission to visit and investigate the Russian sugar-producing districts. The report of the association was made by one of its members, M. Emile Saillard, agronomic engineer, professor at the Government School of Agricultural Industries, and director of the laboratory of the Association of Sugar Manufacturers of France. In this report M. Saillard quotes the cost of beets at various factories at from 20 francs to 23½ francs per metric ton, or from $3.44 to $4.15 per 2,000-pound ton. He gives the average of three Provinces as 21, 23.25, and 22.90 francs per metric ton, or $3.68, $4.07, and $4.02, respectively, per 2,000-pound ton.

Die Deutsche Zuckerindustrie of February 28, 1913, gives 13 kopecks per pud of 36.113 pounds, equal to $3.72 per short ton, as the price paid for beets by the Ssobolewka factory in the Province of Podolia; and 14 kopecks per pud, or $3.98, as the price paid by the Schsuprunowka factory in the Province of Charkow.

The annual report of the Russian minister of finance for 1911 gives $3.90 per short ton as the average cost throughout Russia for the campaign of 1911–12.

FROM ANNUAL REPORT OF THE MINISTER OF FINANCE.

Excerpt from report of Kapinst, chief of Government factory inspection, to Senator Novitzke, imperial commissioner of agriculture, and aid to Wierchnjatsck Kokowzoo, minister of finance and president of the imperial cabinet, given under date of May 21, 1912:

CAMPAIGN 1911-12.

In Russia from 707,441 dessiatines of beets there were harvested 825,731,000 puds of beets, which yielded 9,510,166.6 berkovetz (as given by Rathke, 1,944,677 acres, 14,931,866 short tons of beets, 2,293,115 short tons of sugar).

Beets, average price throughout Russia, 1.65 rubles per berkovetz ($3.90 per short ton). The lowest price is paid on the Trans-Dnieper region and in Russian Poland, where acreage to beets was about 10 per cent of the total beet area.

The four Provinces, Kieff, Podolia, Kursk, and Charkow, which have an area about twice that of Bavaria and Wurttemberg, are our greatest beet-growing Provinces, producing about 71 per cent of all our beets. Wolhynie, Tchernigow, Poltowa, Woronege, and Tambow come next.

Eight million two hundred and twenty dessaitines (22,239,000 acres) of land have in recent years been given over to the peasantry, and a large number of those peasants have caught the "sugar-beet fever," and are planting a portion of their holdings to beets.

The above mentioned lands (22,239,000 acres) formerly belonged to the imperial family, the Government, and to large landowners.

It is surprising to note that Russia, notwithstanding its large stock of sugar, still is continuing to increase the area of beet cultivation. It results from the fact that the quantity of sugar each factory is licensed to sell in the home market would be reduced by law if its output of sugar were to decrease in comparison with factories placed side by side (factories of like capacity).

Factories, therefore, are interested in increasing their production, so as not to see their home market sales diminished. This peculiarity in the Russian law leads us to produce more beets than we need, whether we make money on our foreign sales or not, as the factories expect to recoup themselves on their home sales when the relation between the prices paid at home and those paid abroad are regulated.

PRICE OF BEETS IN FRANCE.

From the Bulletin de Statistique, issued by the French minister of finance:

Campaign year.	Francs per 1,000 kilos.	Equivalent in United States currency per 2,000-pound ton.
1892-93	26.98	$4.71
1893-94	28.20	4.94
1894-95	25.97	4.53
1895-96	26.43	4.63
1896-97	24.30	4.26
1897-98	25.97	4.53
1898-99	30.24	5.29
1899-1900	30.06	5.22
1900-1901	29.71	5.15
1901-2	25.45	4.45
Average for 10 years		4.77
1902-3	23.01	4.03
1903-4	22.30	3.91
1904-5	22.23	3.89
1905-6	24.61	4.30
1906-7	21.78	3.79
1907-8	22.71	3.98
1908-9	23.90	4.18
1909-10	24.37	4.26
1910-11	26.52	4.65
1911-12	28.61	5.01
Average for 10 years		4.20

PRICE OF BEETS IN HOLLAND.

The following official figures are from the Gemiddelte Marktprijzon von Landbouwproducten Konynkrijk der Nederlanden Rijk in Europa. Centraal Bureau voor de Statistick:

Average cost of all beets.

Year.	Per 100 kilograms.	Per 2,000-pound ton.	Per 2,000-pound ton.
	Florins.	*Florins.*	
1898	1.00	9.09	$3.65
1899	1.00	9.09	3.65
1900	.915	8.61	3.46
1901	.955	8.68	3.49
1902	.890	8.09	3.25
1903	.970	8.82	3.64
1904	1.075	9.77	3.92
1905	1.200	10.91	4.38
1906	1.00	9.09	3.65
1907	1.045	9.50	3.82
1908	1.20	10.91	4.38
1909	1.20	10.91	4.38
1910	1.25	11.36	4.56

As stated elsewhere, the Dutch and German raw-sugar associations have fixed the price of beets for the campaign 1913–14, delivered at the factory gates, as follows: Districts 1 and 2, 12 florins per metric ton, equals $4.38 per short ton; district 3, 11 florins per metric ton, equals $4.01 per short ton; district 4, 12.70 florins per metric ton, equals $4.63 per short ton; average, $4.34 per short ton.

COST OF FARM LABOR IN THE BEET FIELDS OF THE UNITED STATES AND IN EUROPE.

The United States Department of Agriculture recently issued a bulletin on the cost of farm labor in 1912, in which it was stated:

> Wages now compared with the average of wages during the eighties are about 53 per cent higher; compared with the low year of 1894 wages now are about 65 per cent higher. The current average rate of farm wages in the United States when board is included is, by the month, $20.81; by the day, other than harvest, $1.14; at harvest, $1.54. When board is not included the rate is, by the month, $29.58; by the day, other than harvest, $1.47; by the day, at harvest, $1.87.

An analysis of the labor figures as given in the March Crop Reporter of the department shows that the average wage of day laborers on the farms in the 16 sugar-beet States in 1912 was $2.45 at harvest time and $1.95 at other seasons of the year. From 76 direct reports received from the various beet-growing sections I found that the average daily wage in the beet fields was $2.21, the average daily earnings of pieceworkers $3.25.

A comparison of these wages with the wages paid in the beet fields of Europe is illuminating.

The wage rate for agricultural laborers in Poland is 26.2 cents per day for men and 20.6 cents for women, while the German wage rate is the highest to be found in the three great European beet-sugar-producing countries. Due to the introduction of sugar beets and the other root crops which followed and were introduced in the rotation, the acreage yield of cereal crops in Germany has been more than

doubled, and, instead of assisting emigration because of inability to feed a population of 30,000,000 people, Germany to-day, with a population of 65,000,000 people, annually imports 800,000 seasonal workers to help till her fields and work in her shops.

Sixty-seven per cent of these workers come from certain Provinces of Russia and Austria, the other two great sugar-producing countries, attracted by the higher wage which prevails in the German Empire.

Due to a semiofficial immigration bureau and to strict passport regulations which prevent an emigrant from living in any portion of the German Empire save the particular place for which he or she is booked, the wage is fixed and regulated to a nicety. Of late certain districts of other countries which need workers have been bidding against Germany.

The director of the German labor bureau gives the following as the standard wage when all allowances have been converted into money:

FOR MEN.

Germany, 1 mark 74 pfennigs per day (United States equivalent, 41.4 cents).
Denmark, 1 mark 90 pfennigs per day (United States equivalent, 45.2 cents).
Prague, 1 mark 73 pfennigs per day (United States equivalent, 41.1 cents).
Vienna, 1 mark 73 pfennigs per day (United States equivalent, 41.1 cents).
Crakow, 1 mark 77 pfennigs per day (United States equivalent, 42.1 cents).

FOR WOMEN.

Germany, 1 mark 51 pfennigs per day (United States equivalent, 36 cents).
Denmark, 1 mark 49 pfennigs per day (United States equivalent, 35.4 cents).
Prague, 1 mark 52 pfennigs per day (United States equivalent, 36.1 cents).
Vienna, 1 mark 55 pfennigs per day (United States equivalent, 36.9 cents).
Crakow, 1 mark 60 pfennigs per day (United States equivalent, 38 cents).

The director remarks, "These figures show that our European competitors are trying to dislodge us from the field"; and, in order to save the day for Germany, he earnestly pleads, "we ought to grant an increase in wages of, say, 3 pfennigs per day for men (seventy-one one-hundredths of 1 cent) and 2 pfennigs (forty-eight one-hundredths of 1 cent) for women." He says: "I believe we ought to grant this increase in wages, as we can not get around it, and it would not be too heavy a burden for our agriculturists to pay." The question of this pitiful increase of less than three-quarters of 1 cent per day has assumed national importance in Germany, where, before it yet is light enough to see distinctly, farm laborers, like ghosts, flit by to their work, later slacking 30 minutes for breakfast, 60 to 90 minutes for dinner, and 30 minutes for the "vesper meal," after which they work until darkness comes on at 9 to 10 o'clock in that northern climate, and all for 41 cents per day. In the beet fields these sturdy laborers are the most expert of any to be found. So superior are continental laborers in this work that last year the new beet-sugar factory erected at Cantley, England, imported continental laborers to take the place of native farm laborers whom they were paying 2s. 6d. (60 cents) per day. After paying the Europeans much higher wages than they paid to Englishmen they found that they still had saved $10 per acre by the operation.

When hundreds of thousands of seasoned, skilled agricultural workmen are glad of the chance to migrate and toil from sunup to sundown for a week in the fields of Europe for the same wage an

American farmer pays for one day's labor in the United States, it is not surprising that the American farmer needs and asks for protection.

[Excerpt from Blätter für Zuckerrübenbau, Dec. 31, 1912, p. 387.]

CONDITION OF THE FOREIGN LABOR MARKET.

[By Freiherr von Busche Kessel, Director of the German Labor Bureau, Berlin.]

In considering the business year, regarding the development which has occurred in the German labor market, we find that in the spring of the year we had an ample supply of it, especially from Russia, but even at Easter labor became scarce, the supply not entirely meeting the demand (during summer and fall) made by industrial and agricultural centers. Notwithstanding the high commission offered to labor agencies, the efforts made to bring foreign laborers in considerable numbers to Germany were fruitless. This was due to bad weather at harvest time here and abroad, which lengthened the period of harvesting. Consequently, a great number of farm hands who would have come to Germany for work were unavoidably detained in their own country.

Although we succeeded in procuring a good supply of labor for spring work, as stated above, during the summer and after Easter the supply did not correspond with the demand. If we did get enough laborers to help us out until the latter time, we owe it to Russia, for she sent us far more men than in the previous year, and there was not only a relative, but an absolute decrease in this respect from Galicia.

If you follow my figures in this article carefully, you will find that Galicia can no longer be looked upon as a favorable recruiting ground as immigration from that quarter is gradually diminishing.

Now as to the ensuing year. We must expect an increased demand for foreign labor, particularly as related to our industries, as we are still on the upward curve in industrial activity. In looking over contracts and reports of important financial institutions and of large industrial establishments, we find everywhere that orders are abundant, the execution of which will last well into the summer, and it will require a large force of workmen to execute these orders. Transportation reports from the railways and other signs of the times point in the same direction

The Balkan War (if limited to the powers warring at present) will scarcely affect our industrial development. But if a world war breaks out, the conditions would be different. The farmer would not worry about lack of workmen the factory needs, but immigration for the benefit of either industry or agriculture would cease. In such a case we have no means of finding a remedy. However, it would be a greater calamity for Germany if, without her men going to fight, Austria and Russia were to mobilize and keep at home the men who otherwise would emigrate.

Under normal conditions we shall require a large number of immigrants to satisfy the needs of our flourishing industries. The following tables show how many workmen we procured from abroad and the proportion that were engaged in our industries:

1909. Total of workmen	643,000
In agriculture, 375,000=58.3 per cent.	
In industries, 268,000=41.7 per cent.	
1910-11. Total of immigrants	696,000
In agriculture, 388,000=55.7 per cent.	
In industries, 308,000=44.3 per cent.	
1911-12. Total of immigrants	729,000
In agriculture, 397,000=55 per cent.	
In industries, 332,000=45½ per cent.	

Although we had 33,000 more immigrants this year than last, yet 24,000 went to work in industrial establishments and only 9,000 on farms. Summing up the foreign labor supply, the proportion of industrial workers has recently increased much more rapidly than that of agricultural laborers.

On account of the rising curve in the extension of our intensive agricultural methods we must look to foreign countries next spring for an increase in our demand for agricultural laborers, also because the preparatory work on the farms has been delayed in Russia owing to unfavorable weather conditions. This will delay the usual contingent coming from there to help us in our work.

A considerable number of our agriculturists in different parts of Germany are behind in their farm work, and they will have to apply intensive methods in order to make up for lost time. This will absolutely compel them to employ (this spring,

1913), an increased number of foreign laborers far in excess of the number employed last season. Our bureau will be kept exceedingly busy in consequence of this, and we are apprehensive lest the demand shall be greater than the meager supply we will have to offer. Last year's bad harvests in Russia forced a vast number of laborers to come to us for work who otherwise would not have come. However, as Russia this year had a good harvest, the incentive on the part of many to emigrate does not exist. We will be curtailed in this direction, and fears are entertained that the decrease in immigration from Galicia will further hamper us in the way of a sufficient supply of workers.

Now we come to the Poles and Ruthenians, who make up a large quota of our foreign laborers, and we find that Galicia proper has given us only 114,000 farm laborers in 1909-10; in 1910-11 only 109,000; and last year only 97,000, a minus of 17,000 as compared with two years ago, and a minus of 12,000 as compared with the previous year. These figures are sufficiently eloquent without my having further to comment on them.

Of course, Russia has helped us hitherto by sending us in agricultural laborers, as follows:

1909-10	242,000
1910-11	238,000
1911-12	262,000

However, it is a serious matter for us Germans to have to depend more and more on "Russia" for our supply of agricultural laborers. I put emphasis on the word "Russia," as there the police not only pry into the political conduct of the workmen, but also have their say in rural economics. In the matter of migration the will of the police is supreme. In order to cross the frontier, every foot of which is closely guarded, a Russian subject must be provided with a specified permit and those permits are issued according to commercial treaties made between Russia and Germany from time to time—and when you bear in mind that Russia is a country which largely exports agricultural products you will then realize the gravity of the situation which confronts Germany with respect to the latter having to depend mainly on Russia for her supply of agricultural laborers.

Men who know Russian conditions in the interior believe that she is on the eve of a new revolution and it only requires some sort of foreign complication to fan the glowing embers into a flame. China, Persia, the Balkans—the mention of any of these three names will give us food for thought. Therefore, not to be entirely dependent on Russia for our labor supply, we must bestow our attention on Galicia. And why has the supply of laborers from Galicia decreased? Let us examine this question. First of all, we have competitors in the European labor market. Last year we offered for men per day, 1 M. 74 (41.4 cents); women per day, 1 M. 51 (36 cents), or allowances converted into the same amount of money.

Denmark, at that time, made contracts paying—

Men, per day, 1 M. 90 (45.2 cents).

Women, per day, 1 M. 49 (35.4 cents).

For men a plus of 16 pfennigs (3.8 cents).

For women a minus of 2 pfennigs (0.47 cent) per day.

The National Central Bureau of Prague, which hires the largest percentage of laborers for the Bohemian landowners, offered men 1.73 marks (41.1 cents) per day, and women 1.52 marks (36.1 cents).

The great Agricultural Central Bureau in Vienna, which hires people for all Austria at 1.73 marks (41.1 cents), also offered the women 1.55 marks (36.9 cents).

The Emigration Union of Crakow, agents for "Austrian Landowners," offered: Men, 1.77 marks (42.1 cents), and women 1.60 marks (38 cents) per day; that is to say, 3 pfennigs (0.714 cent) more for men and 9 pfennigs (2.14 cents) for women.

These figures show that our European competitors are trying to dislodge us from the field. Then we must bear in mind that work in a man's own country is accompanied by many advantages; and added to that fact the workman as a rule is subjected to a greater supervision and discipline in Prussian Germany than is the case in Moravia and Bohemia, where surroundings are more congenial, and you will not be surprised to see that the laborer is inclined to prefer working there than in Germany.

If you read the newspapers you will find therein articles written by Poles, advising laborers not to go to "Prussian Germany." Thus the Poles try to make use of any means they can to harm German agriculture by boycotting German employers of labor. One of the means also consists in publishing letters alleged to have been written to their relatives by workmen employed in Germany, in which complaints are made of the terrible treatment and sufferings entailed. Although the very exag-

gerated accounts bear the impress of untruth, yet we have taken the trouble with the aid of the authorities, in the locality named, to investigate these allegations, and we invariably have found that on confession of the writers of such letters the accounts were untrue. Also that some incidents in the laborer's daily routine work were grossly misrepresented and exaggerated.

The "Polish Emigration Union" is especially active in this work and boasts in pages of its weekly paper that it will not cease to agitate until all laborers will decide to go to other countries rather than to Germany. One object of this agitation is to secure for other countries their share of the labor available and to which the Poles are more favorably inclined.

We are living in a period of a highly advanced economic development, and with the increased cost of living the world over, the price of goods materially increased, wages must of necessity rise accordingly. Therefore, Germany ought to make efforts toward bettering and strengthening her position in the field of competition, for to stand still would mean stagnation in agriculture, which not only must compete with a foreign element, but must right here, in Germany, compete for her labor supply with industrial establishments. We must also bear in mind that Easter of 1913 will be earlier than usual; those who make up their minds to celebrate it at home will not leave their country to go abroad until after Easter; this fact is well known to all of us. Therefore, if we wish to supply our demand for 1913 we must make strenuous efforts to secure an early and abundant flow of immigration.

What must we do?

To Russian laborers who demand contracts with more cash payments and scarcely any allowance for firewood, etc., we ought to grant an increase in wages of, say, 3 pfennigs per day (0.714 cent) for men and 2 pfennigs (0.476 cent for women. To Galician workmen who make contracts on the basis of less cash and more subsistence in lieu of cash we ought to grant 4 pfennigs per day for men and 4 pfennigs (0.952 cent) for women, the increase in wages granted by our competitors.

I believe we ought to grant this increase in wages, as we can not get around it; and it would not be too heavy a burden for our agriculturists to bear. I have received a list of 44 employers of labor—of contracts made on the Russian frontier—where alone contracts for large numbers can be made either by employers or their agents. This list comprises 44 farms located in different parts of Prussia and Germany.

Below I give you a comparative statement:

"We offered for men per day 1.96 marks (46.6 cents) inclusive allowance converted into a cash equivalent 1.45 marks (34.5 cents) for women. These 44 employers give men 2.17 marks (51.6 cents), women 1.59 marks (37.8 cents), a plus of 21 pfennigs (4.99 cents) for men, and a plus of 14 pfennigs (3.33 cents) for women."

I recommend, therefore, in view of market conditions described that the resolution I herewith introduce be faithfully passed, which will enable us to offer foreign workmen a higher rate of wages than those we have heretofore agreed to pay, and I request you, gentlemen, to vote favorably on this my resolution.

EUROPEAN WAR AND THE PRICE OF SUGAR.

Owing to the drought which visited western Europe in 1911, the wholesale price of sugar in New York rose to 7½ cents per pound, the highest figure it had reached in many years.

Due to a bountiful world crop and especially to the fact that the domestic crop of beet sugar is the largest ever produced, sugar to-day is 4 cents per pound wholesale in New York, the lowest price recorded in years.

That the enactment of the pending tariff bill would destroy the domestic beet and cane sugar industry is conceded by all who have any knowledge of these industries, after which the United States would be dependent upon foreign countries for its sugar supply.

To what figure the price of sugar, then, would go in case of an European war only can be imagined, but considering the facts set forth in the following article it is not unreasonable to suppose that it would rise to from 10 to 20 cents per pound.

[Translation from the German. Excerpt from Die Deutsche Zuckerindustrie, Feb. 21, 1913, p. 173. Annual meeting of East German Union of Sugar Factories. By Dr. Cl. Mayer, Berlin.]

BEET CULTURE IN GERMANY AND THE GERMAN SUGAR INDUSTRY THREATENED WITH STAGNATION IN VIEW OF THE SUPPLY OF LABOR NOT BEING EQUAL TO THE DEMAND IN FIELD AND FACTORY.

The importance of foreign laborers in relation to rural economies in Germany.—You are all aware of the fact that the German sugar industry and the beet-growing agriculturists depend very largely on foreign labor to carry on their work. Dark clouds have appeared on the political horizon and our peaceful security may be threatened at any time. To use the words of the imperial chancellor, "A conflagration over the whole of Europe—a war involving many nations—is still within the range of possibility.'

These war clouds have materially influenced the labor market and may well give us food for thought with regard to the future of the beet-sugar industry.

If at a given moment war should break out, involving central and eastern Europe, we must take it for granted that all wage earners now flocking to our fields from Austria and Russia will be forcibly kept at home, thereby inflicting a tremendous injury to our sugar-beet industry. The question is what can we do about it?

Sometime ago this question was discussed in Berlin and many came to the conclusion that in case of war during the time it lasted our sugar industry would stagnate or remain entirely idle.

If such a contingency should arise, if it is thought that such a thing might happen, then it is our duty to calmly picture to ourselves the calamitous consequences of such an occurrence and to think out what sort of a remedy to apply.

The vast number of men and women that cross and recross annually our frontiers is greater than the migration of people we read about in history, people who came, saw, conquered, and settled down, but here we have hundreds of thousands who come here to work, don't settle down, carry off over 100,000,000 marks annually, and maybe never to return.

I have brought with me colored charts, from which you will gain an idea as to the number of foreign workmen engaged in agriculture and the industries as reported by district officials and councilors of state (of course these statistics refer to 1905, 1906, 1907, and 1908). These figures are also applicable to the present time.

Foreign workmen in Prussia, by occupations in industries.

Year.	Number.	Agriculture.	Total number.
1905	229,000	207,000	454,000
1906	369,000	23[illegible],000	605,000
1907	475,000	258,300	733,000
1908	471,000	309,000	780,000

Foreign laborers in Prussia, 1908, by countries of origin.

Country.	Number.	Per cent.
Austria-Hungary	341,600	43.8
Russia	184,000	23.5
Italy	105,300	13.5
Netherlands	103,800	13.3
Belgium	7,600	1.0
Other countries	37,700	4.9
Total foreigners	780,000	

But we may safely estimate, however, that 800,000 to 850,000 people, male and female, cross our frontiers to find work here, and two-thirds come from the east—that is to say, from Austrian Provinces and Russia—and one-third from other States. There are Poles, Italians, Ruthenians, Dutch and Belgians, Germans from Austria-Hungary, Danes, Swedes, Norwegians, and others.

More workmen are claimed by industrial establishments than are in demand for agriculture. There are certainly 310,000, if not 330,000, foreigners at work in agriculture, and 450,000 to 480,000 in the industries.

I wish to point out the prejudice caused by these foreigners to our national economic life: 100,000,000 marks are carried out of Germany by these foreigners in the shape of wages, which is certainly a considerable item to the debit of our financial balance.

We must admit that through the influx of these foreigners wages for our own working people are kept down, as the families of these foreigners live mostly in their own country, where the cost of living is not so high as it is in Germany, therefore the foreign workmen are not compelled to earn as much to provide for their families. The German workingman is bound to get enough so as to satisfy the needs of his family. Besides, we have become entirely dependent on foreign countries for the supply of labor on our farms and in industrial centers. Should Russia or Austria require the help of these people at any time and prevent them from crossing the frontier or recall them from Germany, even without the chances of a war breaking out (some reason might be given at any time by their respective Governments for recalling them), this would be the greatest calamity that could befall our central and east German agricultural districts. It would mean the ruin of numerous agricultural establishments, and a tremendous shrinkage in many industrial undertakings, and the loss of many millions of marks would, in that case, follow as a matter of course.

It has been found that in many districts where foreign workmen were employed breaches of contract between wage earners and employers were of frequent occurrence, which exercised an unfavorable influence on our native workmen as far as discipline and order were concerned.

Foreigners ought to have their papers in good order and should have documentary proofs as to their identity, their antecedents, etc. A case came to my knowledge where a Pole had a document provided with beautiful stamps and seals which passed everywhere as his passport until one day an official who could read Polish found that the passport was nothing more than a certificate given by the municipal authorities of his native village giving the holder thereof notice that he was again permitted to milk his cow, which two years previous had been adjudged tubercular. This shows the necessity of our taking vigorous measures to see that incoming foreigners are bearers of proper passports.

For agricultural and industrial needs we now have a perfect official central hiring administration in Berlin, which works both in the interests of employer and workman.

Most of the foreign agricultural Austrian and Russian laborers are employed by large landowners east of the River Elbe and in west Germany, mostly on estates where beet culture and intensive farming is carried on. Wage earners that are mainly to be considered in beet culture are Poles (Russian and Austrian) and Ruthenians, half of which are women.

As beet growing developed we were obliged to employ more labor in the fields; we soon found that our native population did not supply the necessary and increasing demand. The so-called "Sachsengängers" (wandering natives of Saxony) that annually crowdedin to the beet districts for a time supplied the necessary labor material, but beet culture increased rapidly and foreign countries had to supply the demand for labor. Of course we must attribute this partly to the fact that between 1850 and 1900 about 5,000,000 emigrants left for America, never to return. Then in 1890 and since came the steady flight of people from the rural districts to the city, causing an annual loss of 200,000 people to our agricultural districts in favor of industrial centers, the growth of which assumes, year after year, extraordinary proportions.

Agriculturists and landowners have been blamed for calling in foreigners in order to keep the wages of our native workers down to as low a level as possible. However, we know that this is not the case, as we were simply compelled to get labor from abroad, our native supply not corresponding with the demand. Large estates engaged in beet culture have been entirely dependent on the influx of foreigners for their supply of labor.

The foreign element who has come to us for work has been largely unskilled labor, the essential being muscle and endurance. Many managers of industrial plants look upon the foreigner as an undesirable element, yet they are forced, for want of native help, to employ them. During the busy season there is an abundance of foreign labor from which recruits can be obtained, and when the season slacks down this particular class is gotten rid of before any of the native workmen are discharged.

Of the foreigners employed, the Poles are subject to Government regulation; they are compelled to leave Germany on the 20th of December each year, and are also obliged to stay in their own country until February 1.

As a rule, foreign workmen constitute a sort of contingency buffer, a safety valve for our native working population; for Germans are getting employment when work is slack, whilst foreigners are discharged ere the Germans get notice to quit.

It certainly is to be deplored that foreign workmen should play such an important part in our national economics and that we have to be dependent on the good will

of foreign countries for our labor supply. It is with deep regret that conditions are such, especially so with regard to our agriculture, for other industries may incur some temporary losses by reason of an insufficient number of workers, but in the case of agriculture such losses would be permanent, if, for instance, no workmen were available for harvesting our crops at the proper time.

RUSSIA THE GREAT SUGAR-PRODUCING NATION OF THE FUTURE.

For many years the sugar world has watched and feared the growth of the sugar industry in Cuba, in Java, and in Germany. The Cuban sugar industry is dreaded because of the ideal cane-sugar conditions which exist in that island, the sugar areas of which are sufficient to supply the world with sugar, the only limitation being the supply of labor. The Javan sugar industry is dreaded not only because of the favorable natural conditions which the island offers, but because of the fact that it has a population of 30,000,000 and they toil in the cane fields for a wage of 8 cents per day. The German sugar industry is feared because of the marvelously superior cultural methods which are applied to the tilling of the soil and because of the fostering care which the German Government extends to the industry.

But of late Germany and other European sugar men have awakened to a new Richmond who has appeared in the sugar world and threatens to distance all other countries in the production of sugar. I refer to Russia, which, both in percentage and in tons, has increased her sugar production far more rapidly than has any other great sugar producing country in the world, as will be seen from the following:

Sugar production of Russia, Germany, Cuba, and Java, 1892-93 and 1910-11.

[In short tons of 2,000 pounds.]

	Production 1892-93.	Production 1910-11.	Net increase.	Percentage of increase.
Russia	445,456	2,324,530	1,879,074	421.8
Germany	1,356,749	2,854,847	1,498,098	110.4
Cuba	1,118,743	1,661,465	542,722	48.5
Java	470,593	1,376,592	905,999	192.5

A few years ago Russia stood fourth in the production of beet sugar. She now stands first in the area devoted to sugar beets and second only to Germany in her output of sugar. To cultivate her fields, the German Empire depends largely upon the 800,000 seasonal workers which annually are imported, while Russian Europe has a population of 131,000,000 people, and not only are they industrious, but they toil for a lower wage than do any other people in Europe. Trainloads of Russian women and girls annually migrate to Germany, Sweden, and Denmark, to work in the fields from 5 and 6 o'clock in the morning to 10 and 11 o'clock at night for a wage of 41½ cents (United States) per day, out of which they feed themselves. They go because such wages are nearly double what they are at home and because they are unable to secure employment at home, even at the lower wage. But at home there are as good or better soils than in the countries to which they migrate and with the new light which has come to Russia, she means that the profits derived from this labor shall go into Russian, instead of foreign, pockets. It requires a passport to

leave, as well as to enter, Russia, and Russia will experience no more difficulty in regulating emigration than in regulating immigration, once the means of livelihood has been provided. The present average field wage in Polish Russia and in Galicia is but 10 cents per day for children, 17¼ cents for women, and 24.5 cents for men. It is with industrious laborers working at such a wage and properly directed that the sugar world has to compete.

The soil in both the Polish and the Kiev districts is fertile and strong and the climate is superior to that of the most of Europe for agriculture. Although the natural agricultural conditions of Russia are superior to those to be found elsewhere in Europe, her crop yields are the lowest. In fact, Russia has the distinction of being the only great agricultural country whose yields per acre are less than they are in the United States, and while the low yield in Russia is due somewhat to the poverty of her people, the principal cause is the same as in the United States—absence of alternation of root crops with cereals.

Until a few years ago, the fact that the culture of sugar beets in rotation with other crops greatly increased the yield of the latter was not appreciated in Russia, but now that it is, every effort is being made to increase their beet plantings. When I was in Warsaw a year ago, three large beet-sugar machinery concerns were running on full time, as were two others at Kiev. One of the projectors of a new beet-sugar factory to be erected between Warsaw and Krakau informed me that so anxious were the farmers to grow beets that before the contract was let for the machinery or a brick laid for the building they had all the beet acreage signed up that they could handle, at a fraction under the equivalent of $3.20 per 2,000-pound ton, which, on the average extraction obtained in Russia (316.98 pounds of raw sugar per ton of beets), will give them raw sugar in the beet at a cost of $1.01 per 100 pounds.

The minister of agriculture of Russia maintains an institute for agricultural research work which is subsidized by the Russian Association of Sugar Manufacturers, and due to its efforts, has scattered throughout Russia a number of experiment stations in beet-sugar districts. This institute is presided over by Dr. Frankfourth, one of their greatest agriculturalists. Thanks to this institute, in studying all the questions relating to rotation, fertilizing, seed, tillage, etc., vast progress has been made in Russian beet culture.

In common with the United States, Russia's low cereal crop yields present to her statesmen the strongest incentive to foster the culture of sugar beets regardless of cost to her treasury, and her vast and underpaid population, coupled with soil and climatic advantages which are inferior to none, present conditions which can not be ignored when considering the future prospects of the sugar industry elsewhere in the world.

After making an extended tour of investigation through the sugar-beet districts of Russia, M. Emile Saillard, chief of the sugar laboratories of the French Syndicate of Sugar Manufacturers, said in his report:

> Russia's future sugar industry is assured. She can increase her production not only by introducing improved methods of culture, but also by increasing her sugar-beet area. In the natural course of events, without carrying on a very extensive culture, she is liable to become the greatest sugar producer of not only Europe, but of the whole world.

To summarize Russian conditions, they have—
The richest of soils.
A limitless area.
A population of 131,000,000 people.
The lowest wage rate in Europe.
A prohibitive import duty of $8.56 per 100 pounds.
A Government bounty on sugar exports.
The domestic price of sugar fixed by law, which on a certain date as mentioned by Köenig, enabled them to make an export price of $2.45 per hundred for export sugar, while maintaining a price of $7.18 per hundred on sugar for the domestic consumption of 131,000,000 people.
Low yields of cereal crops.
Discovery of the fact that the yield of cereal crops can be doubled and quadrupled by rotating them with sugar beets.
A law whereby Government aid is assured and facilities granted for the extension of beet culture and the building of new factories.

It is not overstating the truth to say that Russia can raise as rich beets as can Germany and as many tons per acre. She has billions of dollars a year to gain in the increased yield of other crops by extending her beet acreage, her thinking and scientific men are alive to these possibilities, and her Government officials are extending every possible aid to her sugar manufacturers.

None are more far-seeing than are the Germans, and they fear Russian competition far more than we fear that of Germany.

Should the United States duty on sugar be greatly reduced or altogether removed, thus destroying the home sugar industry, it is Russia and not Germany which would run Cuba the closest race for the extra market thus opened up.

Early last year Privy Councilor Gustav Köenig, president of the German Beet Sugar Association, sounded a note of warning to German sugar manufacturers when addressing the association. The following is a translation of Köenig's remarks:

RUSSIAN SUGAR.

[Excerpt from Die Deutsche Zuckerindustrie, Jan. 26, and Mar. 1, 1912.]

At a general meeting of the German Beet-Sugar Industry held in Berlin, Imperial Councilor Köenig, who is also the president of the organization, made the following remarks:

"We ought to do everything in our power to limit Russia in her efforts to increase her export trade before 1918. Russia is planning to rid herself of the vast stocks of sugar she has on hand, not merely for the purpose of enhancing her position, but primarily to fill her coffers with millions of rubles. She is very anxious to strengthen her position and increase her production from year to year, which means, of course, a large increase in her exports to nonconvention countries.

"Should we, the German beet growers and German sugar trade, permit this? If so, Russia would be able to capture the markets of the world, and ere we are aware crush our export trade. We must therefore take heed and do nothing which might in any way help to advance Russia's position; especially is this true with regard to preventing her from increasing her production, for, according to the agreement she has with the Brussels convention, she can only expand in exports outside of convention countries in competition with us. Sugar, as you all know, is a world commodity, and Russia will make every effort to compete with us in all directions of the compass. We must not second Russia in her desire to further her exports and rid herself of her surplus production, as the German sugar industry and beet growers are already feeling the effects which have been produced by her anxiety to get all the export trade she can gobble.

"Let us look into the future and see what harm will come to us on the part of Russian competition. When I say us, I mean the German sugar industry, the beet growers, and commerce generally. Gentlemen, the three factors are of one mind, not to help in strengthening the capacity of Russia's output.

"Gentlemen, I have faith in the German Government, faith in the German lawgivers—that they will do their duty and give us—regardless of convention agreements, a duty which will give the German beet growers and sugar factories such protection as to effectually keep any and all foreign sugar out of the country.

"If we can carry on the fight of competition in nonconvention countries and our hands be not tied by the Brussels convention as far as markets of the world are concerned, we do not fear the oncoming struggle with Russia in her desire to gain supremacy. But to sharpen her sword so that she would be able to dislodge us from the sugar markets of the world, that would be asking too much.

"What the German beet-sugar people want is not to have their hands tied too much by the Brussels convention, but to be able to carry on a war of competition with Russia, whose sugar exports in the near future to nonconvention countries we have to fear.

"After Russia will have exported all that the convention allows her; after having sold to England all that country will take, and having gradually increased her production, she will be confronted with the fact that she has large stocks on hand and does not know how to rid herself of them. Russia's sugar stocks are growing towerlike, and there is a danger that Germany will have to suffer from the stones that will fly to all points of the compass.

"Russia's acreage since 1904-5 has increased from 478,000 hectares (1,181,138 acres) to 787,000 hectares (1,944,677 acres) in 1912, and her production of raw sugar has increased from 591,000 (in 1894) to 2,080,000 tons. The Government is doing everything possible to further and encourage beet culture, and on March 4 of this year the minister of finance brought in a bill which has since been enacted into law, whereby Government aid is assured and facilities granted for the extension of beet culture and the building of new factories. The Cologne Gazette of February 26, 1912, says:

"'It is Germany's duty to put on her armor and be ready for energetic competition in the world's sugar markets.'

"If you picture to yourself that from 591,000 tons in 1894, Russian sugar production has risen to 2,080,000 tons in 1911-12, we will have no guaranty as to the limit that her production may reach. We will have a war of competition on our hands and we will have to fight that war under unfavorable conditions.

"Mr. Secretary of the Treasury and gentlemen:

"I have here a report informing me that large quantities of Russian sugar are now stored at Vladivostok, Port Said, Le Havre, and Hamburg, and we must be on the lookout that this sugar does not reach the European markets—in which the 11 convention countries are interested. The steamers *Vladimir*, *Moughieff*, *Mars*, and *Cerena*, each with a wagon load of 200 tons, are now on the way to increase the stocks of Russian sugar at above points.

"Our sugar factories and allied industries give occupation to 270,000 workmen in addition to field laborers engaged in beet culture.

"Now let me illustrate as to how we are likely to be inferior to Russia in competing in the western world (United States). Odessa, not long ago, quoted 5.08 rubles per pood for (consumption inland) sugar and quoted export sugar at 1.73 rubles; that is to say, 100 kilograms sugar consumed in Russia was quoted at 82 francs ($7.18 per 100 pounds); 100 kilograms for export, 28 francs ($2.45 per 100 pounds). In other words, considering the high prices obtained in Russia from her 150,000,000 people for sugar consumed in Russia, the factories were able to throw all they did not consume at the heads of foreign buyers at a great loss—that loss being only apparent—for their average profit was considerable. Count Khevenhueller, of Austria, has calculated that in reality the Russian law gives Russian sugar a bounty of 17 francs 60 per 100 kilograns ($1.51 per 100 pounds), and Count von Schwerin calculated that Russia is now able to sell her sugar (100 kilograns) about 12 francs ($1.05 per 100 pounds) cheaper abroad than the price her native consumers have to pay.

"Mr. Secretary, if you have the interests of the German sugar industry at heart, then cooperate with us in enabling us to manufacture sugar cheaply, so that we may succeed in competing with Russia successfully in the markets of the world.

"You are aware of the fact that the United States of America has granted the Philippine Islands duty-free markets for 300,000 tons of sugar: this quantity, however, has not been reached, and it will be a long time before it does reach that figure.

"This preferential favor is due to the President of the United States, Mr. Taft, who, whilst Secretary of War, took an interest in Philippine affairs in general.

"The beet-sugar industry of the United States did not like this, and in this respect their interests are identical with those of the beet-sugar industries of the world—and

It is not likely that within the next 15 years the Philippines will be able to supply more than 180,000 to 200,000 tons per annum. It would be very unpleasant for us if the Philippines would exceed this quantity, but still more unpleasant for the German sugar people if the North American beet-sugar industry should reach a higher development than it has now.

"You all know that this campaign has a surplus of about 1,900,000 tons, and most of that surplus is in Russia, or in various ports, in bond, for Russian account, speculators, and others, and her exports are liable to increase to the East and to the American Continent and Canada, and we also know that the English invisible stocks are tremendously large.

"The Russian Government, in consequence of having a large surplus, has reduced the price limit by 5 kopecks per 110 pounds ($1.20 per short ton or about 6 cents per hundred pounds), so as to stimulate home consumption.

"We must also note whether the Austrians will export sugar in the raw, as Austria exports annually as much sugar as she consumes.

"In the name of the association I have to thank the first president, his excellency von Gunther, for having honored us with his presence at this meeting."

COST OF PRODUCING SUGAR IN CUBA.

Deputy Consul General H. P. Starrett, of Habana, has supplied the Daily Consular and Trade Reports with information concerning the present cost of producing sugar in Cuba. In his report published June 10, 1912, he gave the average cost at the factory in Oriente Province as 1.6 cents per pound. In his report published April 8, 1913, he gives 1.25 cents as the average cost in a modern mill, a cost of "well over 2 cents a pound" in the poorest mills, and an average cost throughout the island of 1.75 cents at the mill and 1.85 cents laid down at the seaboard.

The correspondent of the Deutsche Zuckerindustrie, under date of January 31, 1913, states that American factories in Cuba calculate the cost at 1.5 cents per pound, which he says is 1 pfennig (one-fourth cent) per pound less than he calculates it, but he figures that some mills are producing at 1.5 cents per pound.

[Excerpt from the Daily Consular and Trade Reports, June 10, 1912.]

THE CUBAN SUGAR INDUSTRY.

[From Deputy Consul General H. P. Starrett, Habana.]

The treaty of reciprocity between the United States and the Republic of Cuba, which was negotiated in 1902, allowed a preference of 20 per cent in the duty on Cuban sugar entering the United States. Since that date Cuba has entered upon a period of development that has exceeded the predictions of the most optimistic. Vast new areas of land have been brought under cultivation, new mills have been erected, old mills have been remodeled and improved, and projects are on foot for many additional mills to be built in the near future. So great has been this recent development that it can safely be said that if the present activity continues Cuba will be in a fair way of becoming the largest producer of sugar in the world.

The relations between Cuba and the United States have been so close during the last few years that it is interesting to observe to just what extent American capital has invested in the Cuban sugar industry. A careful estimate of this investment in mills, lands, railroads, and other equipment devoted exclusively to the industry, but not including mortgages, gives a total of $54,000,000. In this estimate, however, are included a few companies which were organized in the United States and hold charters granted by different States, but whose stock is owned by persons other than Americans. Their investment amounts to a very small percentage of the whole. The distribution of this total investment through the different Provinces of the island is as follows: Pinar del Rio, $750,000; Habana, $3,000,000; Matanzas, $5,750,000; Santa Clara, $14,500,000; Camaguey, $4,700,000; and in Oriente, $25,300,000.

EXTENT OF AMERICAN INTERESTS.

There are in the island at the present time 173 active mills, of which 34 are wholly American owned and 2 partly controlled by American capital. Another interesting fact is that American-owned mills produce nearly 35 per cent of the total sugar output of Cuba. * * *

[Excerpt from the Daily Consular and Trade Reports, Apr. 8, 1913.]

COST OF PRODUCING CUBAN CANE SUGAR.

[Deputy Consul General Henry P. Starrett, Habana.]

In discussing the cost of production of Cuban cane sugar it may be stated at the outset that no statement as to such costs can be absolutely correct as applied to individual mills, differences in cost being as wide among the different mills as for any staple article where producing conditions differ with locality, cost of raw material, labor wage, efficiency of machinery, and character of transportation facilities.

LOW COST IN MODERN MILLS.

In the modern sugar mill in which machinery of the highest efficiency has been installed, where the location is on or near a good harbor and docking facilities are available, where the mill company owns and operates its own lands and railroad, and which has as its manager a man who has real executive ability coupled with long sugar experience, sugar can be and is produced for 1.25 cents a pound, this representing the total cost of the product from time of planting the cane to placing the finished product alongside the ship, and the proportional charge for general and administrative expense.

HIGH COST IN THE OLDER MILLS.

However, the other extreme is reached in the old mills, which are inefficient in themselves and are located at interior points where they are compelled to pay high freight rates on their sugar product and oftentimes an abnormal price for their cane. Many of the older mills do not own or operate the fields from which their cane is produced, whereas other mills own the land and allow "colonos" or cane farmers to operate the fields. In the first instance some of these mills pay as high as 7 arrobas (arroba=25.3661 pounds) of sugar for each 100 arrobas of cane delivered to the mill or its railroad, while in the latter case, where the mill owns the land, the "colono" receives only from 4 to 5 arrobas of sugar for each 100 arrobas of cane. Under the conditions which obtain with the mills of the first instance the maximum of disadvantage is operating against the possible profits of the mill, and there is no doubt about the fact that many of the mills of this type in Cuba produce sugar at a total cost which is well over 2 cents a pound and close to the zone of "no profits." The production of such mills, however, probably represents a small percentage of the total production of the island. * * *

TOTAL AVERAGE COST OF SUGAR AT THE MILL.

The two general items, cost of cane and cost of manufacture, are therefore:

Producing and cultivating 90,000 tons of cane, at 90 cents per ton	$81,000
Cutting and loading same on carts, at 70 cents per ton	63,000
Hauling from fields and loading on railroad cars, at 40 cents per ton	36,000
Railroad cost for hauling to mill, at 30 cents per ton	27,000
Mill cost of manufacture, at 75 cents per ton	67,500
Total	274,500

To this amount must be added the "general expenses" amounting to $104,250, making a total of $378,750, which figure represents the cost of producing 9,651 tons of raw sugar. Each ton being of 2,240 pounds, the production in pounds is therefore 21,618,240, and the cost per pound is 1.75 cents.

TOTAL AVERAGE COST AT SEABOARD.

This, of course, represents the cost at the mill and does not take into account the cost of transporting the product from the mill to the shipping port, for this varies so widely that no fair estimate could be given, some mills being so situated that they are compelled to pay as high as 60 cents a bag (325 pounds) for railroad freight from

the mill to the seaboard, while for others which are located on the coast and own their own docking facilities and railroad the shipping cost is low, being not more than 5 cents a bag. As a rough estimate it can be stated, however, that the average transportation cost from mill to seaport probably does not exceed 32 cents per bag, or an equivalent per pound of 0.1 cent. This would make the total average cost of sugar at seaboard 1.85 cents per pound.

In conclusion it should be reiterated that these figures are only average results and that this average will be higher or lower according to the season and conditions—that is, whether a large or a small crop of cane is harvested, high or low percentage of sugar content in the cane, and the rise or fall in the wage scale. * * *

[Excerpt from Die Deutsche Zuckerindustrie, Jan. 31, 1913.]

Cost of Production of 1 Pound of Cane Sugar in Cuba.

Ten factories (situated in different districts) show the cost of production to be at ports (net price in port not f. o. b.) of Cuba, including cane, wages, bags, taxes, and all operating expenses, without any profit whatsoever, 2.01 centavos Spanish gold per pound or 500 grams one-half kilo=7.96 pfennigs (equal to 1.55 cents) per pound avoirdupois. * * *

American factories in Cuba calculate, with a 10 per cent rendement (96° Pol.), sugar as being produced at 1.5 cents per American pound=6.95 pfennig a metric pound—but this is 1 pfennig per pound less than my calculations run to; but we must bear in mind that American factories equipped with modern machinery and with a large capital at their disposal buy their coal, bags, etc., wholesale, pay no interest on loans, and with other economic advantages over Spanish and Cuban factories may, under favorable conditions, reduce their cost of production by 1 pfennig per pound (one-fourth cent per pound). * * *

Statistical Tables.

PRODUCTION OF BEET SUGAR IN THE UNITED STATES AND IN THE PRINCIPAL SUGAR-PRODUCING COUNTRIES OF EUROPE, 1886 TO 1912.

[Compiled by Truman G. Palmer.]

(Basic figures for United States: International Sugar Situation, Bulletin No. 30, Department of Agriculture, 1904, p. 94; Bulletin No. 260, Department of Agriculture, 1912, p. 70, and figures furnished by Bureau of Statistics, Department of Agriculture, March 17, 1913. For Germany, Russia, Austria-Hungary, France, Belgium, Netherlands, and Sweden, from Rathke's Jahrbuch; for Denmark, Spain, and Italy, from figures of Fred Sachs, Belgian sugar statistician.)

Note.—As Rathke gathers his figures direct from all the factories, while the German Statistical Office gathers its data through the district authorities and industrial factory inspectors, and as Rathke's figures include both factories and molasses establishments, while those of the Statistical Office do not include establishments which extract sugar from molasses only, reports of which are given out later, there is a slight difference in the original figures and, consequently, in the calculations based thereon. (See copy official report in Deutsche Zuckerindustrie of Jan. 10, 1913, p. 47, footnote No. 2, table 7 c.)

European figures for 1911–12 are "preliminary figures."

All sugar expressed in terms of raw and stated in tons of 2,000 pounds.

The sugar product of Europe consists largely of raw sugar which is shipped to domestic refineries or is exported in its raw state, and such white sugar as Europe produces for direct consumption is converted to terms of raw.

The United States beet-sugar factories produce only white refined sugar for direct consumption, and to facilitate comparison with the foreign figures I have converted the American product to terms of raw sugar on the assumption that 100 pounds of refined is equivalent to 107 pounds of raw.

I.—*Beets harvested, in acres.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy.
1886-87	...	684,192	731,460	...	379,323	...	...	...	...	...	...
1887-88	...	651,815	658,291	...	398,572	...	...	...	...	...	...
1888-89	...	691,897	663,587	...	425,506	111,195	...	...	...	...	...
1889-90	...	752,258	655,205	673,841	509,520	117,866	...	...	...	...	...
1890-91	...	824,824	767,601	737,593	547,573	129,727	...	...	...	...	...
1891-92	7,155	861,583	758,955	810,240	550,785	130,963	...	...	...	...	...
1892-93	13,128	869,829	713,328	817,159	537,689	121,326	...	...	...	...	...
1893-94	19,645	954,994	805,281	865,838	543,614	141,341	...	...	...	...	...
1894-95	19,538	1,090,800	825,778	929,491	596,805	174,931	...	52,706	...	...	...
1895-96	22,948	930,749	852,598	713,871	505,858	144,770	...	46,070	...	...	...
1896-97	37,239	1,049,880	877,167	864,108	608,370	176,108	109,680	70,077	...	...	...
1897-98	41,272	1,080,256	992,739	748,465	570,934	136,349	88,434	58,476	...	...	...
1898-99	37,400	1,053,777	1,085,391	766,257	586,044	132,087	110,107	56,338	31,915	...	...
1899-1900	135,305	1,054,454	1,197,150	804,063	656,505	148,235	109,702	65,278	34,594	...	...
1900-1901	132,000	1,106,034	1,309,911	839,151	747,146	177,195	116,334	71,525	34,594	...	...
1901-2	175,083	1,182,988	1,350,142	896,231	772,101	171,981	118,506	71,659	35,830	...	...
1902-3	216,400	1,056,708	1,430,370	751,184	614,500	129,233	76,687	59,551	36,324	...	...
1903-4	242,576	1,030,103	1,322,842	763,539	585,315	146,036	99,692	67,705	34,594	...	88,956
1904-5	197,784	1,029,700	1,161,614	793,191	503,520	113,097	88,600	59,672	34,594	71,659	81,543
1905-6	307,364	1,165,674	1,300,250	917,976	682,813	176,404	119,794	68,370	37,559	80,018	97,049
1906-7	376,074	1,104,445	1,404,879	845,082	511,917	149,001	108,909	77,836	38,053	82,408	93,784
1907-8	370,984	1,112,024	1,500,717	830,997	522,866	146,283	113,517	77,095	37,065	98,099	102,453
1908-9	364,913	1,077,817	1,288,754	816,171	530,751	141,464	119,472	79,072	37,065	61,775	111,195
1909-10	420,262	1,131,021	1,335,713	798,133	553,256	163,160	137,857	82,778	41,513	49,420	88,956
1910-11	398,029	1,180,913	1,649,145	914,270	564,969	150,236	122,687	86,816	54,856	49,420	101,805
1911-12	473,877	1,253,076	1,944,677	981,481	556,963	163,333	137,743	71,659	61,775	71,130	148,260

11. *Beets harvested, in tons of 2,000 pounds.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Spain.	Denmark.	Italy.
1886-87	....	9,156,422	5,192,494	4,725,657	5,398,051	1,146,392	....	62,153	....	....	....
1887-88	....	7,676,374	4,710,691	3,556,379	3,984,409	1,168,438	....	92,158	....	....	....
1888-89	....	8,703,963	5,068,308	5,354,411	4,654,977	1,267,645	....	94,920	....	....	....
1889-90	....	10,827,491	4,825,405	6,975,638	7,359,012	2,083,347	....	150,809	....	....	....
1890-91	....	11,710,085	5,456,958	7,562,880	7,164,846	1,962,094	....	240,554	....	....	....
1891-92	72,530	10,458,625	4,742,856	7,369,537	6,204,631	1,543,220	....	286,669	....	....	....
1892-93	128,887	10,815,701	4,045,074	7,900,664	6,027,258	1,730,611	....	305,825	....	....	....
1893-94	195,896	11,733,268	6,226,446	7,056,043	5,787,287	2,204,600	....	412,218	....	....	....
1894-95	....	16,006,530	5,959,034	9,402,619	7,867,926	2,511,036	....	692,774	....	....	....
1895-96	....	12,866,945	6,065,626	6,349,248	5,965,079	1,937,843	901,681	589,895	....	....	....
1896-97	....	15,125,321	6,325,015	8,671,243	7,457,060	2,578,280	1,406,535	981,312	....	....	....
1897-98	389,635	15,099,185	6,573,347	7,567,290	7,056,989	1,959,889	992,070	789,402	....	....	....
1898-99	....	13,393,653	6,645,980	8,390,156	6,730,218	1,649,041	1,237,332	530,131	326,281	....	....
1899-1900	794,658	13,744,841	8,061,847	9,351,913	8,150,931	2,181,452	1,377,875	685,682	381,396	....	....
1900-1901	811,654	14,089,784	7,174,981	8,165,838	9,099,233	2,714,965	1,350,318	965,518	438,715	....	....
1901-2	1,685,689	17,650,983	9,116,732	9,859,743	10,307,443	2,762,364	1,634,711	896,250	498,239	....	....
1902-3	1,895,812	12,423,969	9,707,010	7,860,060	6,908,055	1,588,414	784,727	756,081	333,997	....	....
1903-4	2,076,494	13,973,966	8,486,028	8,570,954	7,170,514	1,708,565	989,884	825,012	418,874	....	1,102,300
1904-5	2,071,539	11,101,496	7,097,397	6,841,976	5,147,139	1,317,249	965,615	613,850	353,838	704,369	826,725
1905-6	2,665,913	17,343,013	8,494,478	10,671,566	9,276,744	2,595,917	1,577,391	909,211	565,480	747,359	1,054,901
1906-7	4,236,112	15,337,818	11,169,443	9,895,347	6,035,516	2,032,641	1,322,760	1,134,597	520,286	774,917	1,056,003
1907-8	3,767,871	14,862,035	9,464,477	9,377,927	6,068,889	1,700,373	1,323,256	849,873	444,227	1,078,049	1,332,681
1908-9	3,414,891	13,017,261	9,013,948	8,744,987	6,557,914	1,886,697	1,488,105	976,638	480,603	972,229	1,683,212
1909-10	4,081,382	14,210,927	7,330,327	9,001,382	6,885,896	1,959,448	1,466,059	988,763	551,150	735,234	1,069,231
1910-11	4,047,292	17,560,102	14,421,391	11,301,331	6,076,319	2,182,554	1,589,517	1,218,152	839,958	734,616	1,093,135
1911-12	5,062,333	10,003,152	14,931,866	8,062,425	4,572,781	1,776,908	1,896,176	905,099	821,213	881,840	1,543,229

III.—*Raw sugar produced, in tons of 2,000 pounds.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy
1886-87	....	1,082,569	530,045	612,107	558,205	123,458	45,929	6,400	....	....	....
1887-88	....	1,056,955	479,898	449,738	447,258	127,867	39,770	10,115	....	....	....
1888-89	....	1,032,259	551,150	570,550	477,075	130,071	45,602	9,790	....	....	....
1889-90	....	1,330,389	473,989	814,651	815,261	229,278	73,956	16,121	....	....	....
1890-91	....	1,472,916	573,196	845,978	707,236	206,130	81,003	22,740	....	....	....
1891-92	6,422	1,320,584	595,242	853,729	672,183	177,470	49,592	29,588	....	....	....
1892-93	14,489	1,356,749	445,456	874,190	665,385	187,391	72,032	32,981	....	....	....
1893-94	24,177	1,505,743	716,495	919,324	595,132	251,324	79,791	47,583	....	....	....
1894-95	24,078	2,014,975	655,869	1,151,437	820,332	272,268	97,355	80,347	....	....	....
1895-96	35,017	1,804,528	792,003	890,991	688,286	243,608	108,257	68,468	....	....	....
1896-97	44,983	2,007,534	793,105	1,025,018	771,306	308,644	189,687	116,332	....	....	....
1897-98	48,413	2,033,082	793,656	904,308	851,968	268,961	138,513	98,035	....	....	....
1898-99	38,913	1,898,633	832,237	1,145,314	861,888	233,088	165,084	65,384	39,242	....	....
1899-1900	87,450	1,979,155	984,354	1,208,199	1,012,352	289,826	188,526	89,078	43,872	....	....
1900-1901	92,107	2,181,582	984,905	1,191,152	1,212,640	358,248	196,288	126,471	55,666	....	....
1901-2	197,528	2,537,760	1,186,350	1,423,208	1,223,112	358,218	222,987	138,205	63,713	....	....
1902-3	233,694	1,972,092	1,289,250	1,151,672	907,965	222,665	112,876	79,855	42,769	....	....
1903-4	257,446	2,117,068	1,271,721	1,277,347	875,777	223,546	136,134	118,167	50,596	....	148,811
1904-5	279,061	1,769,674	1,024,919	971,701	677,584	188,273	170,464	92,634	48,611	78,043	91,491
1905-6	334,825	2,646,370	1,069,672	1,648,490	1,186,295	361,334	235,192	134,925	71,650	91,160	112,861
1906-7	517,464	2,471,407	1,586,210	1,466,720	823,528	310,628	197,733	179,008	72,972	98,987	127,652
1907-8	496,082	2,357,523	1,520,843	1,553,582	792,143	255,182	190,808	122,796	58,091	126,765	165,391
1908-9	455,665	2,291,924	1,370,710	1,525,142	872,581	282,189	226,223	151,676	72,146	121,253	196,871
1909-10	548,342	2,245,823	1,242,072	1,373,025	885,147	273,811	214,949	139,220	71,650	91,491	131,063
1910-11	545,884	2,854,847	2,324,530	1,678,582	783,956	312,171	239,089	191,690	120,151	77,161	202,162
1911-12	641,465	1,631,494	2,293,115	1,272,385	567,464	263,450	277,008	140,213	129,458	117,615	170,857

IV. *Beets harvested per acre, in tons of 2,000 pounds.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy.
1886-87	...	13.38	7.10	...	14.23	...	...	...	...	...	...
1887-88	...	11.78	7.16	...	9.99	...	...	...	...	...	...
1888-89	...	12.58	7.64	...	10.94	11.40	...	...	...	...	...
1889-90	...	14.39	7.36	10.35	14.44	17.68	...	...	...	...	...
1890-91	...	14.20	7.12	10.25	13.08	15.12	...	...	...	...	...
1891-92	10.14	12.14	6.25	9.10	11.27	11.78	...	...	...	...	...
1892-93	9.82	12.45	5.67	9.68	11.21	14.26	...	...	...	...	...
1893-94	9.97	12.29	7.73	8.15	10.65	15.00	...	...	...	...	...
1894-95	...	14.67	7.22	10.12	13.18	14.35	...	13.14	...	...	...
1895-96	...	13.82	7.11	8.89	11.79	13.39	...	12.80	...	...	...
1896-97	...	14.41	7.21	10.03	12.26	14.64	12.82	14.00	...	...	...
1897-98	9.44	13.98	6.62	10.11	12.36	14.37	11.22	13.50	...	...	...
1898-99	...	12.71	6.12	10.95	11.48	12.48	11.24	9.41	10.22	...	...
1899-1900	5.87	13.00	6.73	11.63	12.42	14.72	12.56	10.50	11.02	...	...
1900-1901	6.15	13.21	5.48	9.73	12.86	15.32	11.61	13.50	12.68	...	...
1901-2	9.63	14.92	6.75	11.00	13.35	16.06	13.79	13.90	13.91	...	...
1902-3	8.76	11.76	6.79	10.46	11.24	12.29	10.23	9.35	9.19	...	...
1903-4	8.56	13.57	6.41	11.23	12.25	11.70	9.73	12.19	12.11	...	12.39
1904-5	10.47	10.78	6.11	8.63	10.22	11.65	10.90	10.29	10.23	9.83	10.14
1905-6	8.67	14.88	6.53	11.62	13.59	14.72	13.17	13.26	15.06	9.34	10.87
1906-7	11.26	14.16	7.95	11.70	11.79	13.64	12.15	14.58	13.67	9.40	11.26
1907-8	10.16	13.36	6.31	11.29	11.61	12.03	11.66	11.02	11.99	10.99	13.01
1908-9	9.36	12.08	6.99	10.77	12.36	13.34	12.46	12.35	12.97	15.74	15.14
1909-10	9.71	12.56	5.64	11.28	12.45	12.01	10.63	11.94	13.28	14.88	12.02
1910-11	[illegible].17	14.70	8.74	12.36	10.76	14.53	12.96	14.03	15.31	10.82	16.63
1911-12	10.68	7.96	7.68	8.83	8.21	10.88	13.77	12.63	13.29	11.90	10.11

V.—*Sugar produced per acre, in pounds.*

Years.	United States	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy.
1886-87		3,165	1,449		2,943						
1887-88		3,243	1,458		2,244						
1888-89		3,157	1,661		2,242	2,340					
1889-90		3,697	1,147	2,418	3,200	3,890					
1890-91		3,571	1,493	2,294	2,583	3,179					
1891-92	1,795	3,065	1,569	2,107	2,441	2,710					
1892-93	2,207	3,120	1,249	2,140	2,252	3,089					
1893-94	2,461	3,153	1,779	2,124	2,189	3,556					
1894-95	2,464	3,694	1,588	2,478	2,749	3,113		3,049			
1895-96	3,052	3,878	1,858	2,412	2,722	3,365		2,972			
1896-97	1,751	3,828	1,808	2,372	2,546	3,505	3,459	3,320			
1897-98	2,346	2,756	1,599	2,416	2,984	3,945	3,133	3,353			
1898-99	2,081	3,603	1,534	2,989	2,941	3,538	2,900	2,321	2,459		
1899-1900	1,293	3,754	1,644	3,005	3,084	4,045	3,437	2,729	2,536		
1900-1901	1,395	3,945	1,504	2,846	3,246	4,044	3,375	3,536	3,218		
1901-2	2,256	4,290	1,757	3,176	3,168	4,195	3,780	3,857	3,556		
1902-3	2,160	3,733	1,803	3,066	2,955	3,446	2,944	2,682	2,355		
1903-4	2,123	4,112	1,922	3,316	2,992	3,062	2,731	3,491	2,925		3,346
1904-5	2,620	3,437	1,765	2,450	2,691	3,329	3,396	3,105	2,810	2,178	2,244
1905-6	2,179	4,540	1,645	3,590	3,475	2,396	3,776	3,935	3,886	2,278	2,326
1906-7	2,752	4,475	2,259	3,471	3,217	4,169	3,632	4,600	3,835	2,402	2,722
1907-8	2,674	4,240	2,027	3,739	3,031	3,489	3,362	3,186	3,135	2,584	3,233
1908-9	2,497	4,253	2,127	3,737	3,288	3,990	3,954	3,836	3,893	3,026	3,541
1909-10	2,610	3,971	1,860	3,441	3,200	3,356	3,119	3,364	3,452	3,703	2,947
1910-11	2,743	4,835	2,819	3,672	2,775	4,156	3,898	4,416	4,381	3,123	3,972
1911-12	2,707	2,604	2,358	2,593	2,038	3,225	4,022	3,913	3,997	.173	2,305

VI.—*Sugar extraction, percentage of weight of beets.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy.
1886-87	...	11.82	10.21	12.95	10.34	10.77	...	10.30	...	...	...
1887-88	...	13.77	10.19	12.65	11.23	10.94	...	10.96	...	...	...
1888-89	...	12.55	10.87	10.66	10.25	10.26	...	10.31	...	...	...
1889-90	...	12.84	9.82	10.71	11.08	11.01	...	10.69	...	...	...
1890-91	...	12.58	10.49	11.19	9.87	10.51	...	9.45	...	...	...
1891-92	8.86	12.63	12.55	11.58	10.83	11.50	...	10.32	...	...	...
1892-93	11.24	12.55	11.01	11.05	10.04	10.83	...	10.78	...	...	...
1893-94	12.34	12.83	11.51	13.03	10.28	11.40	...	11.54	...	...	...
1894-95	...	12.59	11.01	12.25	10.43	10.84	...	11.60	...	...	...
1895-96	...	14.02	13.06	13.56	11.54	12.57	12.01	11.61	...	...	...
1896-97	...	13.27	12.54	11.82	10.38	11.97	13.49	11.85	...	...	...
1897-98	12.43	13.46	12.07	11.95	12.07	13.72	13.96	12.42	...	...	...
1898-99	...	14.18	12.52	13.65	12.81	14.17	13.34	12.33	12.03	...	...
1899-1900	11.00	14.43	12.21	12.92	12.42	13.74	13.68	12.99	11.50	...	...
1900-1901	11.35	14.93	13.73	14.62	12.62	13.20	14.54	13.10	12.69	...	...
1901-2	11.72	14.38	13.01	14.43	11.87	12.97	13.70	13.87	12.79	...	...
1902-3	12.33	15.87	13.28	14.65	13.14	14.02	14.38	14.34	12.80	...	...
1903-4	12.40	15.15	14.98	14.90	12.21	13.08	14.04	14.32	12.08	...	13.50
1904-5	12.51	15.94	14.44	14.20	13.16	14.29	15.58	15.09	13.74	11.08	11.07
1905-6	12.56	15.26	12.59	14.70	12.79	13.92	14.34	13.63	12.67	12.20	10.70
1906-7	12.22	15.80	14.21	14.82	13.64	15.28	14.95	15.78	14.02	12.77	12.09
1907-8	13.17	15.86	16.07	16.57	13.06	14.50	14.42	14.45	13.07	11.76	12.42
1908-9	13.34	17.61	15.21	17.44	13.31	14.96	15.87	15.53	15.00	12.47	11.70
1909-10	13.44	15.80	16.49	15.25	12.85	13.97	14.66	14.08	13.00	12.44	12.26
1910-11	13.49	16.44	16.12	14.85	12.90	14.30	15.04	15.74	14.31	14.43	11.94
1911-12	12.67	16.36	15.36	14.69	12.41	14.83	14.61	15.49	15.03	13.34	11.07

VII.—*Sugar extraction, pounds per ton of beets.*

Years.	United States.	Germany.	Russia	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy.
1886-87		236.46	204.16	259.06	206.82	215.39		205.94			
1887-88		275.38	203.75	252.92	224.50	218.87		219.51			
1888-89		250.98	217.49	213.11	204.97	205.21		206.28			
1889-90		256.83	196.46	214.15	221.57	220.11		213.79			
1890-91		251.56	209.78	222.72	197.38	210.11		189.06			
1891-92	177.10	252.53	251.01	231.69	216.67	229.99		206.43			
1892-93	224.84	250.89	220.25	221.04	200.88	216.56		215.69			
1893-94	246.84	256.66	[illegible]	260.58	205.67	228.00		230.86			
1894-95		251.77	250.13	244.92	208.53	216.86		231.96			
1895-96		280.49	261.14	271.21	230.81	251.42	240.12	232.14			
1896-97		265.45	250.86	236.42	207.69	239.42	269.72	237.09			
1897-98	248.50	269.30	241.48	239.00	241.45	274.47	279.24	248.37			
1898-99		283.51	250.45	273.01	256.12	283.42	266.84	246.67	240.54		
1899-1900	220.09	288.68	244.20	258.39	248.40	274.89	273.65	259.84	230.06		
1900-1901	226.96	298.65	274.54	292.48	252.39	283.91	230.73	261.98	253.77		
1901-2	234.36	287.55	260.26	288.70	237.31	239.38	274.04	277.45	255.75		
1902-3	246.54	317.46	265.63	293.04	262.87	280.36	287.68	286.90	256.10		
1903-4	247.96	303.09	290.67	298.06	244.27	261.68	280.72	286.46	241.58		270.00
1904-5	250.11	318.82	288.82	284.04	263.29	285.86	311.64	301.81	274.76	221.59	221.33
1905-6	251.19	305.18	251.85	293.98	255.76	162.82	286.79	272.55	253.41	243.95	213.97
1906-7	244.31	316.08	284.16	296.45	272.89	305.64	299.00	315.54	280.51	255.47	241.76
1907-8	263.32	317.25	321.38	331.33	261.15	289.92	288.39	288.97	251.54	235.17	248.51
1908-9	266.88	352.14	304.13	348.80	266.12	299.14	317.48	310.61	300.23	249.43	233.92
1909-10	268.70	316.07	329.89	305.07	257.09	279.48	293.23	281.60	260.00	248.87	245.15
1910-11	269.75	328.89	322.37	297.05	258.03	286.06	300.83	314.72	286.09	288.65	238.80
1911-12	253.43	327.15	307.14	293.77	248.19	296.52	292.18	309.83	300.67	266.74	221.43
Average 1907-8 to 1911-12 (5 years)	264.41	328.30	316.98	315.20	258.11	290.52	298.42	301.15	281.70	257.77	237.56

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VIII.—*Number of factories in operation.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy.
1886-87	.....	401	230	217	391	100	30	3	.....	.....	.....
1887-88	.....	397	218	187	375	98	30	3	.....	.....	.....
1888-89	.....	396	220	203	380	101	30	4	.....	.....	.....
1889-90	.....	401	220	204	373	103	30	4	.....	.....	.....
1890-91	.....	406	222	209	377	106	30	6	.....	.....	.....
1891-92	6	403	225	210	370	107	30	8	.....	.....	.....
1892-93	6	401	224	214	368	108	30	10	.....	.....	.....
1893-94	6	405	225	216	370	109	30	10	.....	.....	.....
1894-95	5	405	226	220	367	111	30	17	.....	.....	.....
1895-96	6	397	229	218	356	111	30	18	.....	.....	.....
1896-97	7	399	236	217	358	111	30	19	.....	.....	.....
1897-98	9	402	239	215	343	111	30	19	.....	.....	.....
1898-99	15	402	244	214	344	110	31	19	7	.....	.....
1899-1900	31	399	268	213	339	109	31	19	7	.....	.....
1900-1901	34	395	275	213	334	107	32	19	7	.....	.....
1901-2	36	395	278	216	332	107	32	19	7	.....	.....
1902-3	41	393	278	216	319	100	24	20	7	.....	.....
1903-4	40	384	275	215	292	101	29	21	7	.....	32
1904-5	48	374	278	206	270	90	26	22	7	32	33
1905-6	52	376	280	207	292	91	28	22	7	30	32
1906-7	63	369	281	206	273	83	28	19	7	30	33
1907-8	63	365	278	201	255	82	28	20	7	33	33
1908-9	62	358	277	204	251	81	27	21	7	31	33
1909-10	65	356	274	202	244	79	27	21	7	30	30
1910-11	61	354	275	203	239	77	27	21	8	34	35
1911-12	66	341	279	196	233	74	27	21	8	29	37

IX.—*Acres of beets per factory.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Nether-lands.	Sweden.	Denmark.	Spain.	Italy.
1886-87	....	1,706	3,180	....	970	....	....	....	....	....	....
1887-88	....	1,667	3,019	....	1,062	....	....	....	....	....	....
1888-89	....	1,747	3,016	....	1,119	1,100	....	....	....	....	....
1889-90	....	1,875	2,978	3,303	1,366	1,144	....	....	....	....	....
1890-91	....	2,031	3,457	3,529	1,452	1,223	....	....	....	....	....
1891-92	1,192	2,137	3,373	3,858	1,488	1,223	....	....	....	....	....
1892-93	2,188	2,169	3,184	3,818	1,461	1,123	....	....	....	....	....
1893-94	3,274	2,358	3,579	4,008	1,469	1,296	....	....	....	....	....
1894-95	3,907	2,693	3,653	4,224	1,626	1,575	....	3,100	....	....	....
1895-96	3,824	2,344	3,723	3,274	1,418	1,304	....	2,559	....	....	....
1896-97	8,177	2,631	3,716	3,982	1,699	1,586	3,656	3,688	....	....	....
1897-98	4,585	2,687	4,153	3,481	1,664	1,228	2,947	3,077	....	....	....
1898-99	2,493	2,621	4,448	3,580	1,703	1,200	3,551	2,965	4,530	....	....
1899-1900	4,364	2,642	4,466	3,774	1,936	1,359	3,538	3,435	4,942	....	....
1900-1901	3,882	2,800	4,763	3,939	2,236	1,656	3,635	3,764	4,942	....	....
1901-2	4,863	2,994	4,856	4,149	2,325	1,607	3,703	3,771	5,118	....	....
1902-3	5,278	2,688	5,145	3,477	1,926	1,292	3,195	2,977	5,189	....	....
1903-4	4,950	2,682	4,810	3,551	2,004	1,445	3,437	3,224	4,942	....	2,770
1904-5	4,120	2,753	4,178	3,850	1,864	1,256	3,407	2,712	4,942	2,239	2,471
1905-6	5,910	3,100	4,643	4,434	2,338	1,938	4,278	3,116	5,365	2,667	3,032
1906-7	5,969	2,996	4,999	4,102	1,875	1,795	3,889	4,096	5,436	2,746	2,841
1907-8	5,888	3,046	5,398	4,134	2,050	1,783	4,054	3,854	5,295	2,972	3,104
1908-9	5,885	3,010	4,652	4,000	2,114	1,746	4,424	3,765	5,295	1,992	3,369
1909-10	6,465	3,177	4,874	3,951	2,207	2,065	5,106	3,941	5,930	1,647	2,965
1910-11	6,525	3,335	5,998	4,503	2,363	1,951	4,544	4,134	6,857	1,453	2,908
1911-12	7,179	3,674	6,970	5,007	2,390	2,207	5,101	3,412	7,721	2,556	4,007

X.—*Beets per factory, in tons of 2,000 pounds.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy.
1886-87	....	22,834	22,576	21,777	13,806	11,464	....	20,717	....	....	....
1887-88	....	19,633	21,608	19,018	10,625	11,922	....	30,719	....	....	....
1888-89	....	21,980	23,037	26,376	12,250	12,551	....	23,730	....	....	....
1889-90	....	27,001	31,024	37,295	19,729	20,227	....	37,702	....	....	....
1890-91	....	28,843	24,615	36,186	19,005	18,510	....	40,092	....	....	....
1891-92	12,088	25,952	21,079	35,093	16,769	14,423	....	35,834	....	....	....
1892-93	21,481	26,972	18,058	36,961	16,378	16,024	....	30,583	....	....	....
1893-94	32,649	28,971	27,673	32,667	15,641	20,225	....	41,222	....	....	....
1894-95	....	39,522	26,367	42,739	21,438	22,621	....	40,751	....	....	....
1895-96	....	32,410	26,487	29,124	16,756	17,458	30,056	32,772	....	....	....
1896-97	....	37,908	26,792	39,959	20,830	23,228	46,884	51,648	....	....	....
1897-98	43,292	37,560	27,503	35,197	20,574	17,657	33,069	41,547	....	....	....
1898-99	....	33,318	27,237	39,206	19,564	14,991	39,914	27,901	46,612	....	....
1899-1900	25,634	34,366	30,081	43,905	24,044	20,013	44,448	36,088	54,499	....	....
1900-1901	23,872	36,987	26,090	38,337	28,770	25,374	42,197	50,816	62,674	....	....
1901-2	46,824	44,686	32,794	45,646	31,047	25,816	51,085	52,434	71,177	....	....
1902-3	46,239	31,613	34,917	36,389	21,655	15,884	32,697	27,834	47,714	....	....
1903-4	42,377	36,391	30,858	39,864	24,557	16,916	33,444	39,286	59,839	....	34,447
1904-5	43,157	29,683	25,530	33,213	19,063	14,636	37,139	27,902	50,548	22,012	25,052
1905-6	51,267	46,125	30,337	51,552	31,769	28,527	56,335	41,327	80,783	24,912	32,966
1906-7	67,239	42,379	39,748	48,031	22,108	24,490	47,241	59,715	74,327	25,831	32,000
1907-8	59,807	40,718	34,044	46,656	23,800	21,468	47,259	42,494	63,461	32,668	40,384
1908-9	55,078	36,361	32,541	42,867	26,127	23,293	55,115	46,506	68,658	31,362	51,006
1909-10	62,790	39,918	27,482	44,561	28,221	24,803	54,298	47,083	78,735	24,509	35,641
1910-11	66,350	49,039	52,441	55,677	25,424	28,344	58,871	58,007	104,994	15,724	48,375
1911-12	76,702	29,247	53,519	44,196	19,626	24,012	70,228	43,099	102,652	30,408	41,709

XI.—*Sugar per factory, in tons of 2,000 pounds.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy.
1886-87	....	2,699	2,304	2,820	1,427	1,234	1,464	2,133	....	....	....
1887-88	....	2,703	2,201	2.405	1,192	1,304	1,325	3,371	....	....	....
1888-89	....	2,758	2,505	2,910	1,255	1,287	1,520	2,443	....	....	....
1889-90	....	3,467	2,154	3,993	2,185	2,226	2,465	4,030	....	....	....
1890-91	....	3,627	2,581	4,047	1,875	1,944	2,703	3,790	....	....	....
1891-92	1,070	3,276	2,645	4,065	1,816	1,658	1,653	3,698	....	....	....
1892-93	2,415	3,383	1,988	4,085	1,645	1,735	2,401	3,298	....	....	....
1893-94	4,029	3,717	3,184	4,256	1,608	2,305	2,646	4,758	....	....	....
1894-95	4,815	4,975	2,902	5,233	2,235	2,452	3,245	4,726	....	....	....
1895-96	5,836	4,545	3,458	3,949	1,933	2,194	3,608	3,803	....	....	....
1896-97	6,426	5,031	3,360	4,723	2,163	2,780	6,322	6,122	....	....	....
1897-98	5,379	5,057	3,320	4,206	2,483	2,423	4,617	5,159	....	....	....
1898-99	2,594	4,723	3,410	5,351	2,505	2,124	5.325	3,441	5,607	....	....
1899-1900	2.821	4,960	3,672	5,672	2,986	2,750	6,081	4,688	6,267	....	....
1900-1901	2,709	5,523	3,581	5,606	3,630	3,348	3,134	6,656	7,952	....	....
1901-2	5,487	6,424	4,267	6,588	3,684	3,348	6,999	7,273	9,100	....	....
1902-3	5,700	5,018	4,637	5,331	2,846	2,226	4,703	3,992	6,109	....	....
1903-4	5,254	5,514	3,312	5,941	2,999	2,213	4,694	5,627	7,228	....	4,650
1904-5	5,397	4,731	3,686	7,964	2,509	2,071	5,787	4,210	6,944	2,438	2,772
1905-6	6,439	7,035	3,820	7,577	4,062	3,970	8,078	6,133	10,235	3,038	3,526
1906-7	8,214	6,697	5,645	7,120	3,016	3,742	7.062	9,421	10,424	3,299	3,868
1907-8	7,874	6,459	5,470	7,729	3,107	3,111	6,814	6,139	8,298	3,841	5,017
1908-9	7,350	6,402	4,948	7,476	3,476	3,483	8,749	7,222	10,306	3,911	5,965
1909-10	8,436	6.308	4,533	6,797	3,627	3,465	7,961	6,629	10,235	3,049	4,368
1210-11	8,949	8,064	8,452	8,208	3,280	4,054	8,855	9,128	15,018	2,269	5,776
1911-12	9,719	4,784	3,219	6,491	2,435	3,560	10,259	6,676	15,432	4,055	4,617

XII.—*Consumption of sugar, in tons of 2,000 pounds.*

Years.	United States.	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.[1]	Italy.[1]
1886-87	1,562,638	362,852	422,800	[illegible],347	583,396	35,274	....	....	....	....	....
1887-88	1,508,180	444,509	377,924	368,961	520,844	34,171	....	....	....	....	....
1888-89	1,545,688	383,734	395,902	210,572	500,268	34,171	....	....	....	....	....
1889-90	1,590,368	549,429	415,229	316,365	551,540	48,501	....	....	....	....	....
1890-91	1,937,672	577,552	416,914	311,588	553,325	46,297	....	....	....	....	....
1891-92	1,959,836	586,755	437,567	335,737	576,561	40,785	....	....	....	....	....
1892-93	2,131,295	614,519	443,764	354,105	546,221	57,320	....	....	....	....	....
1893-94	2,468,191	633,278	444,443	345,420	520,698	70,547	50,706	72,046	....	....	....
1894-95	2,160,837	678,024	481,357	402,039	578,896	69,445	51,808	79,694	....	....	....
1895-96	2,247,341	820,516	557,720	417,600	505,578	63,933	52,339	79,546	....	....	....
1896-97	2,799,196	619,363	554,998	373,217	603,858	66,138	53,462	100,653	....	....	....
1897-98	1,734,368	780,690	592,395	411,034	559,459	58,422	54,564	94,849	....	....	....
1898-99	2,302,405	834,549	634,756	428,904	624,941	41,887	63,933	100,147	72,057	....	....
1899-1900	2,238,588	937,289	668,683	396,379	666,840	51,808	66,028	107,481	78,235	....	....
1900-1901	2,792,504	854,631	724,891	420,335	597,166	61,720	68,784	111,332	89,113	....	....
1901-2	2,509,486	821,699	782,840	430,309	528,002	72,752	73,854	116,844	91,061	....	....
1902-3	3,190,083	896,016	808,669	420,939	895,509	55,115	77,933	118,696	85,725	....	....
1903-4	2,830,950	1,253,522	935,632	555,517	856,046	101,632	88,184	122,161	94,266	....	....
1904-5	3,012,886	1,064,837	1,038,587	493,500	664,246	87,853	99,207	119,633	78,284	....	....
1905-6	3,245,647	1,244,063	1,066,255	580,361	714,731	95,900	110,230	130,616	95,580	....	....
1906-7	3,544,834	1,280,046	1,074,302	590,833	704,039	104,498	114,639	140,296	113,173	....	....
1907-8	3,295,411	1,320,617	1,165,682	596,895	716,054	110,781	115,411	141,996	96,556	....	....
1908-9	3,641,682	1,378,124	1,220,246	635,145	740,194	116,293	121,694	140,604	117,500	....	....
1909-10	3,680,065	1,393,509	1,404,330	652,562	742,399	120,592	123,788	144,606	95,733	....	....
1910-11	3,611,266	1,525,501	1,429,817	732,699	843,039	132,607	132,056	143,299	....	....	....
1911-12	3,934,835	1,331,799	1,471,570	611,777	764,901	114,639	132,276	143,299	....	....	....

[1] No data.

XIII.—*Imports of sugar, in tons of 2,000 pounds.*

Years.	United States.[1]	Germany.	Russia.	Austria-Hungary.[2]	France.	Belgium.	Netherlands.	Sweden.	Denmark.	Spain.	Italy.
1886-87	1,270,270	5,066	80	....	159,485	15,873	127,602	31,836	22,718	58,156	150,868
1887-88	1,040,640	6,431	95	....	197,771	15,542	116,241	32,123	16,941	53,831	45,822
1888-89	1,125,693	4,559	69	....	200,264	14,109	110,120	32,052	23,172	60,181	86,177
1889-90	1,186,426	4,325	659	....	149,095	14,440	160,385	33,033	20,769	84,046	100,604
1890-91	1,499,299	7,453	129	....	152,610	14,550	142,086	26,061	24,016	55,467	92,973
1891-92	1,558,068	8,937	117	....	170,498	15,873	162,699	26,949	35,968	84,313	92,656
1892-93	1,627,430	2,264	30,746	....	183,928	14,550	141,315	29,301	26,665	28,059	89,259
1893-94	1,909,510	1,210	340	....	175,870	11,464	177,911	18,852	28,377	46,951	83,021
1894-95	1,587,501	1,357	204	....	140,123	10,031	162,148	3,351	26,274	51,730	80,371
1895-96	1,658,753	1,566	(2)	....	162,310	12,236	140,213	44,059	23,599	41,618	84,781
1896-97	2,164,309	1,689	(2)	....	147,872	8,157	90,278	721	30,114	30,970	84,431
1897-98	1,031,101	1,432	(2)	....	112,737	13,228	125,111	562	28,885	9,599	80,577
1898-99	1,679,497	1,323	(2)	....	122,539	14,661	79,235	13,591	35,297	10,272	69,103
1899-1900	1,695,662	1,366	(2)	....	104,383	14,220	62,759	13,774	37,145	525	59,713
1900-1901	1,985,156	1,485	(2)	....	107,550	16,314	59,864	508	35,795	129	42,380
1901-2	1,510,246	2,115	(2)	....	102,514	16,975	100,012	373	29,022	80	23,677
1902-3	2,098,667	2,360	(2)	....	133,378	15,432	125,204	998	44,143	170	7,239
1903-4	1,819,526	7,564	(2)	....	99,648	13,669	102,270	5,498	43,682	128	2,405
1904-5	1,801,468	7,062	(2)	....	101,191	6,834	107,946	24,450	29,704	53	5,626
1905-6	1,954,979	3,271	(2)	....	94,798	7,165	77,003	4,863	23,944	44	15,916
1906-7	2,183,338	3,143	(2)	....	121,033	6,283	110,230	440	40,221	49	26,108
1907-8	1,666,795	12,721	(2)	....	128,197	7,165	80,137	564	38,486	56	5,398
1908-9	2,052,855	2,470	(2)	....	122,796	10,092	80,027	425	47,011	83	13,057
1909-10	1,959,297	2,429	(2)	....	126,213	10,141	54,013	129	25,760	45	7,216
1910-11	1,853,792	2,041	(2)	....	171,187	7,385	80,468	....	....	....	....
1911-12	1,834,524	1,984	(2)	....	....	8,818	82,673	....	....	....	....

[1] Total imports, exclusive of noncontiguous territory.

[2] Negligible quantity.

XIV.—*Exports of sugar, in tons of 2,000 pounds.*

Years.	United States.[1]	Germany.	Russia.	Austria-Hungary.	France.	Belgium.	Netherlands.	Sweden.[2]	Denmark.[2]	Spain.[2]	Italy.[2]
1886-87	102,121	728,761	62,465	319,260	138,008	109,238	109,192	....	....	....	....
1887-88	30,200	567,373	62,418	207,665	126,379	106,923	113,001	....	....	....	....
1888-89	9,876	674,883	76,420	314,627	234,523	110,671	112,208	....	....	....	....
1889-90	23,748	820,272	36,958	452,150	435,124	200,067	119,476	....	....	....	....
1890-91	56,526	826,974	95,914	520,790	348,944	173,392	150,516	....	....	....	....
1891-92	9,707	763,796	123,100	516,558	265,445	146,275	147,192	....	....	....	....
1892-93	14,616	800,444	23,973	530,560	265,541	165,345	160,875	....	....	....	....
1893-94	32,162	802,829	93,077	540,216	313,245	205,799	147,378	....	....	....	....
1894-95	13,617	1,153,053	94,216	499,214	367,172	174,825	147,322	....	....	....	....
1895-96	5,372	1,056,146	200,017	556,145	273,798	185,186	176,377	....	....	....	....
1896-97	24,385	1,364,119	129,333	622,916	398,936	258,820	194,506	....	....	....	....
1897-98	9,964	1,148,377	158,117	543,935	511,106	197,753	165,789	....	....	....	....
1898-99	8,482	1,111,160	106,272	792,574	299,225	234,790	174,167	....	....	....	....
1899-1900	13,459	1,073,489	208,248	779,778	623,847	286,598	164,194	....	....	....	....
1900-1901	7,008	1,261,307	178,955	763,926	796,723	317,021	167,900	....	....	....	....
1901-2	7,588	1,340,933	149,712	901,164	562,724	211,311	188,757	....	....	....	....
1902-3	9,765	1,299,744	217,720	859,086	252,537	174,163	171,068	....	....	....	....
1903-4	20,804	962,995	230,381	658,796	278,772	151,346	158,727	....	....	....	....
1904-5	13,714	844,936	229,278	536,820	280,271	156,968	242,043	....	....	....	....
1905-6	18,553	1,262,480	78,153	955,915	428,464	210,539	188,080	....	....	....	....
1906-7	21,440	1,216,466	158,731	879,415	362,557	229,609	186,730	....	....	....	....
1907-8	21,843	1,058,335	355,933	965,394	327,273	161,597	210,098	....	....	....	....
1908-9	48,940	924,185	325,399	931,995	253,749	170,526	195,107	....	....	....	....
1909-10	94,652	863,584	97,443	768,524	277,559	144,181	155,424	....	....	....	....
1910-11	44,718	1,230,757	359,791	890,217	175,817	183,864	209,878	....	....	....	....
1911-12	51,431	258,710	551,150	696,654	164,233	170,857	187,391	....	....	....	....

[1] Figures relate to continental United States after 1900, and include all exports.

[2] Negligible quantity.

XV.—*Sugar production and sugar imports of the United States, in tons of 2,000 pounds.*[1]

	Domestic production.		Imports from insular possessions.				Total insular and domestic.	From foreign countries.		Percentage of total sugar consumption derived from—				
	Louisiana and Texas cane.	Total domestic beet and cane.	Hawaii.[2]	Porto Rico.	Philippine Islands.	Total from insular possessions.		From Cuba.	From all other foreign countries.[3]	Domestic.	Insular.	Cuba.	Other foreign.	Total foreign.
1886-87	95,641	96,537	109,145	65,722	123,084	297,952	394,489	697,358	572,912	6.2	19.1	41.0	33.7	74.7
1887-88	187,952	188,238	114,270	57,827	137,405	309,502	497,740	604,587	436,053	12.5	20.5	38.9	28.1	67.0
1888-89	172,378	174,462	121,662	40,670	93,076	255,409	429,871	516,043	609,650	11.3	16.5	33.0	39.2	72.2
1889-90	150,642	153,110	112,229	38,463	129,888	280,580	433,690	520,538	665,888	9.6	17.6	31.9	40.9	72.8
1890-91	248,585	252,459	156,128	40,006	46,305	242,439	494,898	690,283	809,016	13.0	9.0	35.9	42.1	78.0
1891-92	185,290	191,288	131,306	40,237	48,643	220,186	411,474	991,770	566,298	9.8	11.2	50.2	28.8	79.0
1892-93	249,228	262,688	144,777	49,809	61,207	255,793	518,481	921,826	705,604	12.3	12.0	42.8	32.9	75.7
1893-94	305,413	327,757	163,287	37,773	62,026	263,086	590,843	1,063,751	845,759	13.3	10.7	42.3	33.7	76.0
1894-95	364,696	387,199	137,193	28,176	34,[illegible]	199,754	586,953	922,882	664,619	17.9	9.2	42.3	30.6	72.9
1895-96	271,817	304,543	176,088	40,791	72,538	289,417	593,960	546,586	1,112,167	13.6	12.9	24.2	49.3	73.5
1896-97	322,088	364,128	215,609	43,304	36,232	295,144	659,272	288,895	1,875,414	13.0	10.5	10.2	66.3	76.5
1897-98	354,126	399,372	249,888	49,226	14,745	313,859	713,231	220,113	810,988	23.0	18.1	12.5	46.4	58.9
1898-99	284,395	320,762	231,212	53,604	25,813	310,628	631,390	331,772	1,347,725	13.9	13.5	14.3	58.3	72.6
1899-1900	161,275	243,004	252,357	36,279	24,745	313,381	556,[illegible]	352,726	1,342,934	10.9	14.0	15.6	59.5	75.1
1900-1901	311,887	397,969	345,439	68,601	2,347	416,387	814,356	549,702	1,435,454	14.3	14.9	19.6	51.2	70.8
1901-2	364,325	548,931	360,277	[4] 91,909	5,712	457,897	1,006,828	492,108	1,018,138	21.9	18.2	19.5	40.4	59.9
1902-3	372,903	591,309	387,413	113,072	[5] 9,387	509,871	1,101,180	1,197,964	900,703	18.5	16.0	37.3	28.2	65.5
1903-4	262,976	503,581	368,246	129,614	30,785	528,647	1,032,228	[6] 1,409,779	409,747	17.8	18.7	49.2	14.3	63.5
1904-5	392,000	634,113	416,361	135,600	38,999	591,019	1,225,132	1,028,842	772,626	21.0	19.6	33.9	25.5	59.4
1905-6	383,040	695,961	373,301	205,272	34,687	613,260	1,309,221	1,390,951	564,028	21.4	18.9	42.4	17.3	59.7
1906-7	272,160	755,772	410,507	204,075	12,582	627,165	1,382,937	1,618,233	565,105	21.3	17.7	45.2	15.8	61.0
1907-8	394,240	857,868	538,785	234,603	19,204	792,592	1,650,460	1,154,595	512,200	26.0	24.0	34.6	15.4	50.0
1908-9	414,400	840,284	511,432	244,226	41,824	797,482	1,637,766	1,431,018	621,837	22.0	21.9	39.3	17.1	56.4
1909-10	375,200	887,469	555,297	484,520	[5] 87,935	927,752	1,815,446	1,754,829	204,468	22.4	25.2	47.1	5.5	52.6
1910-11	348,320	858,492	505,608	322,917	115,176	943,701	1,802,193	1,673,799	179,993	22.8	26.1	46.1	5.0	51.1
1911-12 [7]	362,880	962,380	602,733	367,145	217,785	1,187,663	2,150,043	1,593,315	241,209	24.5	30.2	40.5	4.8	45.3

[1] See Statistical Abstract, 1911, pp. 564-565. Cuban imports from Commerce and Navigation. Total domestic production includes refined beet. The figures vary slightly from those of the Department of Agriculture.
[2] Free of duty since Sept. 9, 1876.
[3] Full duty paying.
[4] May 1, 1900, reduced from full duty to 15 per cent. July 26, 1901, admitted free of duty.
[5] March 8, 1902, reduced from full duty to 75 per cent; August 5, 1909, 300,000 tons per annum admitted free of duty.
[6] Dec. 27, 1903, duty reduced 20 per cent.
[7] Preliminary figures.

BEET-SUGAR FACTORIES OF THE UNITED STATES.

[All factories equipped with American machinery unless otherwise stated.]

SOUTHWESTERN SUGAR & LAND CO., GLENDALE, ARIZ.

[Erected 1903. Daily capacity, 600-700 tons of beets.]

Size of main building, 67 by 234 feet; length of all buildings, 1,948 feet; area of beets grown by independent farmers in 1912, 3,120 acres; by the factory, 80 acres.

Approximate disbursements since erection of factory.

Beets	$392,273.82
Wage earners, office help, superintendents, managers, and officers	185,280.28
Freight on beets, sugar, and supplies	128,229.77
Fuel, limerock, bags, coke, and all other supplies	181,664.86
Experiments, insurance, brokerage, repairs, and all other items	484,445.33
Total expenditures since date of erection	1,371,894.06

AMERICAN BEET SUGAR CO., OXNARD, CAL.

[Erected 1897-98. Daily capacity, 3,000 tons of beets.]

Size of main building, 120 by 401 feet; length of all buildings, 1,556 feet; area of beets grown by independent farmers in 1912, 15,561 acres; by the factory, 637 acres.

Partial disbursements since erection of factory.

Beets	$15,000,000
Wage earners, office help, superintendents, managers, and officers	5,000,000
Freight on beets, sugar, and supplies	6,000,000
Fuel, limerock, bags, coke, and all other supplies	4,000,000

AMERICAN BEET SUGAR CO.,[1] CHINO, CAL.

[Erected 1891. Daily capacity, 900 tons of beets.]

Size of main building, 67 by 310 feet; length of all buildings, 1,525 feet; area of beets grown by independent farmers in 1912, 14,809 acres; by the factory, 1,800 acres.

Partial disbursements since erection of factory.

Beets	$5,592,643.65
Wage earners, office help, superintendents, managers, and officers	2,725,000.00
Freight on beets, sugar, and supplies	2,250,000.00
Fuel, lime rock, bags, coke, and all other supplies	2,175,745.45

SPRECKELS SUGAR CO.,[2] SPRECKELS, CAL.

[Erected 1899. Daily capacity, 3,000 tons of beets.]

Size of main building, 105 by 585 feet; length of all buildings, 7,741 feet; area of beets grown by independent farmers in 1912, 7,380 acres; by the factory, 7,429 acres.

LOS ALAMITOS SUGAR CO., LOS ALAMITOS, CAL.

[Erected 1897. Daily capacity, 800 tons of beets.]

Size of main building, 93 feet 9 inches by 261 feet; length of all buildings, 2,144 feet; area of beets grown by independent farmers in 1912, 10,432 acres; by the factory, 401 acres.

Approximate disbursements since erection of factory.

Beets	$4,321,443.87
Wage earners, office help, superintendents, managers, and officers	1,208,100.99
Fuel, lime rock, bags, coke, and all other supplies	1,314,930.61
Experiments, insurance, brokerage, repairs, and all other items	290,613.48
Total expenditures since date of erection	7,235,088.95

[1] Equipped with American and foreign machinery.
[2] Equipped with American and German machinery.

SANTA ANA COOPERATIVE SUGAR CO., DYER, CAL.

[Erected 1912. Daily capacity, 1,200 tons of beets.]

Size of main building, 66 by 266 feet; length of all buildings, 971 feet; area of beets grown by 226 independent farmers in 1912, 9,061 acres; by the factory, none.

ALAMEDA SUGAR CO., ALVARADO, CAL.

[Erected 1870. Daily capacity, 800 tons of beets.]

Size of main building, 65 by 230 feet; length of all buildings, 3,043 feet; area of beets largely grown by the factory, 5,708 acres.

Partial disbursements since 1897.

Beets	$3,284,580
Wage earners, office help, superintendents, managers, and officers	1,736,992
Freight on beets, sugar, and supplies	347,805
Fuel, lime rock, bags, coke, and all other supplies	845,315

SOUTHERN CALIFORNIA SUGAR CO., SANTA ANA, CAL.

[Erected 1909. Daily capacity, 600 tons of beets.]

Size of main building, 67 by 265 feet; length of all buildings, 1,184 feet; area of beets grown by independent farmers in 1912, 10,000 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$1,224,996.30
Wage earners, office help, superintendents, managers, and officers	307,000.05
Freight on beets, sugar, and supplies	309,900.00
Fuel, lime rock, bags, coke, and all other supplies	337,369.51

HOLLY SUGAR CO., HUNTINGTON BEACH, CAL.

[Erected 1911. Daily capacity, 1,000 tons of beets.]

Size of main building, 65 by 260 feet; length of all buildings, 1,160 feet; area of beets grown by 300 independent farmers in 1912, 11,000 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$1,100,000
Wage earners, office help, superintendents, managers, and officers	225,000
Freight on beets, sugar, and supplies	300,000
Fuel, lime rock, bags, coke, and all other supplies	230,000

UNION SUGAR CO., BETTERAVIA, CAL.

[Erected 1898. Daily capacity, 1,000 tons of beets.]

Size of main building, 109 by 270 feet; length of all buildings, 3,043 feet; area of beets, largely grown by the factory, 5,708 acres.

Partial disbursements since erection of factory.

Beets, 1899-1912	$4,697,379
Wage earners, office help, superintendents, managers, and officers	2,625,876
Freight on beets, sugar, and supplies	1,923,097
Fuel, lime rock, bags, coke, and all other supplies	1,120,038

SACRAMENTO VALLEY SUGAR CO., HAMILTON CITY, CAL.

[Erected 1906. Daily capacity, 700 tons of beets.]

Size of main building, 62 by 250 feet; length of all buildings, 1,301 feet; area of beets largely grown by the factory, 1,510 acres.

Approximate disbursements since erection of factory.

Beets	$1,350,000
Wage earners, office help, superintendents, managers, and officers	650,000
Freight on beets, sugar, and supplies	450,000
Fuel, lime rock, bags, coke, and all other supplies	425,000
Experiments, insurance, brokerage, repairs, and all other items	45,000
Total expenditures since date of erection	2,920,000

ANAHEIM SUGAR CO., ANAHEIM, CAL.

[Erected 1910-11. Daily capacity, 500 tons of beets.]

Size of main building, 58 by 275 feet; length of all buildings, 1,155 feet; area of beets grown by independent farmers in 1912, 10,069 acres; by the factory, none.

Approximate disbursements since erection of factory.

Beets	$653,575.09
Wage earners, office help, superintendents, managers, and officers	201,579.70
Freight on beets, sugar, and supplies	173,600.00
Fuel, lime rock, bags, coke, and all other supplies	194,200.00
Experiments, insurance, brokerage, repairs, and all other items	86,130.00
Total expenditures since date of erection	1,309,084.79

GREAT WESTERN SUGAR CO., EATON, COLO.

[Erected 1902. Daily capacity, 952 tons of beets.]

Size of main building, 67½ by 258½ feet; length of all buildings, 1,259 feet; area of beets grown by 472 independent farmers in 1912, 12,461 acres; by the factory, none.

Aggregate figures for the 11 factories of the Great Western Sugar Co., Denver, Colo.

Total daily capacity, 15,388 tons of beets.

Length of all buildings, 14,053 feet; area of beets grown by independent farmers in 1912, 145,975 acres; by the factories, 628 acres.

Approximate disbursements since erection of the 11 factories.

Beets	$47,000,000
Wage earners, office help, superintendents, managers, and officers	16,500,000
Freight on beets, sugar, and supplies	15,000,000
Fuel, lime rock, bags, coke, and all other supplies	10,600,000

GREAT WESTERN SUGAR CO., BRUSH, COLO.

[Erected 1906. Daily capacity, 985 tons of beets.]

Size of main building, 67 feet 9 inches by 239 feet 9 inches; length of all buildings, 635 feet; area of beets grown by 296 independent farmers in 1912, 7,080 acres; by the factory, 244 acres.

GREAT WESTERN SUGAR CO., FORT COLLINS, COLO.

[Erected 1903. Daily capacity, 1,993 tons of beets.]

Size of main building, 71½ by 303½ feet; length of all buildings, 1,977 feet; area of beets grown by 684 independent farmers in 1912, 13,640 acres; by the factory, 124 acres.

GREAT WESTERN SUGAR CO., LONGMONT, COLO.

[Erected 1903. Daily capacity, 1,970 tons of beets.]

Size of main building, 71½ by 303½ feet; length of all buildings, 1,639 feet; area of beets grown by 825 independent farmers in 1912, 15,297 acres; by the factory, 592 acres.

GREAT WESTERN SUGAR CO., LOVELAND, COLO.

[Erected 1901. Daily capacity, 1,720 tons of beets.]

Size of main building, 71½ by 303½ feet; length of all buildings, 1,757½ feet; area of beets grown by 626 independent farmers in 1912, 15,216 acres; by the factory, 123 acres.

GREAT WESTERN SUGAR CO., GREELEY, COLO.

[Erected 1902. Daily capacity, 944 tons of beets.]

Size of main building, 71 by 239 feet; length of all buildings, 910 feet; area of beets grown by 602 independent farmers in 1912, 11,721 acres; by the factory, none.

GREAT WESTERN SUGAR CO., STERLING, COLO.

[Erected 1905. Daily capacity, 982 tons of beets.]

Size of main building, 67½ by 243½ feet; length of all buildings, 961½ feet; area of beets grown by 573 independent farmers in 1912, 14,789 acres; by the factory, 310 acres.

GREAT WESTERN SUGAR CO., WINDSOR, COLO.

[Erected 1903. Daily capacity, 900 tons of beets.]

Size of main building, 67½ by 258½ feet; length of all buildings, 1,155 feet; area of beets grown by 406 independent farmers in 1912, 11,409 acres; by the factory, 49 acres.

GREAT WESTERN SUGAR CO., FORT MORGAN, COLO.

[Erected 1906. Daily capacity, 1,005 tons of beets.]

Size of main building, 55½ by 257 feet; length of all buildings, 889 feet; area of beets grown by 206 independent farmers in 1912, 6,237 acres; by the factory, 119 acres.

AMERICAN BEET SUGAR CO., LAMAR, COLO.

[Erected 1905. Daily capacity, 400 tons of beets.]

Area of beets grown by 264 independent farmers in 1912, 3,440 acres; by the factory, 323 acres.

Approximate disbursements since erection of factory.

Beets	$1,057,830
Wage earners, office help, superintendents, managers, and officers	225,440
Freight on beets, sugar, and supplies	354,100
Fuel, lime rock, bags, coke, and all other supplies	270,940
Experiments, insurance, brokerage, repairs, and all other items	236,475
Total expenditures since date of erection	2,144,785

AMERICAN BEET SUGAR CO., LAS ANIMAS, COLO.

[Erected 1907. Daily capacity, 700 tons of beets.]

Area of beets grown by 230 independent farmers in 1912, 4,008 acres; by the factory, 24 acres.

Approximate disbursements since erection of factory.

Beets	$871,830
Wage earners, office help, superintendents, managers, and officers	113,785
Freight on beets, sugar, and supplies	229,540
Fuel, lime rock, bags, coke, and all other supplies	151,175
Experiments, insurance, brokerage, repairs, and all other items	81,970
Total expenditures since date of erection	1,468,300

AMERICAN BEET SUGAR CO., ROCKY FORD, COLO.

[Erected 1900. Daily capacity, 1,500 tons of beets.]

Area of beets grown by 829 independent farmers in 1912, 10,820 acres; by the factory, 270 acres.

Approximate disbursements since erection of factory.

Beets	$8,037,060
Wage earners, office help, superintendents, managers, and officers	1,671,950
Freight on beets, sugar, and supplies	2,613,300
Fuel, lime rock, bags, coke, and all other supplies	1,736,600
Experiments, insurance, brokerage, repairs, and all other items	627,350
Total expenditure since date of erection	14,686,260

HOLLY SUGAR CO., HOLLY, COLO.

[Erected 1905. Daily capacity, 600 tons of beets.]

Size of main building, 65 by 250 feet; length of all buildings, 550 feet; area of beets grown by 300 independent farmers in 1912, 5,000 acres; by the factory, 700 acres.

Approximate disbursements since erection of factory.

Beets	$1,740,000
Wage earners, office help, superintendents, managers, and officers	528,740
Freight on beets, sugar, and supplies	660,925
Fuel, lime rock, bags, coke, and all other supplies	343,516
Experiments, insurance, brokerage, repairs, and all other items	226,504
Total expenditures since date of erection	3,499,685

HOLLY SUGAR CO., SWINK, COLO.

[Erected 1906. Daily capacity, 1,200 tons of beets.]

Size of main building, 80 by 300 feet; length of all buildings, 700 feet; area of beets grown by 500 independent farmers in 1912, 10,000 acres; by the factory, none.

Approximate disbursements since erection of factory.

Beets	$3,240,000
Wage earners, office help, superintendents, managers, and officers	1,019,870
Freight on beets, sugar, and supplies	1,274,837
Fuel, lime rock, bags, coke, and all other supplies	673,265
Experiments, insurance, brokerage, repairs, and all other items	792,045
Total expenditures since date of erection	7,000,017

NATIONAL SUGAR MANUFACTURING CO., SUGAR CITY, COLO.

[Erected 1900. Daily capacity, 500 tons of beets.]

Size of main building, 102 by 161 feet; length of all buildings, 1,174 feet; area of beets grown by 185 independent farmers in 1912, 3,663 acres; by the factory, 700 acres.

Approximate disbursements since erection of factory.

Beets	$2,518,588.92
Wage earners, office help, superintendents, managers, and officers	946,792.96
Freight on beets, sugar, and supplies	296,671.57
Fuel, lime rock, bags, coke, and all other supplies	660,985.41
Experiments, insurance, brokerage, repairs, and all other items	514,341.00
Total expenditures since date of erection	4,937,379.86

WESTERN SUGAR & LAND CO., GRAND JUNCTION, COLO.

[Erected 1899. Daily capacity, 700 tons of beets.]

Size of main building, 70 by 400 feet; length of all buildings, 2,350 feet; area of beets grown by 600 independent farmers in 1912, 9,000 acres; by the factory, none.

Approximate disbursements since 1904.

Beets	$2,475,000
Wage earners, office help, superintendents, managers, and officers	980,000
Freight on beets, sugar, and supplies	685,000
Fuel, lime rock, bags, coke, and all other supplies	652,000
Experiments, insurance, brokerage, repairs, and all other items	183,000
Total expenditures since 1904	4,975,000

SAN LUIS VALLEY BEET SUGAR CO., MONTE VISTA, COLO.

[Erected 1911. Daily capacity, 600 tons of beets.]

Size of main building, 66 by 234 feet; length of all buildings, 1,182 feet; area of beets grown by 350 independent farmers in 1912, 3,769 acres; by the factory, 750 acres.

Approximate disbursements since erection of factory.

Beets	$165,000.00
Wage earners, office help, superintendents, managers, and officers	82,000.00
Freight on beets, sugar, and supplies	59,377.50
Fuel, limerock, bags, coke, and all other supplies	16,002.36
Experiments, insurance, brokerage, repairs, and all other items	322,319.86
Total expenditures since date of erection	533,132.75

UTAH-IDAHO SUGAR CO., SUGAR, IDAHO.

[Erected 1904. Daily capacity, 702 tons of beets.]

Size of main building, 72 by 330 feet; length of all buildings, 2,553 feet; area of beets grown by 405 independent farmers in 1912, 7,159 acres; by the factory, 1,026 acres.

Approximate disbursements since erection of factory.

Beets	$2,971,585.57
Wage earners, office help, superintendents, managers, and officers	1,040,323.69
Freight on beets, sugar, and supplies	674,141.80
Fuel, limerock, bags, coke, and all other supplies	844,476.94
Experiments, insurance, brokerage, repairs, and all other items	953,775.94
Total expenditures since date of erection	6,484,303.94

UTAH-IDAHO SUGAR CO., BLACKFOOT, IDAHO.

[Erected 1904. Daily capacity, 682 tons of beets.]

Size of main building, 62 by 236 feet; length of all buildings, 1,144 feet; area of beets grown by 356 independent farmers in 1912, 4,439 acres; by the factory, 555 acres.

Approximate disbursements since erection of factory.

Beets	$1,324,933.99
Wage earners, office help, superintendents, managers, and officers	579,340.32
Freight on beets, sugar, and supplies	330,206.28
Fuel, lime rock, bags, coke, and all other supplies	398,405.04
Experiments, insurance, brokerage, repairs, and all other items	466,212.94
Total expenditures since date of erection	3,099,098.57

UTAH-IDAHO SUGAR CO., IDAHO FALLS, IDAHO.

[Erected 1903. Daily capacity, 760 tons of beets.]

Size of main building, 73½ by 354 feet; length of all buildings, 1,326 feet; area of beets grown by 442 independent farmers in 1912, 4,623 acres; by the factory, 695 acres.

Approximate disbursements since erection of factory.

Beets	$2,674,839.29
Wage earners, office help, superintendents, managers, and officers	890,626.71
Freight on beets, sugar, and supplies	661,642.05
Fuel, lime rock, bags, coke, and all other supplies	750,166.31
Experiments, insurance, brokerage, repairs, and all other items	761,166.78
Total expenditures since date of erection	5,738,441.14

AMALGAMATED SUGAR CO., BURLEY, IDAHO.

[Erected 1911. Daily capacity, 500 tons of beets.]

Size of main building, 66 by 286 feet; length of all buildings, 1,066 feet; area of beets grown by 367 independent farmers in 1912, 2,857 acres; by the factory, 132 acres.

CHARLES POPE, RIVERDALE, ILL.

[Erected 1904. Daily capacity, 500 tons of beets.]

Size of main building, 100 by 200 feet; length of all buildings, 500 feet; area of beets grown by 424 independent farmers in 1912, 3,020 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$987,418.75
Wage earners, office help, superintendents, managers, and officers	343,154.74
Fuel, lime rock, bags, coke, and all other supplies	226,835.59

HOLLAND-ST. LOUIS SUGAR CO., DECATUR, IND.

[Erected 1912. Daily capacity, 700 tons of beets.]

Size of main building, 65 by 592 feet; area of beets grown by 630 independent farmers in 1912, 5,254 acres; by the factory, none.

IOWA SUGAR CO., WAVERLY, IOWA.

[Erected 1907. Daily capacity, 500 tons of beets.]

Size of main building, 62 by 210 feet; length of all buildings, 880 feet; area of beets grown by 223 independent farmers in 1912, 4,100 acres; by the factory, 6 acres.

Approximate disbursements since erection of factory.

Beets	$808,630.84
Wage earners, office help, superintendents, managers, and officers	371,414.70
Freight on beets, sugar, and supplies	228,579.64
Fuel, lime rock, bags, coke, and all other supplies	280,473.12
Experiments, insurance, brokerage, repairs, and all other items	255,148.48
Total expenditures since date of erection	1,944,246.78

UNITED STATES SUGAR & LAND CO., GARDEN CITY, KANS.

[Erected 1906. Daily capacity, 600 tons of beets.]

Size of main building, 66 by 239 feet; length of all buildings, 1,383 feet; area of beets grown by 169 independent farmers in 1912, 6,972 acres; by the factory, 2,783 acres.

Partial disbursements since erection of factory.

Beets	$1,940,801.93
Wage earners, office help, superintendents, managers, and officers	734,183.95
Freight on beets, sugar, and supplies	686,243.01
Fuel, lime rock, bags, coke, and all other supplies	489,080.31

MICHIGAN SUGAR CO., CARO, MICH.

[Erected 1899. Daily capacity, 1,200 tons of beets.]

Length of all buildings, 1,618 feet; area of beets grown by 1,376 independent farmers in 1912, 10,556 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$5,661,000.00
Freight on beets, sugar, and supplies	1,623,375.00
Fuel, lime rock, bags, coke, and all other supplies	738,288.75

MICHIGAN SUGAR CO., SEBEWAING, MICH.

[Erected 1902. Daily capacity, 800 tons of beets.]

Size of main building, 72 by 258 feet; length of all buildings, 1,608 feet; area of beets grown by 1,147 independent farmers in 1912, 9,045 acres; by the factory, 9½ acres.

Partial disbursements since erection of factory.

Beets	$4,080,000
Freight on beets, sugar, and supplies	1,170,000
Fuel, lime rock, bags, coke, and all other supplies	532,100

MICHIGAN SUGAR CO., ALMA, MICH.

[Erected 1899. Daily capacity, 1,200 tons of beets.]

Size of main building, 70 by 330 feet; length of all buildings, 2,045 feet; area of beets grown by 1,934 independent farmers in 1912, 9,683 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$4,845,000.00
Freight on beets, sugar, and supplies	1,389,375.00
Fuel, lime rock, bags, coke, and all other supplies	631,868.75

MICHIGAN SUGAR CO., BAY CITY, MICH.

[Erected 1899. Daily capacity, 1,200 tons of beets.]

Size of main building, 70 by 330 feet; length of all buildings, 2,112 feet; area of beets grown by 2,269 independent farmers in 1912, 12,523 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$5,508,000
Freight on beets, sugar, and supplies	1,579,500
Fuel, lime rock, bags, coke, and all other supplies	718,335

MICHIGAN SUGAR CO., CROSWELL, MICH.

[Erected 1902. Daily capacity, 650 tons of beets.]

Size of main building, 57 by 252 feet; length of all buildings, 1,519 feet; area of beets grown by 780 independent farmers in 1912, 3,800 acres; by the factory, none.

Partial disbursement since erection of factory.

Beets	$3,570,000.00
Freight on beets, sugar, and supplies	1,023,750.00
Fuel, lime rock, bags, coke, and all other supplies	465,587.50

MICHIGAN SUGAR CO., SAGINAW, MICH.

[Erected 1902. Daily capacity, 900 tons of beets.]

Size of main building, 70 by 250 feet; length of all buildings, 1,380 feet; area of beets grown by 1,873 independent farmers in 1912, 8,000 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$4,845,000.00
Freight on beets, sugar, and supplies	1,389,375.00
Fuel, lime rock, bags, coke, and all other supplies	631,868.75

OWOSSO SUGAR CO., OWOSSO, MICH.

[Erected 1903. Daily capacity, 1,200 tons of beets.]

Size of main building, 71 by 302 feet; length of all buildings, 1,878 feet; area of beets grown by 1,279 independent farmers in 1912, 8,377 acres; by the factory, 554 acres.

Approximate disbursements since erection of factory.

Beets	$6,475,000
Wage earners, office help, superintendents, managers, and officers	975,000
Freight on beets, sugar, and supplies	95,000
Fuel, lime rock, bags, coke, and all other supplies	1,998,000
Experiments, insurance, brokerage, repairs, and all other items	565,000
Total expenditures since date of erection	10,108,000

OWOSSO SUGAR CO., LANSING, MICH.

[Erected 1901. Daily capacity, 600 tons of beets.]

Size of main building, 68 by 240 feet; length of all buildings, 1,479 feet; area of beets grown by 1,460 independent farmers in 1912, 8,326 acres; by the factory, none.

Approximate disbursements since erection of factory.

Beets	$2,887,804.75
Wage earners, office help, superintendents, managers, and officers	848,644.60
Freight on beets, sugar, and supplies	222,839.75
Fuel, lime rock, bags, coke, and all other supplies	572,920.79
Experiments, insurance, brokerage, repairs, and all other items	266,254.43
Total expenditures since date of erection	4,798,455.32

HOLLAND-ST. LOUIS SUGAR CO., HOLLAND, MICH.

[Erected 1899. Daily capacity, 500 tons of beets.]

Size of main building, 68 by 290 feet; length of all buildings, 971 feet; area of beets grown by independent farmers in 1912, 5,373 acres; by the factory, none.

Approximate disbursements since erection of factory.

Beets	$2,206,665
Wage earners, office help, superintendents, managers, and officers	407,753
Freight on beets, sugar, and supplies	150,000
Fuel, lime rock, bags, coke, and all other supplies	375,143
Experiments, insurance, brokerage, repairs, and all other items	100,000
Total expenditures since date of erection	3,239,561

HOLLAND-ST. LOUIS SUGAR CO., ST. LOUIS, MICH.

[Erected 1903. Daily capacity, 600 tons of beets.]

Size of main building, 66 by 300 feet; length of all buildings, 620 feet; area of beets grown by independent farmers in 1912, 6,000 acres; by the factory, 468 acres.

Approximate disbursements since erection of factory.

Beets	$2,389,724
Wage earners, office help, superintendents, managers, and officers	643,584
Freight on beets, sugar, and supplies	200,000
Fuel, lime rock, bags, coke, and all other supplies	315,300
Experiments, insurance, brokerage, repairs, and all other items	175,000
Total expenditures since date of erection	3,723,608

MOUNT CLEMENS SUGAR CO., MOUNT CLEMENS, MICH.

[Erected 1901. Daily capacity, 600 tons of beets.]

Size of main building, 64 by 260 feet; length of all buildings, 1,418 feet; area of beets grown by 1,752 independent farmers in 1912, 10,000 acres; by the factory, none.

Approximate disbursements since erection of factory.

Beets	$3,319,263.99
Wage earners, office help, superintendents, managers, and officers	1,123,804.99
Freight on beets, sugar, and supplies	657,434.25
Fuel, lime rock, bags, coke, and all other supplies	601,245.68
Experiments, insurance, brokerage, repairs, and all other items	373,984.64
Total expenditures since date of erection	6,075,733.55

MENOMINEE RIVER SUGAR CO., MENOMINEE, MICH.

[Erected 1903. Daily capacity, 1,200 tons of beets.]

Size of main building, 64 by 300 feet; length of all buildings, 1,310 feet; area of beets grown by 3,259 independent farmers in 1912, 11,533 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$1,686,870
Wage earners, office help, superintendents, managers, and officers	709,933
Freight on beets, sugar, and supplies	360,370
Fuel, lime rock, bags, coke, and all other supplies	450,050

GERMAN-AMERICAN SUGAR CO., BAY CITY, MICH.

[Erected 1901. Daily capacity, 1,400 tons of beets.]

Size of main building, 116 by 343 feet; length of all buildings, 1,946 feet; area of beets grown by independent farmers in 1912, 17,000 acres; by the factory, none.

Approximate disbursements since erection of factory.

Beets	$3,698,620.78
Wage earners, office help, superintendents, managers, and officers	971,583.84
Freight on beets, sugar, and supplies	673,493.00
Fuel, lime rock, bags, coke, and all other supplies	621,579.13
Experiments, insurance, brokerage, repairs, and all other items	1,246,804.73
Total expenditures since date of erection	7,212,081.48

WESTERN SUGAR REFINING CO., MARINE CITY, MICH.

[Erected 1900. Daily capacity, 600 tons of beets.]

Size of main building, 60 by 350 feet; length of all buildings, 863 feet; area of beets grown by 755 independent farmers in 1912, 5,640 acres; by factory, none; beets sliced, 21,000 tons.

Approximate disbursements since erection of factory.

Beets	$1,157,450
Wage earners, office help, superintendents, managers, and officers	376,866
Freight on beets, sugar, and supplies	199,143
Fuel, lime rock, bags, coke, and all other supplies	242,370
Experiments, insurance, brokerage, repairs, and all other items	108,829
Total expenditures since date of erection	2,084,658

CONTINENTAL SUGAR CO., BLISSFIELD, MICH.

[Erected 1905. Daily capacity, 800 tons of beets.]

Approximate disbursements since erection of factory.

Beets	$4,224,956.32
Fuel	279,212.64
Limerock	75,499.60
Bags	81,653.12
Other supplies and labor	1,578,060.80
Freight on beets	154,785.04
Freight on sugar	269,750.96
Total expenditures	6,663,918.48

MINNESOTA SUGAR CO., CHASKA, MINN.

[Erected 1906. Daily capacity, 800 tons of beets.]

Size of main building, 64 by 258 feet; length of all buildings, 1,086 feet; area of beets grown by 1,811 independent farmers in 1912, 7,000 acres; by the factory, 250 acres.

Approximate disbursements since erection of factory.

Beets	$1,114,782.83
Wage earners, office help, superintendents, managers, and officers	410,286.88
Freight on beets, sugar, and supplies	151,361.56
Fuel, limerock, bags, coke, and all other supplies	315,451.05
Experiments, insurance, brokerage, repairs, and all other items	169,757.52
Total expenditures since date of erection	2,161,639.84

GREAT WESTERN SUGAR CO., BILLINGS, MONT.

[Erected 1906. Daily capacity, 1,903 tons of beets.]

Size of main building, 70 by 302 feet; length of all buildings, 1,938 feet; area of beets grown by 935 independent farmers in 1912, 20,798 acres; by the factory, 67 acres.

GREAT WESTERN SUGAR CO., SCOTTSBLUFF, NEBR.

[Erected 1910. Daily capacity, 1,944 tons of beets.]

Size of main building, 84 by 269 feet; length of all buildings, 930 feet; area of beets grown by 585 independent farmers in 1912, 17,327 acres; by the factory, none.

AMERICAN BEET SUGAR CO., GRAND ISLAND, NEBR.

[Erected 1890. Daily capacity, 350 tons of beets.]

Area of beets grown by 295 independent farmers in 1912, 4,440 acres; by the factory none.

Approximate disbursements since erection of factory.

Beets	$2,831,840
Wage earners, office help, superintendents, managers, and officers	576,720
Freight on beets, sugar, and supplies	909,240
Fuel, lime rock, bags, coke, and all other supplies	836,130
Experiments, insurance, brokerage, repairs, and all other implements	410,450
Total expenditures since date of erection	5,564,380

NEVADA SUGAR CO., FALLON, NEV.

[Erected 1912. Daily capacity, 500 tons of beets.]

Size of main buildings, 70 by 292 feet and 50 by 100 feet; length of all buildings 989 feet; area of beets grown by 125 independent farmers in 1912, 970 acres; by the factory, 530 acres.

CONTINENTAL SUGAR CO., FREMONT, OHIO.

[Erected 1900. Daily capacity, 500 tons of beets.]

Partial disbursements since erection of factory.

Beets	$2,163,984.00
Fuel	174,412.80
Lime rock	27,715.20
Bags	55,488.00
Other supplies and labor	1,465,718.00
Freight on beets	92,918.40
Freight on sugar	140,208.00
Total expenditures	4,120,444.80

CONTINENTAL SUGAR CO., FINDLAY, OHIO.

[Erected 1911. Daily capacity, 650 tons of beets.]

Partial disbursements since erection of factory.

Beets	$788,393.44
Fuel	49,528.84
Lime rock	11,858.20
Bags	19,662.28
Other supplies and labor	288,132.24
Freight on beets	14,536.66
Freight on sugar	46,313.20
Total expenditures	1,218,424.86

GERMAN-AMERICAN SUGAR CO., PAULDING, OHIO.

[Erected 1910. Daily capacity, 700 tons of beets.]

Size of main building, 68 by 268 feet; length of all buildings, 1,334 feet; area of beet grown by 1,246 independent farmers in 1912, 11,000 acres; by the factory, none.

Approximate disbursements since erection of factory.

Beets	$1,328,121.54
Wage earners, office help, superintendents, managers, and officers	388,788.53
Freight on beets, sugar, and supplies	241,060.67
Fuel, lime rock, bags, coke, and all other supplies	248,565.03
Experiments, insurance, brokerage, repairs, and all other items	272,162.88
Total expenditures since date of erection	2,478,698.65

TOLEDO SUGAR CO., TOLEDO, OHIO.

Erected 1912. Daily capacity, 1,000 tons of beets.]

Size of main building, 65 by 274 feet; length of all buildings, 616 feet; area of beet grown by 1,163 independent farmers in 1912, 7,997 acres; by the factory, none.

OTTOWA SUGAR CO., OTTOWA, OHIO.

[Erected 1912. Daily capacity, 600 tons of beets.]

UTAH-IDAHO SUGAR CO., LEHI, UTAH.

[Erected 1891. Daily capacity, 1,266 tons of beets.]

Size of main building, 108 by 205 feet; length of all buildings, 2,899 feet; area of beets grown by 1,873 independent farmers in 1912, 11,165 acres; by the factory, 22 acres.

Approximate disbursements since erection of factory.

Beets	$7,775,673.97
Wage earners, office help, superintendents, managers, and officers	2,291,029.57
Freight on beets, sugar, and supplies	1,656,393.18
Fuel, lime rock, bags, coke, and all other supplies	1,889,090.59
Experiments, insurance, brokerage, repairs, and all other items	1,963,615.86
Total expenditures since date of erection	15,575,803.17

UTAH-IDAHO SUGAR CO., ELSINORE, UTAH.

[Erected 1911. Daily capacity, 500 tons of beets.]

Size of main building, 69 by 166½ feet; length of all buildings, 1,211 feet; area of beets grown by 514 independent farmers in 1912, 5,735 acres; by the factory, none.

Approximate disbursements since erection of factory.

Beets	$427,305.00
Wage earners, office help, superintendents, managers, and officers	117,890.55
Freight on beets, sugar, and supplies	74,598.82
Fuel, lime rock, bags, coke, and all other supplies	112,734.93
Experiments, insurance, brokerage, repairs, and all other implements	54,601.60
Total expenditures since date of erection	787,130.90

UTAH-IDAHO SUGAR CO., GARLAND, UTAH.

[Erected 1903. Daily capacity, 770 tons of beets.]

Size of main building, 72 by 340 feet; length of all buildings, 1,473 feet; area of beets grown by 576 independent farmers in 1912, 5,683 acres; by the factory, 153 acres.

Approximate disbursements since erection of factory.

Beets	$2,907,149.43
Wage earners, office help, superintendents, managers, and officers	875,072.15
Freight on beets, sugar, and supplies	966,513.93
Fuel, lime rock, bags, coke, and all other supplies	747,295.70
Experiments, insurance, brokerage, repairs, and all other items	506,072.64
Total expenditures since date of erection	6,002,103.85

AMALGAMATED SUGAR CO., LEWISTON, UTAH.

[Erected 1905. Daily capacity, 800 tons of beets.]

Size of main building, 66 by 300 feet; length of all buildings, 1,100 feet; area of beets grown by 506 independent farmers in 1912, 5,216 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$2,400,000
Wage earners, office help, superintendents, managers, and officers	760,000
Freight on beets, sugar, and supplies	680,000
Fuel, lime rock, bags, coke, and all other supplies	980,000

AMALGAMATED SUGAR CO., OGDEN, UTAH.

[Erected 1898. Daily capacity, 500 tons of beets.]

Size of main building, 66 by 286 feet; length of all buildings, 1,106 feet; area of beets grown by 996 independent farmers in 1912, 6,430 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$3,480,000
Wage earners, office help, superintendents, managers, and officers	1,260,000
Freight on beets, sugar, and supplies	1,040,000
Fuel, lime rock, bags, coke, and all other supplies	1,584,000

AMALGAMATED SUGAR CO., LOGAN, UTAH.

[Erected 1901. Daily capacity, 600 tons of beets.]

Size of main building, 66 by 286 feet; length of all buildings, 1,106 feet; area of beets grown by 618 independent farmers in 1912, 4,843 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$3,360,000
Wage earners, office help, superintendents, managers, and officers	1,440,000
Freight on beets, sugar, and supplies	1,200,000
Fuel, lime rock, bags, coke, and all other supplies	2,000,000

WISCONSIN SUGAR CO., MENOMONEE FALLS, WIS.

[Erected 1901. Daily capacity, 600 tons of beets.]

Size of main building, 100 by 300 feet; area of beets grown by 1,030 independent farmers in 1912, 6,042 acres; by the factory, 10 acres.

Partial disbursements since erection of factory.

Beets	$4,050,000
Wage earners, office help, superintendents, managers, and officers	900,000
Freight on beets, sugar, and supplies	675,000
Fuel, lime rock, bags, coke and all other supplies	810,000

CHIPPEWA SUGAR CO., CHIPPEWA FALLS, WIS.

[Erected 1904. Daily capacity, 600 tons of beets.]

Size of main building, 80 by 400 feet; area of beets grown by 1,185 independent farmers in 1912, 5,166 acres; by the factory, 137 acres.

Partial disbursements since erection of factory.

Beets	$2,632,500
Wage earners, office help, superintendents, managers, and officers	585,000
Freight on beets, sugar, and supplies	438,750
Fuel, lime rock, bags, coke, and all other supplies	526,000

UNITED STATES SUGAR CO., MADISON, WIS.

[Erected 1907. Daily capacity, 600 tons of beets.]

Size of main building, 80 by 375 feet; area of beets grown by 706 independent farmers in 1912, 4,542 acres; by the factory, none.

Partial disbursements since erection of factory.

Beets	$1,620,000
Wage earners, office help, superintendents, managers, and officers	360,000
Freight on beets, sugar, and supplies	270,000
Fuel, lime rock, bags, coke, and all other supplies	324,000

ROCK COUNTY SUGAR CO., JANESVILLE, WIS.

[Erected 1904. Daily capacity, 700 tons of beets.]

Size of main building, 64 by 940 feet; length of all buildings, 2,151 feet; area of beets grown by 1,400 independent farmers in 1912, 6,824 acres; by the factory, none.

Approximate disbursements since erection of factory.

Beets	$2,075,706.47
Wage earners, office help, superintendents, managers, and officers	1,191,542.54
Freight on beets, sugar, and supplies	404,894.59
Fuel, lime rock, bags, coke, and all other supplies	481,578.11
Experiments, insurance, brokerage, repairs, and all other items	350,670.47
Total expenditures since date of erection	4,504,392.18

ROCK COUNTY SUGAR CO., JANESVILLE, WIS., BY M. B. OSBURN, GENERAL MANAGER.

JANESVILLE, WIS., *April 16, 1913.*

Senator CHARLES F. JOHNSON,
Senate Chamber, Washington, D. C.

DEAR SIR: We are advised that the bill to reduce the tariff on sugar to 1 cent per pound with the provision that sugar shall go on the free list at the end of three years has been introduced into Congress. If this or a similar bill is presented in the Senate, we request that you look into the matter thoroughly before it is put to a vote and that you will oppose a bill of this nature. We protest against free sugar, and give you herewith a few facts on which we base such protest:

Free sugar or any drastic cut in the existing tariff will destroy the domestic beet-sugar industry, because both farm and factory wages in all foreign sugar-producing countries are less than one-half of what they are in this country.

That with the home sugar industry destroyed there will be no competition, and foreign countries will have a monopoly of our sugar business, which may mean higher prices, the same as happened with coffee under the Brazilian valorization plan.

That the price of sugar has steadily decreased in the past 20 years, and is now so low that there can be no legitimate demand from the public for a lower tariff.

That the rapid growth of the beet-sugar industry during the past 15 years is evidence that the domestic industry, if not stopped by adverse tariff legislation, will soon develop to such an extent that local competition will guarantee the continuation of low sugar prices.

That the culture of sugar beets in rotation with cereals is conceded in European countries to be beneficial to the soil and to have increased the yield of cereal crops by 50 per cent.

That the customs revenue collected from imported sugar amounts annually to over $50,000,000, and is no burden to the public.

That sugar is only to a small extent a necessity and that therefore only a small proportion of this tax is paid by people of moderate means.

That about 40 per cent of the sugar consumed in this country is used in the manufacture of articles such as confections, candies, chewing gum, chewing tobacco, liquors, etc., in which the quantity of sugar entering into the retail package is so small that it would not affect the retail price, and that therefore 40 per cent of the revenue, or about $20,000,000, lost to the Government, will go to the manufacturers of these articles and not to the consumer.

If there is any further information we can give you along this line, kindly advise us.

GERMAN-AMERICAN SUGAR CO., BAY CITY, MICH., BY E. WILSON CRESSEY, SECRETARY AND GENERAL MANAGER.

BAY CITY, MICH., *April 26, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
Senate Chamber, Washington, D. C.

DEAR SIR: In protesting against the removal of or a drastic cut in the present sugar tariff, the German-American Sugar Co. desires to state that it is a corporation organized under the laws of the State of Michigan. It owns and operates two beet-sugar manufacturing plants—one at Bay City, Mich., with a capacity of 1,400 tons of beets per day, and one at Paulding, Ohio, having a daily capacity of 800 tons. It is absolutely independent of any of the eastern sugar refiners or beet-sugar manufacturers by ownership of stock or otherwise.

With our factory equipment, and general organization, we believe this company is in a position to manufacture sugar as cheaply as any of the 16 factories in this State or of the 5 in Ohio. During the last eight years the net profits of this company, including all by-products, have averaged per 100 pounds of sugar only a trifle in excess of 50 per cent of the present tariff on Cuban sugar.

Free sugar would absolutely kill the beet and cane sugar industry in the United States, as we can not compete against the cheap labor of foreign sugar-producing countries where the farm and factory wages are less than one-half of what they are in this country and where the cost of beets per 100 pounds of sugar is from $1.14 to $1.23 less than American sugar manufacturers are paying American farmers.

The intense farming necessary to the successful growing of sugar beets improves the land and increases the yield of other crops grown in rotation with sugar beets. This increase is estimated by eminent French and German agricultural scientists to be not less than 50 per cent, and the value of the industry is recognized by foreign governments by the protection which they give it. The average duty of all European countries on sugar is 4.43 cents per pound. The United States duty on Cuban sugar is 1.34 cents per pound. The United Kingdom, Switzerland, and Denmark are the only European countries having a lower sugar tariff than that of this country.

During the beet-growing season an average of from 800 to 1,000 laborers for each sugar factory will leave the congested cities and go to the farms to work in the beet fields. A large percentage of these laborers purchase farms and become valuable acquisitions to the communities into which they move, thus affording substantial assistance to the "back to the farm" propaganda.

There has been no important movement on the part of the people of this country in favor of free sugar. The agitation for free sugar was started and has been continued by the eastern refiners of foreign raw sugars solely for the purpose of annihilating the domestic beet-sugar industry and putting out of business their only competition.

The elimination of the beet and cane sugar industries of this country would reduce the world's production of sugar by approximately one million tons per year, the effect of which must necessarily be for ultimately higher prices to the consumer.

Pound for pound the manufacture of refined sugar from beets in this country is worth infinitely more to our farmers, our laborers, our banking and industrial institutions and our railroads than is the process of refining the foreign raw sugar imported into this country by the eastern refiners.

Domestic beet sugar reduces the cost of sugar to the consumer, as it is always sold at least 10 cents per 100 pounds under the price of eastern refiners. This difference in price frequently is 20 cents and at times has been as great as 40 cents per hundred pounds. During October of 1911 beet sugar was put on the market at over $1 less per hundred pounds than the eastern refiners were asking.

In 1898 there were produced in the United States 36,368 short tons of beet sugar. In 1911 the production was 606,033 short tons. The rapid growth of the industry during these years is evidence that the domestic industry, if not stopped by adverse tariff legislation, will soon develop to such an extent that local competition will guarantee the continuation of low sugar prices. The average New York wholesale price of standard granulated sugar for the year 1880 was 9.8 cents per pound. Willett & Gray, in their Daily Sugar Trade Journal of April 19, 1913, say "All refiners now asking 4.20 cents less 2 per cent."

The increase in the United States wholesale prices of 33 articles of farm and food products for the 10 years beginning with the year 1900 ranges all the way from potatoes at 14.4 per cent to salt pork at 89.8 per cent, including sugar beets at 26.8 per cent, while sugar during the same period decreased in price 7 per cent.

Sugar is only to a small extent a necessity as about 40 per cent of the sugar consumed in this country enters into the manufacture of candies, chewing gum, chewing tobacco, liquors, etc., in which the quantity of sugar entering into the retail package is so small that it would not affect the retail price. Therefore, 40 per cent of whatever revenue is lost to the Government through a reduction in the tariff on sugar would never reach the consumer, but would go directly into the pockets of the manufacturers of these articles.

The proposed tariff legislation provides for a 25 per cent reduction in the present sugar rates, free sugar in 1916, and an income tax to make up the deficiency.

The present per capita consumption of sugar in the United States is about 80 pounds per year, 40 per cent of which enters into the manu-

facture of articles not necessities as mentioned above. This leaves a per capita consumption of 48 pounds upon which the reduction in tariff might affect the consumer. The present effective duty on Cuban sugar is $1.34 per hundred pounds. A 25 per cent reduction would make the tariff $1.01, in round numbers, a difference of 33 cents per hundred pounds. Applying this 33 cents to the 48 pounds shows as result an annual per capita saving of 15.8 cents. Free sugar would affect an annual per capita saving of 64.3 cents. In other words, this proposed legislation would cripple for three years a most important agricultural industry, one whose product has shown since 1898 a consistent annual decline in average price, and at the end of the three years would kill the industry outright, thus putting out of business an industry that is to-day protecting the public against the foreign sugar exchanges and eastern refiners. And if the public were the gainers what would it amount to?—at the utmost about the value of one extra package of chewing gum per month, and that only until the beet-sugar industry had become extinct. The public would then be at the mercy of the monopoly this new tariff would have strengthened.

If with free sugar the proposed income tax does not yield a large enough revenue it will mean an increased income tax, as the Government must collect from the people in some form sufficient funds for its maintenance. No tax could be more equitable than the tax on sugar which every person in this country would pay in proportion to their consumption of sugar and amounting annually to so small a figure that it would not be felt.

As long as the people must support the Government, it would be better to secure the revenue by the tax on sugar and continue a legitimate industry than to impose an increased income tax, lose the domestic sugar industry and the protection it affords the consumer against eventually higher prices.

A recognized authority sums up the situation very tersely:

> It might be said that if the domestic sugar industry is no longer an infant industry requiring protection on its own account, it has reached a point where it requires protection on account of the domestic consumer.

WALTER K. FREEMAN, Ph. D., 49 BROADWAY, NEW YORK, N. Y.

BEET-SUGAR INDUSTRY.

NEW YORK, *March, 1913.*

The beet-sugar industry has existed in some form for centuries. A hundred years ago Napoleon I permanently established the industry by a decree (issued March 23, 1811) giving a bounty and establishing a system of schools in France for the study and advancement of the art of sugar making from beets. Four imperial beet-sugar factories were established in France during the year 1812 to work up a beet-sugar crop that produced 4,410,000 pounds of raw sugar.

Napoleon, with wise forethought, established in France in two years more than 300 beet-sugar factories and a similar number of schools for the study and advancement of the art and developing scientific agriculture. Whether they wished to or not, Napoleon compelled the peasant farmers to grow sugar beets, his scientists and their successors

developing effective agricultural methods by teaching the French farmers how to cultivate beets and other crops successfully and profitably. Soon the beet-sugar industry spread to other nations; their scientists and economists vied with the French in this work, until now, in most portions of Europe, everything is farmed properly, as is shown by their superior crop yields.

The American economists have failed to recognize the sugar beet as a fundamental of modern scientific agriculture; there are some few who realize the great indirect advantages to be derived from the culture of beets, but even they have failed to capitalize and put into concrete form these indirect benefits in order that our people might realize the enormous wealth which would accrue to the Nation by securing our sugar supply from home-grown beets. In teaching our farmers, stress has been laid upon "so many tons of beets per acre at so much per ton," so in teaching the people the main stress has been laid upon keeping a hundred or two million dollars at home each year by producing our sugar here instead of importing it, almost universally overlooking the far more important and valuable indirect benefit to the farmer by improving the condition of his land.

During a period of about 30 years that the beet-sugar industry has existed in this country, the art has been studied only in about 60 schools, and during this time there have been established about the same number of beet-sugar factories, practically all of which have fallen into the hands of interests opposed to the general advancement of the beet-sugar industry. Generally speaking, the manufacturing of sugar from beet stock is profitable, and no enterprises have failed except from mismanagement, ignorance, or willful desire on the part of those opposed to the development of the industry. My contention is that the sugar-beet industry, especially in the United States, has been willfully misrepresented, mismanaged, and operated for the sole benefit of what is generally known as the Sugar Trust. It has managed affairs to serve its purposes regardless of the welfare of the public, or the farmers who grew the beets, and apparently it has been satisfied with the antiquated crude apparatus and processes in vogue and have used them in a measure to blight the industry, in order to prevent independent exploitation of the beet-sugar industry of this country.

The interests that have opposed the developments of the beet-sugar industry have always circulated the false statement that sugar-beet culture was injurious to the soil and harmful to the interest of the farmer, and even as far back as in the days of Sir Humphrey Davy the enemies of the industry induced him to publish a work that was erroneous, antagonistic, and very far from the truth.

It would not be inconsistent to write several pages of facts that would prove beyond question that the cultivation of sugar beets really improves the soil to a marked degree, and there is abundance of proof of this fact in France, Germany, and Austria, and practically every European agriculturist of note asserts that the rotation of farm crops with beets will double the yield of products. What is true of Europe is also true of the United States and Canada, and it follows that the average farmer would be benefited if he grew a crop of beets every fourth year, even though he threw them away, because of the betterment of his land, effecting an increased yield of other crops which would more than make up the difference of his expense.

Quoting from data prepared by T. G. Palmer, who has studied the beet-sugar industry for a period of more than 15 years:

Anybody will admit that it would be desirable to produce at home the $180,000,000 worth of sugar we annually import, and turn this vast sum into the pockets of our own, instead of foreign farmers and laborers.

This would in itself be a consideration of great economic value to the Nation, but it would be small indeed compared with the indirect benefit to be derived if we produced this sugar from beets, the cultivation of which in Germany, in rotation with wheat, rye, barley, oats, and potatoes, has resulted in its farmers securing from the lands which they devote to these five crops an excess yield worth $900,000,000 more than our farmers secure from a like area devoted to the same crops, and if from our total area devoted to these five crops our farmers secured as great a yield as do the German farmers, our farmers would be richer by $1,400,000,000 a year.

In the State of New Jersey there are approximately 800,000 acres of abandoned or dead land. This vast acreage of farm lands produces absolutely nothing of value, but by means of proper cultivation 25 per cent of it planted with sugar beets and rotated with other crops would grow 2,800,000 tons of sugar beets annually, which would yield 336,000 tons of raw sugar, valued at $26,880,000.

In addition to this, the 75 per cent of land that was planted with other crops would produce at least grain, potatoes, etc., to the value of $30 per acre, a total of $18,000,000 or more, and yet the wise political economists of this State, as well as those who live in other States of the Union, rail against the high cost of living, while right at their door lies at least one solution of this problem.

In presenting the foregoing brief statements regarding the history of the beet sugar industry, little reference has been made to the state of the art; the difficulty is that there is nothing published in the English language in the way of books or pamphlets on the subject of sugar-beet culture or sugar manufacture that is reliable or worth while reading. Those who have written about it have either wandered off in a maze of technicalities or have written from hearsay, incomplete knowledge of the subject, or from intent to mislead the reader or frighten the farmer and timid capitalist, to keep them from the independent cultivation and exploitation of the beet-sugar industry.

There are many causes that have led to the perplexities surrounding present-day methods of producing sugar from beets in America. Those who have been engaged in the cultivation of sugar beets have depended largely upon the seed of the standard varieties of beets grown in Europe and no systematic effort has been made to grow beets in this country from seed that have been developed from beets which have been cultivated here, especially for adaptation to the American soil and climatic conditions and for the greatest sugar value.

GOVERNMENT AGRICULTURAL WORK AND COMPARATIVE YIELDS OF BEET SUGAR.

What is required is something more than the present day Government agricultural station work to develop the beet-sugar industry. While the instructors of the State and Federal agricultural stations are painstaking, careful men, they are not afforded the facilities for systematic research and study of the principles underlying the proper development of sugar-beet culture They can grow beets only in a

limited way. They can experiment with but a few varieties, and after they have grown the beets their laboratories are not equipped with suitable apparatus for the practical demonstration of the commercial value of the beets they have grown.

Those farmers who have been engaged in growing beets have been obliged to accept seed that have not been studied and tested to determine whether that particular variety was best suited for their soil, nor has there been any definite assurance that they could dispose of their crops after they were grown. An additional menace has hovered over the whole beet-sugar enterprise in the element of doubt due to the possible attitude of the powerful interests allied for or against the industry as best suited their own purposes, and so these unstable conditions have caused the farmer to disregard the possibilities of the industry and to look upon the cultivation of sugar beets as a doubtful project.

Whatever has been the intent of those who have undertaken the manufacture of beet sugar in this country, their policies have created an atmosphere of doubt, distrust, and suspicion in the minds of investors and farmers, causing them to disregard an industry which, if properly guided, could develop into one of the most beneficial and profitable branches of farming, the most important and desirable industry of the Nation, and a splendid opportunity for the investment of capital.

To illustrate the enormous proportions to which the beet-sugar industry has developed in the principal countries of Europe, the figures for 1909-10, taken from the statistics of the United States Agricultural Department, show that the average per capita production of beet sugar in Europe is 37.25 pounds and the average per capita production in the United States is only 9.94 pounds. There are in the principal countries of Europe 1,226 beet-sugar factories, while in the United States there are but 65. The beet-sugar production of the principal countries in Europe for 1909-10 amounted to 6,185,000 tons, while in the United States it was 457,562 tons.

The average yield of sugar per 100 pounds of beets in Europe was 15.55, while in the United States the yield was but 12.56, a difference of approximately 60 pounds of sugar to each ton of beets worked.

It is clearly shown by this comparison that the beet-sugar industry is not properly conducted. The yield of sugar based upon the weight of beets is 3 per cent less in the United States than the average yield in the principal countries in Europe, and 5.07 per cent less than the yield in Germany. In Germany the average yield of sugar per acre is 4,260 pounds, while in the United States it is but 2,439 pounds, or 43 per cent less.

If these few statistics do not convince the average man of intelligence that the beet-sugar industry of the United States is either incompetently or dishonestly operated, there is no accumulation of evidence that will.

The report of the Department of Agriculture for 1910 states, among other things, that the average sugar contents of sugar beets grown in the United States was 16.35 per cent and that the average harvest of sugar from them was 12.61 per cent; that beets grown in the State of Michigan gave a sugar value of 16.08 per cent and that there was recovered only 11.53 per cent. The actual loss of sugar value was

therefore 28 per cent, which was largely due to inefficient apparatus and methods employed in beet-sugar factories at the present time. There is no good reason why 95 per cent of the sugar value of beets can not be recovered.

ADVANTAGES OF THE NEW INVENTION AND PROCESSES IN THE MANUFACTURE OF BEET SUGAR.

I have eliminated much of the confusion and difficulty that has hitherto existed in the extraction of sugar from beets and have reduced the practice to a simple process that can be operated and managed by a man of ordinary intelligence. It must be noted and remembered that the scientific technology that was previously applied to the beet-sugar industry has been of a post-mortem nature; that is to say, the science of chemistry has been applied aft · the conditions have arisen rather than before the errors have l. n noted. In other words, there has been no means, prior to my invention, of regulating, operating, or scientifically handling the beets to extract economically all of their sugar value.

My invention relates essentially to the extraction of the sugar value from beets. Generally speaking, beets are composed of cellular tissue traversed lengthwise by vascular tissue and enveloped in an epidermal system of cells. Irrespective of the shape of the cells or their dimensions, they are supported by an intercellular substance and intercellular spaces filled with air, and when it is realized that it has been impossible by present methods to extract the juice from the living cells because of the impenetrability of the utricle sacs or little air cells which are distributed generally throughout the tissue of the sugar beets this invention becomes more apparent and valuable.

Some authorities refer to the air sacs as protoplasmic utricle and contend that such sacs are detached from the cell walls by heat and the juice is extracted by diffusion and slowly lixiviated by water.

It is not yet entirely clear what takes place in the cells themsleves, and no authority has been able so far to tell whether the cell walls distributed through the beet are a closed membrane or separate osmotic cells, and therefore no exact theory can be advanced and the whole state of the industry is problematical and uncertain.

Another doubtful condition existing in the beet-sugar industry relates to the dimensions and character of the diffusers or percolators and the thickness of the slices of the beets. Usually the diffusers have caused a great deal of dissatisfaction and have failed in their purpose to uniformly or totally extract the sugar content of the beets, and those who have studied beet-sugar factories have found it impossible to formulate a systematic method for preparing the slices of beets for the diffusers or to regulate the method of extraction. In other words, heretofore there has been no apparatus obtainable that was suitable for the proper handling of sugar beets to recover the juice economically and to the best advantage.

My invention embraces progressive orderly steps and a systematic method for uniformly treating beets to extract the sugar content. To accomplish this in accordance with my invention the beets are cut in moderately thick slices and are placed in a series of containers. Hydrogen gas is then introduced to expel the free oxygen

(air) existing in the containers or in the broken cell stuff distributed on the surfaces of the slices of beets. After all of the series of containers have been filled with slices of beets and the free oxygen has been removed by the introduction of hydrogen gas warm water is allowed to flow into the first of the series. From that one the solution flows to the next, and progressively in this manner to the last of the series of containers, from which it is allowed to flow into a receiving tank and then pumped into a circulator drum located some 30 feet above the top of the containers. This drum is connected by pipe to the first of the series of containers, and by means of proper valves and pipes to each of them, in order that any one of the seven or eight of the containers may be made the first of the series. So soon as the sliced beets of the first of the series have been exhausted and the sugar constituents recovered, that container is lifted out of the cradle on which it operates by means of an electric crane and replaced by another container charged with fresh slices of beets.

From this description it will be observed that the battery of containers is continuously operative, there being scarcely any interruption in the process of extraction, for the reason that as quickly as the contents of one container is exhausted it is replaced by another freshly charged with slices of beets, from which all the free oxygen has been expelled by the introduction of hydrogen gas before it is returned to the operating cradle, and as the newly charged container placed in the battery is always the last of the series, it obviously follows that the system is rotative and continuous.

One of the most objectionable features of the present type of diffusers is the uneven flow of the extracting solution through the slices of beets. Usually the flow is from the top downward through the diffusers, but if the beets be overheated or tender they will form a mass so homogeneous that no liquid will pass through them, and when the juice is caused to flow upward through the diffusers there is little improvement because they collect on the screen and prevent circulation.

In my process there is an invariable fixed relation between the juice solution and the slices of beets operated upon. The flow of juice is uniform and constant; there is no frothing or scum forming, because the free oxygen is first exhausted. The slices of beets are slowly moved about in the container in order that new surfaces of the slices shall be presented to the diffusing liquid. This results in a great saving of time in operation and a greater yield of sugar constituents.

It is well known to chemists that hydrogen is a powerful solvent; that it absorbs oxygen, and if allowed to pass into a chamber which has an opening to the atmosphere it will expel the air and prevent oxidation.

When hydrogen is introduced into a container or diffuser operated for extracting the sugar value from beets it removes the free oxygen present in the air that surrounds the slices of beets. This prevents oxidation, the frothing, scumming, or sealing of the sugar cells, and as a solvent hydrogen breaks down the cell walls of the so-called utricle sacs and allows the absorption of the sugar value into the circulating solution.

Thus, it is apparent that sugar beets can be treated by this method at a lower temperature and the slices handled more roughly; that they can be freely moved about in the container without danger of breaking them up to form homogeneous masses that prevent the free circulation of the extracting solution.

This simple explanation is sufficient to enable any person versed in the art to understand that by this method a higher sugar value is obtained.

Added to this is the method of moving the slices of beets about within the containers during the period of extraction so as to present different portions of the slices to the current of the flowing solution. It is in these ways that the increased yield of sugar values is secured. Actual tests show that these increased sugar values amount from 12 to 15 per cent and an average of more than 95 per cent of the total sugar value contained in the beet is obtained.

There are additional advantages to this system which and to the profits of operating a beet-sugar plant. It simplifies the method of preparing the beets for the diffusers, it provides a central place for charging and discharging the diffusers without interfering with the operation of the extracting plant proper, and affords means for disposing of the spent beet stuff at a central point remote from the operating center, and gives a greater range of flexibility, a cleaner and more perfect means of operating a beet-sugar factory.

The average length of the beet-sugar campaign during 1910 was 83 days. Therefore the plants stood idle for 217 working days. By means of our interchangeable apparatus a beet-sugar plant can be converted in 24 hours into an extracting plant for producing medicine extracts, cleansing wood for pulp, manufacturing soap, and in many other ways making the plant a profitable, successful enterprise during those months of the year when the extract value of plant life is highest and when there is no supply of beets to operate with. So that this produces, at a single cost, what is practically two individual plants operated with the overhead charges for one, and each operated at the time of the year best adapted for both processes.

OPPORTUNITIES FOR THE BETTERMENT OF THE BEET-SUGAR INDUSTRY.

The whole beet-sugar industry of the United States is conducted on a wrong theory. While the tariff on sugar may have had some influence and the attitude of unfriendly interests increased the difficulties, the chief troubles have grown out of the incompetency of the farmers who have grown the beets and with the men who have attempted to conduct enterprises they knew little about.

Generally speaking, those who have attempted to conduct the business of manufacturing sugar from beets have not appreciated the possibilities of the industry. They have failed to lay a foundation for a permanent and substantial industry and provide the means and ways for the highest scientific development of the sugar beet—machinery, and apparatus, the utility of their plants during the entire year, and the unification of the sugar-beet grower's methods—in order that the farmer could depend upon a market for his crop and that the employees of their factories should have steady employment.

In this bulletin the beet-sugar industry has been discussed rather harshly in order that we might make clear the essential features in our invention and its advantages to the beet-sugar industry generally, but especially to the beet growers and those who believe in the future possibilities of beet sugar in this country.

If the German farmer can grow beets that will yield 4,260 pounds of sugar to the acre and the principal countries of Europe can support 1,226 beet-sugar factories and produce 7,874,000 tons of beet sugar per annum, and if it was possible for Napoleon to organize 300 beet-sugar factories in France in 2 years, and all these developments have been accomplished with imperfect apparatus and conducted at a profit, is it not possible, with improved apparatus securing 95 per cent of the sugar value, together with the possibility of conducting the plants continuously for 12 months in the year as against a campaign of 83 days under present methods, to lay the foundation for the producing of all the sugar that this Nation can use?

By means of a properly regulated system, the farmers throughout the United States could establish factories and control the whole sugar industry and at the same time, within five years, increase the yield of wheat, barley, corn, oats, and potatoes in the United States to the extent of more than a billion dollars annually.

Attention has been called only to a few of the important features of the invention.

For it is believed that those who are interested in the foregoing will best be served by personal interviews or correspondence in order that the matter may be discussed in a confidential manner.

WISCONSIN SUGAR CO., FIFTH AND GRAND STREETS, MILWAUKEE, WIS., BY R. G. WAGNER, PRESIDENT.

MILWAUKEE, WIS., *May 22, 1913.*

Hon. FURNIFOLD McL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: Statements have been made on the floor of the House of Representatives during the debate on the sugar tariff that under the existing tariff the development of the domestic sugar industry is costing the American people from $125,000,000 to $140,000,000 annually. That this is far from the truth and that free sugar means no saving, but on the contrary a direct money loss, to the American consumer is shown by the following figures based on the approximate correct assumption that the total cost of sugar annually consumed in the United States is 4,000,000 tons, and that half of this quantity is produced in the insular possessions and in the United States proper and pays no duty, and the other half is imported from the island of Cuba and pays about $27 per ton duty.

The figures are also based on the reasonable assumption that the price of sugar to the consumer will not decrease by more than 75 per cent of the present duty, or about $20 per ton, so that the total decreased cost of the 4,000,000 tons will not exceed $80,000,000.

But since about 40 per cent of the sugar consumed in the United States is used in the manufacture of articles in which the quantity of sugar entering into the retail package is only a small fraction of a

pound, so that the saving of 1 cent a pound on the sugar would be so insignificant that it would not affect the retail price; the decreased cost on this quantity, or $32,000,000, would not go to the consumer, but to the manufacturer of food products containing sugar.

This leaves to the consumer $48,000,000 to offset the $54,000,000 of customs now paid to the United States Treasury on the 2,000,000 tons of imported sugar, and which under free sugar must be made up by the consumer under some other form of taxation, because the consumer is the only taxpayer. The net loss to the consumer is, therefore, $6,000,000.

That a variation of $20 a ton or 1 cent a pound in the price of sugar will not affect the retail price of articles containing sugar is evidenced by the fact that the price of sugar has frequently varied during the past 10 years to the extent of 1 cent a pound without affecting the retail price of such articles as candies, confections, chewing gum, chewing tobacco, liquors, condensed milk, canned goods, and others. These articles have always retailed at 5, 10, or 25 cents a package, regardless of the cost of the sugar or other ingredients that enter into their manufacture.

The result of free sugar, therefore, will be to increase the profits of the manufacturers of food products containing sugar, who are mostly large consolidations or trusts, as the biscuit companies, cereal-products companies, gum-manufacturing companies, tobacco companies, condensed-milk companies, etc., as well as the profits of the foreign producer of sugar, and all at a cost of $6,000,000 to the American consumer and at a further cost of the economical loss through the destruction of the beet-sugar industry, which is undisputedly of great economic value and which is the only restraining influence against absolute foreign control of such a necessary food product as sugar.

I also beg to refute the claim made that under the present tariff the existing beet-sugar producers are making excessive profits. This fact could be best verified by an examination of the books of the various companies, opportunity for which has been offered and is open to Congress. It certainly could not have been brought out in the farcical hearings held before the Ways and Means Committee last January, when the beet-sugar people, coming all the way from Ohio to California, received five minutes' time before the committee, which was represented mostly by empty chairs, and of the five or six members present only two or three seemed to take any interest in the question, and the entire proceedings gave every indication that the committee had decided on a verdict before the hearings were held.

The fact that half of the sugar supply is imported from foreign countries is evidence that there is competition between foreign and home producers, and this should be convincing that profits in the domestic industry are not excessive.

I take the liberty to submit the above because I have been engaged in the manufacture of beet sugar for the past 12 years, and I positively know that a 25 per cent reduction will materially halt further development and that free sugar will absolutely destroy the home industry.

Since a government is naturally committed to foster all legitimate industries, I respectfully ask that you request a more thorough investigation of the beet-sugar industry before voting on such a drastic measure as the sugar schedule of the Underwood bill.

Pars. 179-182.—GENERAL DISCUSSION.

S. MORRIS LILLIE, 328 CHESTNUT STREET, PHILADELPHIA, PA.

PHILADELPHIA, PA., *April 26, 1913.*

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

GENTLEMEN: I notice by the daily press that you are willing to receive briefs from people interested in the tariff bill, and I consequently beg to inclose for your consideration a copy of a letter dated March 31, 1913, received by me from Mr. F. M. Swanzy, president of the Honolulu Iron Works Co., Honolulu, and having extensive interests in the Hawaiian sugar industry, which letter contains a brief statement of the conditions under which the production of sugar in Hawaii is conducted, and of the unhappy results which would follow the abolition of the duty on raw sugars. From data which I have seen elsewhere, and from my general knowledge of conditions in Hawaii, I believe the fears expressed in this letter are well founded. I take the liberty of adding a few remarks of my own.

REMARKS.

The need of protection for the Hawaiian product is not due to any lack of energy or to inefficient methods there. The sugar people in Hawaii have been the most progressive in the world in the adoption of new and improved methods for the extraction of sugar from the cane, and the percentage of the sugar in the cane, which is put into bags for shipment, is greater in Hawaiian sugar houses than in those of any other country. They have set a standard which has been an incentive to others, and which is being gradually approached elsewhere, and, I think, it is the case that the greater efficiency now being reached in the sugar houses of Java, Cuba, Porto Rico, and elsewhere, is largely due to what has been done in Hawaii. They have sought, and have been ready to adopt, and develop promising ideas from outside sources, and to this end have sent experts, at different times, through the cane sugar manufacturing districts everywhere. As an example: I think it was in 1898 that a committee from Hawaii visited Louisiana. They found in one sugar house there a departure in milling or grinding of the cane which gave or promised greater extraction of sugar. Within a very few years the majority of the better houses in Hawaii were equipped with this feature at a cost to them of hundreds of thousands of dollars. As years passed they extended the idea of this departure, and have been so followed elsewhere that what was taken from Louisiana is becoming passé in the best types of sugar houses. In another sugar house in Louisiana was found a novel apparatus differing from anything they had used, but which promised economies, and within three years they invested some $300,000 in the installation of these in their sugar houses.

I have written the above to show that the need of the sugar people in Hawaii for protection is not due to shiftlessness or poor judgment, but is despite energy and success in adopting economic methods of extracting sugar from the cane. Mr. Swanzy's letter gives some of the handicaps under which they labor. The above also indicates that the sugar people in Louisiana have been progressive too.

Another circumstance which is creditable to the Hawaiian planters is that the bulk of their sugar is obtained by irrigation from lands which are located on the leeward side of the central mountain chains of the islands, where little or no rain falls from one year's end to the other—lands which without irrigation are deserts. The irrigating water is artesian, which, falling in the mountains, flows underneath the soil at varying depths into the ocean. To obtain this water pumping engines of the highest duties are located at levels low enough to permit of their drawing this water from wells. In some cases they are located in quarried chambers as much as 300 feet below the surface of the ground. In one case, at the time I visited Hawaii in 1900, pumping engines thus located delivered water to an elevation in the neighborhood of 700 feet at the rate of 10,000,000 gallons per 24 hours, a performance which, I believe, was almost unique at that time, if not at the present. These irrigating plants, as you will judge, involved tremendous outlays of money. These outlays, and the other heavy expenditures for securing high efficiency in the sugar houses, imply that implicit faith was placed upon the maintenance of a tariff protection to sugars, and but for this protection the production of sugar in Hawaii would undoubtedly have been limited to what could be sold to the Pacific coast, and perhaps to other near markets, and to what sugar could be obtained from unirrigated lands or from lands which could be cheaply irrigated. They could justify this faith, it would seem, by the facts that it was generally considered by the people of the United States that the sugar duty afforded ideal means for obtaining revenue, one which could be cheaply collected, be scarcely felt by individuals, and the source of little friction or ill will, and further by the fact that its advantage had been demonstrated by the unsuccessful experiment of abolishing the duty on sugar for a period and giving a bounty as a compensation to the Louisiana sugar growers.

If, indeed, the time has now come when it is an advantage to the people of the United States as a whole that the duty should be removed from sugar or its amount lessened, does it seem quite fair that the price of this benefit should fall entirely upon the producers of sugar in Louisiana, in the beet-sugar States, and in the insular possessions, as would be the case if the duty were removed and no compensation made to these people?

The inclosure mentioned follows:

HONOLULU, HAWAII, *March 31, 1913.*

S. MORRIS LILLIE, Esq.,
President Sugar Apparatus Manufacturing Co.,
328 Chestnut Street, Philadelphia, Pa.

DEAR SIR: Believing that you are interested in Hawaii and that you recognize the value of the Hawaiian market for the manufactures of the mainland, we are sure you will do what you can to help Hawaii, whose chief industry is threatened by the proposed removal of the protective duty on sugar.

Hawaii depends for its prosperity on its sugar industry. If the protection which the tariff affords is removed, Hawaii will be ruined.

The production of sugar under the American flag amounts this year to about 1,810,000 tons, raised as follows:

	Tons.
Louisiana and Texas	170,000
Beet-growing States	625,000
Territory of Hawaii	500,000
Porto Rico	340,000
Philippine Islands	175,000
Total	1,810,000

The effect which the removal of the duty will have on these States and insular possessions of America will be disastrous. The large amount of sugar raised under the protection hitherto accorded to it would shrink into unrecognizable insignificance.
There will be no compensating advantages.
The revenue, amounting to some $50,000,000, will be lost to the country.
The consumer will not get his sugar any cheaper, because the output of raw sugars will be so greatly reduced that the refiner will be obliged to pay more for them and to charge more for the refined article; in fact, he will have the sugar market at his mercy.
Sugar is the cheapest article of food to-day. Even if the consumer should get his sugar for a fraction less than he does now—which, as we have said, we do not believe he will—it would be an advantage gained at tremendous cost, a part of which is the ruin of Hawaii.
If there were many other industries in which Hawaii could engage or other uses than sugar growing to which she could put her lands, she might not be so badly off if the sugar industry were killed, but as it is on sugar almost alone that she depends, the destruction of that industry would, as we have said, mean ruin.
It costs more to raise sugar in Hawaii than in any other cane-growing tropical country. It costs Hawaii more to market her sugar than it costs any other cane-growing country.
The high cost of production is due to the development along American lines which has gone on in the Territory since its annexation by the United States in 1898, and the consequent high cost of labor and material. The unusual cost of marketing is due to the distance from market and the fact that the coastwise shipping laws, which were applied to Hawaii on its annexation, prohibit shipping except in American vessels.
These are important matters bearing on the consideration of the question of Hawaii's ability to stand the loss of tariff protection.
We hesitate to trouble you with a long letter or any great array of figures or statistics, but we ask permission to give you a few just to show what Hawaii means to-day to the mainland of the United States:
Hawaii imported during the 12 months to June 30, 1912, $23,000,000 worth of the manufactures and produce of the mainland of the United States. The imports from the mainland States have doubled in amount since 1904.
Since the Territory of Hawaii was established in 1898 she has contributed over $18,000,000 to the Federal Treasury from her customs and internal-revenue receipts.
Naturally if the main industry of any country is destroyed the country itself must suffer grievously for lack of funds to meet its many necessary expenditures.
The sugar industry of Hawaii contributes directly the bulk of the great amount which it takes to run the Territory.
Hawaii does no small amount toward keeping the Stars and Stripes afloat on the ocean. To Hawaii the mercantile marine of the United States is much indebted.
At the time when the United States coastwise shipping laws were applied to Hawaii, 2,000 miles from the mainland, and she could not import or export or travel by any other than American vessels there was not available tonnage under the American Flag sufficient to handle her trade. This condition resulted in the establishment of the American-Hawaiian Steamship Co., which has now the largest and best equipped fleet of cargo vessels under the Stars and Stripes, owning and operating 21 fine steamers with an aggregate tonnage of 205,600, while a further 5 steamers, each of 10,000 tons, are now building for the same company.
The same condition necessitated the building, largely with Hawiian capital, in mainland shipyards of recent additions to the Matson Navigation Co.'s fleet of freight and passenger boats for the trade between Hawaii and Pacific coast ports.
All steamers required for the interisland trade, of which just now there are 17, must be the output of American shipyards.
Finally let it be said that the tonnage of American vessels sailing in and out of Hawaiian ports is something of which Hawaii has reasons to be proud because it is so largely the result of her industry and enterprise.
Surely no one understanding the exact conditions can participate in the ruthless destruction of all that has enabled Hawaii to make of herself what she is.
We would respectfully ask you to interest yourself in this matter so far as to request your Representatives in Congress to pause long enough before removing the sugar tariff to satisfy themselves what such legislation really means for Hawaii.
Your kindly assistance in this matter, so vital to Hawaii, will be greatly appreciated.
Yours, faithfully,

HONOLULU IRON WORKS CO.,
Per F. M. SWANZY.

THE BOYD TRANSFER AND STORAGE CO., MINNEAPOLIS, MINN., BY HARLOW H. CHAMBERLAIN, PRESIDENT.

MINNEAPOLIS, MINN., *May 15, 1913.*

Hon. F. M. SIMMONS,
Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: As the largest wholesalers of sugar in the Northwest, we wish to say a word for the dealers, both wholesalers and retailers, concerning the proposed reduction in the duty on sugar.

As you are doubtless aware, sugar is the most staple article among food products, and the trade therein constitutes more than a third of the entire trade in groceries the country over. Thus, every grocer and general storekeeper throughout the country is vitally interested in the tariff on sugar and would be greatly injured by any sudden or heavy reduction thereof. In recognition of this fact, the reduction in sugar duties should, if possible, be made gradually, and the successive reductions should come at such seasons of the year as to avoid the infliction of any unnecessary hardship upon the dealers. The Underwood bill on the contrary proposes to reduce duties $1.25 per hundredweight at one time, which would ruinously affect the entire trade from the largest refiner down to the smallest retailer, as, owing to the nature of the commodity, it is necessary for every dealer to keep supplied at all times for the protection of his trade.

In order to avoid the great damage to the sugar trade, which would result from the adoption of the House bill as it stands, and also by way of simplification and to afford more prompt relief to the consumers from the present exorbitant rates, we would suggest the substitution of the following plan for that embodied in the Underwood bill:

First. To make the rate of duty on unprivileged sugars 1¼ cents per pound, and on privileged sugars 1 cent per pound, these rates to apply on sugars of 96° test with an allowance of 2½ cents and 2 cents per hundredweight respectively for each degree of difference in polariscopic test.

Second. To provide for a reduction in the above prescribed rates of 10 per cent on the first day of next November and semiannually thereafter until the duties have been reduced to 40 per cent of the original amount, leaving the balance of the duty, which would amount to one-half cent per pound on unprivileged and four-tenths cent on privileged sugars, to apply on all subsequent importations.

The basing rates as above prescribed would be substantially equal to those named in the Underwood bill, with the elimination of some unnecessary and highly complicated fractions and decimals. Instead of waiting, however, for three years to give needed relief to the consumers, the reduction would begin on the 1st of next November and would continue to be applied semiannually for a period of three years, the remaining 40 per cent being continued in order to save from destruction our domestic beet sugar industry, which, if it can be saved by a duty of one-half cent per pound or less, is surely entitled to that degree of consideration. So small a tax would not be burdensome to the consumers, but on the contrary, by encouraging the domestic production, it would be a protection against the exactions of the foreign speculators, who would be quick to take advantage of our

comparatively defenseless condition if our domestic productions should cease entirely.

As dealers in sugar we are not directly interested in the retention of any part of the duty, but only in the graduation of such reduction. As citizens, however, who are thoroughly acquainted with the subject from years of experience and observation, we feel certain that it would be a great mistake to entirely eliminate the tariff on sugar, which should very properly be greatly reduced, but not to the point of extinction, as provided in the Underwood bill, which would be injurious to all concerned.

Our reason for recommending that the reductions be made semiannually on the 1st of May and November is that these dates come at seasons of the year when stocks are naturally at a low ebb and reductions can be made at a minimum of loss and damage to the trade, which at other times of the year would be greatly damaged by the change. Changes of this character should, if possible, be made in such a way as to cause the least possible disturbance and loss to business interests, especially where so large a number of concerns would be affected, and it would be just as easy and more desirable from every standpoint to make the proposed reduction gradually and at the most favorable seasons of the year as to apply it in such a way as to cause enormous and unnecessary losses to all concerned.

Under the circumstances, would it not be far wiser for your committee to modify the provisions of the House bill in such a way as to eliminate the unnecessary losses to dealers, and at the same time give more prompt relief to the consumers and a reasonable benefit to the producers. We believe you will best serve your party and the country at large by recognizing the imperfections of the House bill so far as it applies to sugar and making such changes as are necessary to correct them.

ALBERT G. ROBINSON, P. O. BOX 273, WASHINGTON, D. C.

SUGAR NOTES AND STATISTICS.

COMMERCE BETWEEN THE UNITED STATES AND CUBA UNDER THE RECIPROCITY TREATY.

The reciprocity treaty between the United States and Cuba became effective on December 27, 1903. By this treaty the products of the soil and industry of Cuba are given preferential entrance into the markets of the United States in exchange for a like entrance into Cuba for the products of the United States. On the part of the United States there was granted a reduction of 20 per cent in its tariff rates, and on the part of Cuba a reduction of 25, 30, and 40 per cent on specified articles and of 20 per cent on all articles not specified. Under this system the island has prospered, and its prosperity is reflected in its greatly increased purchases from the United States. The exports to Cuba, as shown by the Bureau of Foreign and Domestic Commerce of the Department of Commerce and Labor, for the fiscal year 1903, the last year prior to the operation of the treaty, amounted to $21,761,638. Shipments for the fiscal year 1912 amounted to $62,203,051. The same authority gives the imports

from Cuba for those years as, respectively, $62,942,790 and $120,154,326.

The argument that, because the imports from Cuba exceed the exports to Cuba, the island is the special beneficiary under the arrangement is entirely mistaken. The United States buy Cuba's sugar, tobacco, and other commodities to supply their enormous demand for those articles and because of the advantage of buying in the Cuban market. There is neither philanthropy nor favor in those purchases. The treaty fairly secures to Cuba the market of the United States for sugar, the leading article of Cuban export, and the records show that a larger part of the tariff reduction has gone to the American consumer than has gone to the Cuban producer. The gain to the United States in Cuba's greatly increased purchasing power is shown in the expansion of sales to Cuba.

The United States is practically the only market in which Cuba can sell its sugar, only occasional sales being made in other markets. The leading nations of Europe and of South America produce all that they require and most of them produce a surplus for export to markets, such as the United Kingdom, where they sell at prices below Cuba's quotations. Cuba holds the market of the United States by a sacrifice averaging a little more than 70 per cent of the 34 cents per 100 pounds that, under the treaty, measures her advantage over competitors. The transfer of sugar to the free list would, of course, terminate the reciprocity treaty and so destroy all advantage now held by the Cuban planters. The termination of the treaty would also deprive the producers and merchants of the United States of their present advantage over competitors and would unquestionably decrease by many millions of dollars the export sales to Cuba. A continuance of the present mutually advantageous conditions is most desirable. The maintenance of special commercial relations between the United States and Cuba, and of at least a fair measure of economic prosperity in the island, are matters of high importance to the people of the United States as well as to the people of Cuba.

The expansion of the trade between Cuba and the United States, from 1903, the year immediately preceding the operation of the treaty, to 1912, is shown in Appendix A.

SUGAR IN THE UNITED STATES.

The sugar requirement of the United States for the year 1913 will, in all probability, exceed 3,600,000 tons of 2,240 pounds. Thirty years ago the country consumed a little more than 1,000,000 tons, or about 45 pounds per capita. Twenty years ago the consumption was a little less than 2,000,000 tons, or about 65 pounds per capita. The figures for 10 years ago were 2,700,000 tons, or about 70 pounds. Present consumption is about 81 pounds per capita. This includes the sugar used in various industries, such as condensed milk, sweetened biscuit, canning and preserving, confectionery, etc., and the sugar used for purely domestic purposes. The latter use is estimated at about 53 pounds per capita.

The quantity obtained from the different sources of supply varies from year to year, but the present average may be given thus, in round figures: Louisiana cane, 300,000 tons; domestic beet, 600,000 tons; Hawaii, 500,000; Porto Rico, 300,000; Philippines, 100,000; and

Cuba, 1,800,000. In some cases these figures are a little above the actual and in other cases a little below. (See Appendix K.) Imports from foreign countries other than Cuba have, for several years, shown a decrease and are now relatively inconsiderable. This is by reason of increasing supply from domestic sources and from Cuba. This tendency and the present situation afford ground for hope and belief that, if not seriously disturbed by an excessive reduction in the tariff, the domestic supply, plus the Cuban supply, will meet all the demands of the market and place the United States on a footing of entire independence of other markets and, as well, of foreign quotations. Prices would then be regulated, as they are to-day notwithstanding a commonly accepted fallacy, by the keen competition of domestic producers. In round figures, about 600,000 tons of refined sugar is now supplied by the beet sugar producers, and the remainder, in fairly equal parts, is supplied from domestic and imported cane sugar by the American Sugar Refining Co., the so-called "trust," and by the so-called "independent" refiners, the latter now supplying the larger part.

(For details see Appendix N.)

BEET SUGAR IN THE UNITED STATES.

The beet-sugar industry had its beginning in France in 1812; Germany entered it in 1836. The earliest experiments in the United States were in 1830, in New England and near Philadelphia. Various attempts were made to establish the industry during the next 50 years in several places in the West and in the Eastern States. The actual beginning of the industry as a successful enterprise was about 1880, when the census reported four factories in operation—two in California, one in Delaware, and one in Maine. All except one California plant failed, and the census of 1890 reported only two establishments, both in California. In 1900, 30 factories were reported in 11 different States. The latest report shows 73 factories scattered between Pennsylvania and the Pacific coast, Michigan, Colorado, and California being the leaders, with Ohio, Wisconsin, and Utah as a second group. Others are located in States having, most of them, only one plant. Production has increased from a reported 2,200 long tons in 1890, to 70,000 tons in 1900, and to a present output estimated at 625,000 tons, or a little more than one-sixth of the total sugar requirement of the country.

The economic value of the beet-sugar industry goes far beyond the question of sugar supply. The experience of Germany, for instance, and a shorter experience in the United States, show beyond dispute that the sugar beet, planted in rotation with cereals, greatly increases the productivity of the soil and increases materially the cereal yield. The claim is made that, through the introduction of sugar-beet culture, Germany has increased its average yield of wheat, rye, barley, and oats 80 per cent during the past 30 years, and that the introduction of the beet crop has increased the stock-carrying capacity of German farms in like proportion. The figures are probably accurate, but the fact of soil improvement through the beet crop is beyond question.

Assertions that any reduction whatever in the present tariff of the United States would destroy the entire beet-sugar industry of

the country must be regarded as overstatements. That free sugar would destroy nearly, if not quite, all of it is almost a certainty and is admitted even by many proponents of free sugar. A few years hence such a step might be taken with reasonable safety, but not at the present time. Europe produces beet sugar at a cost far below that yet shown by the American industry, but the tendency of the cost of production in the United States is steadily downward. A statement submitted to the Hardwick committee by a beet-sugar specialist shows a reduction in producing cost from 4.256 cents, in 1899, to 3.6737 cents in, 1909. He stated that had it not been for an increase in the price paid to the farmers for beets the 1909 figure would have been 2.8826 cents. These figures apparently give the average for the industry generally and not for an individual plant. In the same time the average sugar extraction per ton of beets increased from 199.6 pounds to 252.8 pounds. The industry in the present and in its great promise in the future is far too valuable as a national asset to warrant its slaughter on a theory of appreciable price reduction on a commodity already cheaper in the United States than in any other country in the world, with only one or two exceptions.

The census for 1909 reports 364,093 acres planted in sugar beets, or three times the acreage of 1899. The yield was 4,000,000 tons, valued at $19,881,000, or six times the value of the crop of 1899. Since that time there has been a substantial increase in acreage and output.

SUGAR PRICES.

The price of sugar, in the United States and elsewhere, is determined by the world's demand, at any given time, on the world's supply. This may be shown by a specific instance. The 1910 beet-sugar crop of Europe was a little more than 8,000,000 tons and the cane supply of other lands was normal. The 1911 European beet crop fell to about 6,350,000 tons and there was no material change in the cane output. On January 1, 1911, German beet sugars (raw) 88° test sold at a fraction under 9s. a hundredweight f. o. b. Hamburg. On January 1, 1912, because of the short crop of 1911, they sold at a fraction less than 15s. On those dates standard granulated sugar sold in New York for $4.75 and $5.70, respectively, per 100 pounds. The 1912 crop returned to the normal and, at the beginning of this year, German raw sugar dropped to about 9s. and standard granulated, in New York, to $4.65. There is no basis whatever for allegations that the price of sugar is a mere matter of juggling by soulless corporations. The committee appointed by the House of Representatives to investigate the American Sugar Refining Co., and others, reached and reported the following conclusions:

> The price of raw sugar, which constitutes far the greater part of the cost of refined sugar, is affected by causes almost, if not entirely, beyond the control of any refiner or combination of refiners. It depends primarily on supply and demand as affected by world condition of the crop.

The price of laid-down, duty-paid raw sugar is published in the market reports from day to day, usually together with the wholesale price of standard granulated (refined sugar). The difference between these quotations may frequently, and does, show almost daily varia-

tion, but the average for the last seven or eight years has been about 85 cents per 100 pounds. This constitutes what is known as the "refiner's margin," a sum that covers the cost of converting the raw sugar into the marketable refined, the shrinkage in weight caused by that process, the overhead charges, cost of packing, selling, and all else, including the refiner's profits.

The price of sugar in the United States shows fluctuation that responds with approximate accuracy to conditions of world supply and demand. Thus, the world crop of 1902 was about 1,000,000 tons above the normal, and the price of duty-paid Cuban raw sugar dropped to an average of $3.54 per 100 pounds for the year, the average for the last 10 years being about $4. The world crop of 1911 was about 1,500,000 tons below the normal, and the price of Cuban raws increased to an average of $4.45. While there are temporary influences that affect the market from time to time, the rule holds in general that price follows supply and is not, as many believe, the result of greedy manipulation by a combination of refiners. The average price of Cuban raws, which is the cost to the refiners, having been about $4 ($3.967) from 1902 to 1911, both inclusive, the wholesale price of refined sugar for the same period averaged about $4.85 ($4.832).

In view of the long advance in the price of almost all other foodstuffs, it is interesting to note that the wholesale price of refined sugar in earlier years shows the following averages: 1870–1874, $12.17 per 100 pounds; 1875–1879, $9.94; 1880–1884, $8.85; 1885–1889, $6.77; 1890–1894, $4.85; 1895–1899, $4.61; 1900–1909, $4.83. The price in the middle of February, 1913, was $4.25.

Exact comparison of sugar prices in the United States with prices in other countries is not possible for the reason that retailing prices vary in different trade centers in the same country and because of difference in grades of sugar and form in which it is sold. A sugar statistician of recognized standing, Mr. Truman G. Palmer, of Washington, D. C., submits a table prepared from data gathered by American consuls acting under instructions from the Department of State. The prices quoted are retail prices in the different countries in July, 1911, and the relative values will stand, generally, for other dates. The quotations are as follows: Italy, 14 cents; Spain, 12.88; Greece, 11.4; Portugal, 10.3; Netherlands, 8.7; Sweden, 8; the average of all Europe, 7.8; Russia, 7.2; Austria-Hungary, 6.5; France, 5.9; Germany, 5.9; United States, 5.7; Belgium, 5.4; Switzerland, 5.1; Denmark, 5; United Kingdom, 5. The price in Canada at that time was 5.5 cents in Montreal; the same in Winnipeg; and 6.1 in Vancouver.

Clearly, in comparison with other lands, in the matter of sugar prices the people of the United States have little ground for reasonable complaint. A tariff reduction that could be effected without serious injury to any interest, properly engaged, would put them on a footing with the people of the United Kingdom, now at the bottom of the list, in the matter of prices. It is useless to quote the "jaggery" sugar of India, that retails at about 2 cents a pound, for the reason that the American people would not accept that kind of sugar as a gift.

SUGAR IN THE TARIFF OF 1909.

The only change in the sugar schedule made by the revision of 1909 was a reduction from 1.95 cents to 1.90 cents in the duty on refined sugar. This includes what is known as the "refiner's differential," in effect the refiner's "protection" against foreign competition. It "protects" the refiner to the extent of seventy-five one-thousandths of a cent a pound, or 75 cents on 1,000 pounds, a little more than $1.50 on a ton of sugar valued at somewhat more than $100.

The sugar schedule is quite simple. Its base is raw sugar of 75° polarization, equivalent to 75 per cent of sugar content. The rate on that is 0.95 of a cent a pound. For each added degree of polarization, or purity, there is an addition of thirty-five one-thousandths of a cent, thus bringing the rate for 100°, or pure, sugar to 1.825 cents a pound, or 7½ cents on 100 pounds below the duty on refined sugar. The sugar imported in far the largest quantity is of 96° test, and the duty on that is 1.685 cents, which, in the case of Cuba, is reduced 20 per cent, to 1.348 cents, by effect of the reciprocity treaty.

Inasmuch as little dutiable sugar, except that of Cuba, now enters the market, the average rate on total imports is practically 1.35 cents a pound. The question of reduction is considered elsewhere in this pamphlet. In the operation of the tariff no distinction is made between cane sugar and beet sugar. It is entirely a question of color and quality. The sugars of Porto Rico enter free of duty, as do those of Hawaii. Philippine sugars are free up to a yearly importation of 300,000 tons. As stated above, Cuba's sugars are granted a 20 per cent reduction from the schedule rates, but nearly all of the Cuban supply is of, or little below, 96° polariscope test and not above No. 16 Dutch standard in color.

Under the tariff of 1883 the present standard sugars would pay 2¾ cents a pound. The tariff of October, 1890, known as the McKinley bill, put all sugar "not above No. 16 Dutch standard" on the free list. The Wilson-Gorman bill of August, 1894, imposed on the present standard sugars an ad valorem duty of 40 per cent. The Dingley tariff of 1897 established the present rates, and the Payne bill of 1909 continued them, with the exception of the reduction on refined sugar.

DUTCH STANDARD.

Raw sugar is sold on the basis of its sugar content as determined by a device known as the polariscope. Refined sugar is sold on the basis of its color, the demand in the United States being almost entirely for the familiar white granulated, powdered, cube, or "domino," all of which are, and are known to be, as near to absolute sugar purity as it is mechanically possible to make them. This is true of both cane sugar and beet sugar. Nearly all, if not all, experts agree that the removal of the Dutch standard, now employed as a color test on imported raw sugar, would open the market of the United States to sugar of inferior sugar content, but white or so nearly white in color that the shade would not be noticed by most consumers. These sugars may be produced by washing, by chemical bleaching, or by the introduction of some chemical coloring agent.

A review of the arguments of the proponents of the removal of the Dutch standard leads to a conclusion that they are based upon a

notion that the present system bars from the market the soft brown sugars, sometimes called "plantation sugars" or "Muscovado," familiar in the youth of those who have now reached middle age. They were sweeter in taste and lower in price than the white loaf or the granulated. The fact is that those sugars have practically disappeared from the market solely by reason of change in the mechanical methods of sugar production. It would be quite impossible to supply the world's sugar demand by the old "open kettle" process, by which those sugars were made, and their production by the modern machinery is equally impossible. Neither the color test nor any combination of refiners has anything whatever to do with the disappearance of that admittedly desirable commodity. The notion that color test and refiner's selfish interests combine to bar unrefined sugars and washed sugars of high polarization and slight discoloration from the consuming public is equally mistaken. Such sugars are now available to the extent of the total supply obtained from Louisiana, Porto Rico, Hawaii, and the Philippines, amounting to approximately 1,200,000 tons a year. The market is as open to anyone as it is to the refiners, who bid against each other for their required supply. The fact of that matter is that such sugars are not in demand. They are now, and long have been, on the selling list of a number of refiners at prices ranging from about 0.3 of a cent to 0.9 of a cent, according to color and quality, below the price of standard granulated. Pure white sugar, whether from cane or from beet, testing 100° of sugar purity, constitutes about 95 per cent of the sugar sales of the United States, evidently by the preference of consumers. The remaining 5 per cent consists of "soft sugars," most of which are bought rather for their glucose than for their sucrose content.

THE BRUSSELS CONVENTION.

An official report issued by the United States Department of Agriculture states that—

Prior to September 1, 1903, when the Brussels convention went into effect, a prohibitory import duty, a high excise, and governmental encouragement of exportation were general throughout continental Europe (the source of more than 95 per cent of the supply of beet sugar). The convention aimed merely to equalize the competition of sugar on the international market by eliminating all legislative aid granted directly or indirectly to exported sugar; it made no attempt to modify the strictly internal regulation of the sugar trade. The convention prohibited all bounties on exportation, direct or indirect bounties on production, special exemptions from duty, excessive drawbacks, and limited the excess of import duty over consumption tax. It thus abolished all direct aid to the sugar industry and all discrimination in the domestic market against foreign sugar beyond a fixed limit.

By action taken in March, 1912, the life of this organization was extended to August 31, 1918. It has been called—

a great international syndicate which presides over the sugar industry, as a board of directors might preside over a corporation, with a minuteness that often goes to the control of the supply of sugar that may come upon the European market.

American interest in the matter lies in the fact that beet-sugar prices in Europe regulate sugar prices in the United States and elsewhere, and in the further fact that the convention put an end to the shipment of European bounty-fed sugar to this country.

Any revision of the sugar tariff that does not contain a specific provision for a "countervailing duty" on bounty-supported sugar

would, at least, enable Russia to sell its surplus in the United States at a price 71 cents per 100 pounds below cost of production, the Russian Government making up the difference to the exporters.

THE SITUATION.

The limitation of some and the destruction of other sugar-producing concerns in the United States, Hawaii, and Porto Rico, by transfer of the commodity to the free list, would inevitably, for a time at least, defeat the end presumably sought by the proponents of free sugar, namely, the cheapening of a commodity already cheap. The actual quantity by which the present world supply would be reduced is a matter rather of guessing than of estimate. That it would be sufficient to hold prices at their present level is most probable. That it would even increase prices is possible. Should there come, during the time of world adjustment to the new conditions, a year of always possible short crop, there would inevitably come a long advance beyond present quotations.

Cuba is the principal, and now almost the only, source of supply for the United States outside of the supply from its domestic territory and its outlying possessions. In the last 15 years Cuba has doubled its output. The island has now nearly, if not quite, reached its maximum production, until there shall have come a material increase in its population. Complaint is already made of labor shortage and high wages, but in spite of wages nearly doubling those of 10 years ago, there is a scarcity of hands during the crop season. In proportion as the domestic supply is curtailed by tariff reduction, the United States will fall into the hands of foreign producers, more especially the hands of European beet producers. It is even quite possible that the opening of the doors of the United States to the sugars of Europe would lead to the dissolution of the Brussels convention, or to the modification of its terms, and the shipment of great quantities of European beet sugar to the American market. All this is involved in the loss of the present most desirable sugar independence of the United States. At present this country practically controls, and greatly profits by, its situation. The beet crop now distributes more than $25.000,000 among thousands of farmers, while it increases the productivity of their fields. The cane crop of Louisiana and Texas paid its growers, in 1909, $26,400,000. The mills in which these commodities were converted into sugar pay millions of dollars to wage and salary earners. A large part of the purchases of raw sugar from Porto Rico, Hawaii, and Cuba is paid for with merchandise produced in American mills and factories, and with the products of American farms and forests.

The transfer of sugar to the free list would destroy an unknown but certainly large part of these various industries. This is admitted by the best-informed proponents of free sugar. Large numbers of people now engaged in Louisiana, Porto Rico, Hawaii, and the beet-producing States would be thrown out of employment, and mills costing many millions of dollars would be made practically worthless. Sales to Porto Rico and Hawaii, now amounting to about $60,000,000 annually, would be heavily decreased, and sales to Cuba, now amounting to more than $60,000,000, would be greatly curtailed by the can-

cellation of the reciprocity treaty. The possible fractional decrease in the price of sugar does not seem properly to compensate the inevitable loss to many interests in the United States.

COMPETITIVE CONDITIONS.

The wisest solution of the sugar tariff problem appears to lie in a middle course, in the establishment of "competitive conditions." The advantage of free sugar and the desirability of maintaining the present tariff rates are alike doubtful. Between them lies a point at which the refiners of the East (behind whom stand the interests of the cane planters in Louisiana, Porto Rico, Hawaii, and Cuba) may meet the beet-sugar producers of the West on those terms of competition that will best serve the interests of consumers and maintain a now exceedingly valuable American industry, continue enterprises that in their aggregate involve hundreds of millions of dollars.

Let the meridian of Chicago be assumed to represent a line midway between these interests. It seems possible to find a tariff rate that would bring these competitors to an approximate equality at that point, each retaining a special advantage in its particular region east or west of that line. Eliminating all question of profits and dealing only with producers' costs, the present situation appears to stand about as follows:

	Cents.
Refined cane sugar in Chicago:	
Import cost of 96° Cuban centrifugals, in bond, say	2.250
Present duty	1.348
Cost of refining, distributing, etc	.625
Freight to Chicago	.250
	4.473
Refined beet sugar in Chicago:	
Average cost as reported by producers	3.67
Freight to Chicago (general average)	.25
	3.92

Obviously, the cane people are at a disadvantage during the months in which the beet sugar is distributed. Now, let us assume a reduction of the duty on 96° centrifugals to 1 cent, retaining the present Cuban preferential of 20 per cent, thus putting the duty on Cuban raw sugar at 80 cents a hundred pounds; we should then have as follows:

	Cents.
Refined cane sugar in Chicago:	
Import cost of 96° Cuban centrifugals, in bond, say	2.250
Duty	.800
Cost of refining, distributing, etc	.625
Freight to Chicago	.250
	3.925

Such a basis would seem to establish, at the geographical center of competition, that competitive condition so greatly preferable to the destructive conditions that would inevitably follow a transfer to the free list. Should the cane sugars, following as they do the Hamburg quotations, rise in price, the advantage would go to the beet producers, whose cost of production is more definitely fixed As the average import price of 96° centrifugals for the last 10 years

has been 2.63 cents, it is hardly worth while to consider the result of a reduction of their price below the 2.25 here used as a basis for the estimate. Clearly any increase above that would be to the disadvantage of the refiners. Moreover, that rate, with an adjusted scale, up and down, for sugars of higher or lower polarization, would establish much closer competitive conditions with the European market, while under ordinary trade conditions holding by a small margin the market of the United States for those from whom the present supply is drawn. Cuba's preferential of 20 cents would serve to hold the market of the United States against other foreign competition.

Taken from all points of view, a rate based on 1 cent a pound for 96° centrifugals would best serve to establish "competitive conditions."

On the basis of average imports and customs collections for the last five years, the loss in national revenue through reduction to 1 cent a pound for 96° centrifugal sugar, the Cuban preferential of 20 per cent being retained, would be approximately $20,000,000 a year.

SUGAR IN VARIOUS COUNTRIES.

United Kingdom.—The United Kingdom affords a market for approximately 1,800,000 tons of sugar, practically all of which is imported. The imports include both beet and cane, both raw and refined. The import duty, since 1908, has been $0.394 per 100 pounds. Approximately two-thirds of the supply is European beet sugar. Retail prices for years of normal sugar supply may be given as ranging from 4 to 5 cents a pound, according to the quality and the form of the sugar (granulated or cube) and the locality of sale.

Germany.—Germany's output of beet sugar varies from year to year, but 2,500,000 tons may be given as an approximate present average of the crop. There is also variation in local consumption and surplus for export, but local consumption may be taken, broadly, as representing two-thirds of the crop, the remainder being exported. A tariff, practically prohibitive, is imposed on imports. An internal-consumption tax of $1.51 per 100 pounds is levied. Retail prices vary, but are, on the whole, a little above prices in the United States.

France.—The sugar requirement of France averages about 650,000 tons a year. It is secured chiefly from a domestic beet crop, which supplies also approximately 100,000 tons a year for export. A high duty is imposed upon sugar imported from French colonies and a still higher duty upon sugar imported from other countries. There is an internal-revenue tax of $2.19 per 100 pounds. Retail prices are about the same as in Germany and a little above those of the United States.

Russia.—Russia is an extensive producer of beet sugar and a considerable exporter. There exists a sugar combination that works in conjunction with the Government. The import duties are regulated by the Government at will and are reduced if prices rise. The ministry of finance, in consultation with the refiners who form the combination, determines the quantity of sugar annually to be produced, placed for local sale, and exported. The profits of the refiners are regulated by the Government, and the difference in price between the refined and the unrefined sugar is fixed by law. An excise tax of

$2.49 per 100 pounds is imposed. Retail prices are somewhat higher than in the United States.

Canada.—Canada produces a small quantity of beet sugar and imports raw cane sugar for refining. The trade of the Dominion is largely in the hands of a group of refiners, and selling prices follow New York quotations. Retail prices are about the same as those in the United States. The general duties are 83⅓ cents per 100 pounds on 96° raw sugar, and $1.25 on 100° test refined. A preferential rate of 52½ cents is given to raw sugars imported from British colonies.

Brazil.—Brazil produces about 250,000 tons of cane sugar for domestic consumption and a limited export. Retail prices are materially higher than in the United States.

Argentina.—Argentina produces about 160,000 tons of cane sugar, much the greater part of it for local consumption. Retail prices are nearly double those in the United States. The duty is $4.01 per 100 pounds on refined sugar and $2.68 on unrefined.

Mexico.—Mexico produces 150,000 to 160,000 tons of cane sugar, of which a small part is exported. Local taxes, varying in amount in different localities, are imposed. Prices are controlled by a combination that keeps them at a point just low enough to prevent imports.

British India.—British India is the world's largest producer of cane sugar, the output being nearly 2,500,000 tons annually. Nearly all of it is consumed within the country. Exports and imports fairly balance each other at $4,000,000 to $5,000,000 each. Much of low grade is sold to the native people, and refined granulated retails at about 4 to 4½ cents. Customs duties are 5 per cent ad valorem.

Java.—Next to British India and Cuba, Java is the largest of the world's cane-sugar producers. Its output, much the greater part of it exported, is about 1,300,000 tons a year.

China.—A considerable quantity of cane sugar is produced in southern China, chiefly in the vicinity of Swatow, Amoy, and Canton. Most of this is sold in low grades at low prices for home consumption. Sugar is also imported from Java, Formosa, and Hongkong. The duty is 0.092 cent on low-grade sugar and 0.117 cent on higher grades.

Japan.—A considerable part of Japan's supply comes from Formosa, and this is supplemented by imports from Java. By reason of excise and other taxes, the selling price is comparatively high. The duty ranges from 94 cents per 100 pounds on coarse, unrefined sugar to $1.75 on high grades, and internal taxes, according to quality, range from 75 cents to $3.76.

Note.—Most of the leading countries of the world produce at least a part of their sugar requirement, and many have a surplus for export. Commenting on sugar as a source of revenue, Secretary Knox said in a special report to the President, dated January 9, 1912:

> One of the most striking facts brought out is that sugar, a product of universal popular consumption, is also a commodity of universal taxation. Its economic relation to the fiscal policies of Governments is apparent. It is a source both of customs and of internal revenue by means of import duties, by taxes on consumption in the form of national excise duties, and by further taxes on consumption in the shape of local or municipal charges, such as the octroi.
>
> The national economic and fiscal policies take a wide range. By some countries sugar is treated solely as a source of revenue. Among these are the United Kingdom, the Netherlands, Belgium, Switzerland, Greece, and Peru. By others it is subjected to high import duties, apparently for the purpose of protecting and developing

domestic industries and with secondary regard to the revenues. Among these countries are Sweden, Roumania, Japan, Mexico, Brazil, Chile, and the Union of South Africa. Several countries seem to treat sugar both as a means of fostering native production and also of providing for national revenues. In this class are Russia, Spain, Italy, Canada, and Denmark.

GENERAL NOTES.

An argument for free sugar is found by the uninformed in the fact that refiners export sugar at prices below those charged in the home market. The explanation lies in section 25 of the tariff act, as follows:

> SEC. 25. That where imported materials on which duties have been paid are used in the manufacture of articles manufactured or produced in the United States, there shall be allowed on the exportation of such articles a drawback equal in amount to the duties paid on the materials when used, less 1 per cent of such duties.

In years of normal world supply of sugar there is carried over to the following year a surplus ranging from 700,000 to 1,000,000 tons.

The cost of producing refined beet sugar in Germany is reported as from 2.36 to 2.47 cents. Yet the retail price of sugar in Germany is usually a little higher than it is in the United States.

The cost of producing cane sugar in Cuba (96° centrifugal) may be given as about 2 cents a pound.

Louisiana planters claim that their producing cost of raw sugar is 3¾ cents a pound, but this is probably a maximum figure and above the average.

The estimated average cost of producing beet sugar in the United States is 3.6737 cents a pound, with a tendency toward lower cost as the industry progresses.

To obtain 100 pounds of refined granulated sugar about 107 pounds of 96° raw sugar is required.

Under present conditions the consumer is assured of the purity of the sugar purchased. With the Dutch standard removed, there would be no protection against sugar high in color and low in sugar content.

In September, 1911, the American Sugar Refining Co., the so-called Sugar Trust, issued the following public statement:

> The American Sugar Refining Co. does not own an acre of cane-sugar land, nor does it produce a pound of raw sugar; it depends for its supplies of raw sugar upon the growers of Cuba, Porto Rico, the Philippines, Hawaii, Java, and other sugar countries.

The proposal to brand packages containing inferior grades of unrefined sugar with a statement of the polariscope test of their purity is entirely impracticable, for the reason that such sugars change their sugar content by the operation of a natural, chemical process known as "inversion." A sugar of that kind properly branded as 91° by polariscope test at the time it was packed might test, a few weeks later, in a grocery store, not more than 89°, and the packer or the seller, neither of them in any way whatever responsible for the change, be liable to charges and proceedings under the pure-food law.

The revenue from duties imposed upon sugar is a little more than $50,000,000 a year. Any reduction of this amount must be made up from some other source.

In 1903, the year preceding the operation of the reciprocity treaty, the share of the United States in the foreign purchases of Cuba was

about 40 per cent. It is now more than 50 per cent of a much larger importation.

Sugar consumption per capita in different nations was thus reported by Otto Licht (an eminent German sugar statistician) in December, 1910; Germany, 43.45 pounds; Austria-Hungary, 25.14 pounds; France, 37.8; Russia, 22.82; Belgium, 32.36; Holland, 43.53; Sweden, 53.00; Norway, 41.78; Denmark, 77.75; Italy, 9.33; Spain, 14.20; Portugal, 14.12; Greece, 7.52; Bulgaria, 7.05; Switzerland, 64.10; England, 86.30; average of all Europe, 32.60.

Per capita consumption in the United States is a little more than 81 pounds, as compared with 50 pounds 30 years ago.

Europe is responsibly reported as deriving more than $200,000,000 yearly in revenue from taxes on sugar.

Reduced to an ad valorem equivalent the duty on sugar averages about 55 per cent.

NOTE.—The figures used in the following tables are taken from official records and from the reports of recognized statisticians, such as Willett and Gray, New York, and F. O. Licht, Germany. Weights are given in tons of 2,240 pounds.

APPENDIX A.

Cuban-American commerce under reciprocity, comparing exports and imports for the fiscal year 1903, immediately preceding the operation of the treaty, with the shipments of the last fiscal year, 1912:

Imports from Cuba.

Articles.	1903	1912
Total	$62,942,790	$120,154,326
Sugar	42,697,546	91,103,014
Molasses	1,021,580	886,497
Leaf tobacco	9,967,124	14,705,669
Cigars, cigarettes, etc.	3,175,722	3,882,603
Bananas	670,090	942,481
Coconuts	157,362	89,671
Other fruit	509,496	1,304,627
Hides of cattle	13,125	608,022
Iron ore	1,622,004	3,533,436
Copper	70,657	727,229
Vegetables	67,441	124,813
Cabinet woods	1,104,638	784,125
Sponges	137,101	117,234
All other merchandise	1,678,404	1,442,105

Exports to Cuba.

Articles.	1903	1912
Total	$21,761,638	$62,203,051
Agricultural implements	55,736	217,824
Corn	531,213	1,641,851
Wheat flour	1,941,960	3,953,385
Automobiles	11,345	266,163
Street and steam railway cars	531,253	1,392,174
Cement	66,753	722,537
Chemicals, drugs, dyes, etc	505,170	1,728,351
Coal, bituminous	1,047,733	2,944,246
Coffee, green or raw	345,489	3,628,535
Cotton cloth	230,778	1,935,210
Other cotton goods	186,192	1,154,522
Eggs	139,054	1,080,339
Fertilizers	18,636	1,003,983
India rubber, and manufactures of	108,878	398,203
Instruments and apparatus, electrical and scientific	151,248	613,339
Structural iron and steel	127,006	548,566
Iron and steel wire	224,110	509,991
Steel rails	23,826	1,094,364
Iron and steel sheets and plates	16,778	707,496
Builders' hardware	135,760	136,947
Saws and tools	158,443	386,990
Electrical machinery	15,768	345,057
Pumps and pumping machinery	84,153	415,076
Sewing machines	131,010	352,920
Steam engines, and parts of	241,271	371,118
Pipes and fittings	220,035	1,016,423
Boots and shoes	536,303	2,967,722
Bacon	345,273	526,819
Hams	542,605	709,780
Lard	1,812,639	4,154,046
Salted and pickled pork	264,931	879,998
Lard compounds, etc	1,060,548	1,352,156
Dairy products	342,550	433,518
Mineral oil, crude and refined	529,238	896,280
Paper, and manufactures of	254,966	1,114,916
Vegetables	430,217	1,315,425
Lumber and timber	1,076,953	2,635,030
Furniture	265,203	777,294
All other articles	7,008,540	15,943,357

The above tables are taken from the official reports of the Department of Commerce and Labor.

APPENDIX B.—*The world's supply of sugar.*

[Figures from Willett & Gray.]

Year.	Cane.	Beet.	Total.
	Tons.	*Tons.*	*Tons.*
1885-86	4,289,300	2,229,973	6,519,273
1886-87	4,311,900	2,750,206	7,062,106
1887-88	4,442,000	2,481,950	6,923,950
1888-89	4,280,700	2,785,844	7,066,544
1889-90	4,275,800	3,619,678	7,895,478
1890-91	5,168,900	3,695,567	8,864,467
1891-92	5,732,061	3,501,920	9,233,981
1892-93	5,533,486	3,454,198	8,987,684
1893-94	6,031,921	3,909,988	9,491,909
1894-95	6,010,970	4,810,973	10,821,943
1895-96	5,309,477	4,314,649	9,624,126
1896-97	5,091,857	4,954,032	10,045,889
1897-98	5,114,255	4,872,173	9,986,428
1898-99	5,071,672	5,024,572	10,096,244
1899-1900	4,908,095	5,590,992	10,499,087
1900-1901	6,183,653	6,066,939	12,250,592
1901-2	6,279,742	6,913,604	13,193,346
1902-3	6,263,941	5,756,720	12,020,661
1903-4	6,234,203	6,089,468	12,323,671
1904-5	6,594,782	4,918,380	11,513,262
1905-6	6,731,165	7,216,060	13,947,225
1906-7	7,329,317	7,143,818	14,473,135
1907-8	6,917,663	7,002,474	13,920,137
1908-9	7,635,838	6,927,875	14,563,713
1909-10	8,339,888	6,587,506	14,927,394
1910-11	8,412,908	8,550,220	16,963,128
1911-12	8,765,000	6,780,000	15,545,000

APPENDIX C.—*Sources of the world's sugar supply.*

[Figures from Willett & Gray.]

CANE SUGAR.

	1910-11	1911-12	1912-13[1]
	Tons.	*Tons.*	*Tons.*
British India	2,226,400	2,390,400	2,400,000
Cuba	1,483,451	1,893,984	2,250,000
Java	1,229,100	1,393,000	1,331.000
Hawaii	506,096	531,490	500,000
Louisiana	306,000	316,000	160,000
Porto Rico	295,000	320,000	340,000
Mexico	161,602	155,000	160,000
Brazil	287,000	235,000	249,000
Argentina	148,855	180,092	145,000
Peru	123,756	140,000	140,000
Philippine Islands	203,784	190,702	200,000
Formosa	267,000	179,000	112,000
Queensland	210,756	173,296	130,000
Mauritius	226,009	165,585	200,000

[1] Estimated.

Other countries producing cane sugar in quantities ranging from a few thousand tons up to 100,000 tons are Santo Domingo and Haiti, Demerara, Trinidad, Barbados, Jamaica, several of the minor islands of the Caribbean Sea, the republics of Central America, Surinam, New South Wales, Fiji, Egypt, Reunion, Natal, Mozambique, and Spain. The total cane crop for these years is reported as, respectively, 8,421,134, 9,202,359, and 9,036,036 (estimated).

APPENDIX D.—*European beet-sugar production.*

[Figures from F. O. Licht, Berlin.]

	1910-11	1911-12	1912-13[1]
	Tons.	*Tons.*	*Tons.*
Germany	2,606,123	1,509,000	2,780,000
Russia	2,140,000	2,125,000	1,550,000
Austria-Hungary	1,538,031	1,155,000	1,900,000
France	724,897	513,000	950,000
Belgium	284,714	246,000	290,000
Holland	221,359	268,000	300,000
All others	590,000	530,000	650,000
Total	8,105,126	6,346,000	8,420,000

[1] Estimated.

APPENDIX E.—*Annual sugar consumption of the Unidle States (by averages of 5-year periods).*

[Figures from official records.]

	Quantity.	Pounds per capita.
	Tons.	
1883-1887	1,250,000	49.92
1888-1892	1,629,000	58.53
1893-1897	1,976,000	63.82
1898-1902	2,213,000	66.08
1903-1907	2,761,000	74.08
1908-1912	3,329,000	81.C7

APPENDIX F.—*Average price of duty-paid 96° centrifugal sugars.*

[Figures from official records.]

Year	Price	Year	Price
1900	4.67	1907	3.756
1901	4.05	1908	4.073
1902	3.542	1909	4.007
1903	3.72	1910	4.188
1904	3.974	1911	4.453
1905	4.278	1912	4.162
1906	3.686		

APPENDIX G.—*Average United States wholesale price of refined sugars.*

[Figures from market records.]

Year	Price	Year	Price
1900	5.32	1907	4.649
1901	5.05	1908	4.957
1902	4.455	1909	4.765
1903	4.638	1910	4.972
1904	4.772	1911	5.345
1905	5.256	1912	5.041
1906	4.515		

APPENDIX H.—*Beet-sugar production in the United States (for sugar years).*

[Figures from Willett & Gray.]

Year	Long tons.	Year	Long tons.
1900	72,944	190	433,010
1901	76,859	1908	440,200
1902	163,126	1909	384,010
1903	195,463	1910	450,495
1904	208,135	1911	455,220
1905	209,722	1912	541,101
1906	283,717	1913 [1]	625,000

APPENDIX I.—*Excise taxes collected in 1907 by various Governments.*

[From Senate committee report.]

Country	Amount
Russia	$52,255,640
Germany	35,118,408
France	30,020,055
Italy	14,745,691
Austria-Hungary	38,191,500
The Netherlands	9,902,250
Spain	4,618,531
Belgium	3,507,645

APPENDIX J.—*Loss in revenue by tariff reduction.*

[Official estimate.]

By a reduction of—	
One-tenth of 1 cent per pound	$3,899,932
Two-tenths of 1 cent per pound	7,799,864
Three-tenths of 1 cent per pound	11,699,796
Four-tenths of 1 cent per pound	15,599,728
Five-tenths of 1 cent per pound	19,499,660
Six-tenths of 1 cent per pound	23,399,592
Seven-tenths of 1 cent per pound	27,299,524
Eight-tenths of 1 cent per pound	31,199,456
Nine-tenths of 1 cent per pound	35,099,388
1 cent per pound	38,999,323
By free trade	52,496,869

[1] Estimated.

APPENDIX K.—*Sources of United States sugar supply.*

[Figures from Willett & Gray.]

	1910	1911	1912
	Tons.	*Tons.*	*Tons.*
Total	3,350,355	3,351,301	3,504,182
Domestic cane	333,006	288,074	257,194
Domestic beet	457,000	506,823	516,851
Maple and molasses	15,200	16,910	15,155
Total domestic	805,206	811,809	789,200
Hawaii	459,128	482,231	526,281
Porto Rico	276,788	280,622	285,556
Philippines	96,658	168,408	131,932
Total insular	823,574	931,261	943,769
Cuba	1,640,182	1,409,259	1,064,863
All other	81,393	199,062	106,350

APPENDIX L.—*Taxes, etc., on sugar in foreign countries.*

On pages 297 et seq. of the hearings before the Senate Committee on Finance, held in April, 1912, there appear tables giving the tariffs and taxes on sugar in various countries. The following figures are taken from those tables:

	Internal-revenue tax.	Surtax.	Import tax.
Austria-Hungary	$3.50	$0.52	$4.02
Belgium	1.75	.52	2.27
France	$2.19-2.53	.52	$2.71-3.05
Germany	1.51	.52	2.03
Holland	4.92-5.20		4.92-5.20
Italy	6.23	2.44	8.67
Spain	3.06	3.49	6.55
Russia	2.50	6.06	8.56
United Kingdom		.39	.39

The basis of these is 100 pounds.

APPENDIX M.—*Duty collected on imported sugar.*

[Figures from Statistical Abstract of United States.]

Fiscal year:		Fiscal year:	
1902	$52,622,601	1907	$60,135,181
1903	63,214,744	1908	49,984,995
1904	57,789,729	1909	56,213,472
1905	51,171,283	1910	52,810,995
1906	52,440,228	1911	52,496,559

APPENDIX N.—*Output of refineries.*

[Figures from Willett & Gray.]

PER CENT OF TOTAL.

	1903	1909	1912
A. S. R. Co.	52.89	43.14	38.48
Independent companies	37.48	42.40	46.09
Beet companies	8.79	13.95	15.01
Other	.84	.51	.42
	100.00	100.00	100.00

APPENDIX N.—*Output of refineries*—Continued.

IN TONS.

	1905	1912
A. S. R. Co.	1,325,692	1,324,221
Independent companies	930,557	1,586,120
Beet companies	230,477	516,575
Other	20,954	14,231
	2,506,680	3,441,167

SIDNEY BALLOU, WASHINGTON, D. C.

THE SUGAR TARIFF AND THE CONSUMER.

WASHINGTON, D. C., *April 7, 1913.*

The growing realization of the extent of the income tax which will be necessary to supply the deficit in revenue caused by free sugar would seem to warrant careful reconsideration of the benefits to be derived from the latter measure. Free sugar had elements of popularity as a campaign measure, which were apparently unchecked by the revelation, through a congressional investigating committee, that the entire agitation was originated, organized, and financed by large refining interests in New York. If the consumer is really to be benefited, the source of the inspiration is immaterial; but to those conversant with the sugar business there are grave reasons to believe that under free sugar the consumer would save materially less than the full duty and that even this saving would be but temporary.

FULL DUTY PRICES.

It is undoubtedly true, in most cases, that when a protective tariff is put on an article that is largely imported the domestic producer will take full advantage of the duty and charge for his product the import price plus the full duty. This continues until the domestic production reaches the point where competition among the domestic producers, if not checked by combinations, begins to force the price below the full-duty price.

Ten years ago the consumer paid the full duty on sugar, or, in the language of the trade, "the full-duty sugars made the price." The world's price of raw sugar is that quoted f. o. b. Hamburg, and the small domestic production, when sold to the refiner, brought practically this price plus the full duty of 1.685. The refiners sold their refined sugar at the price of raw plus the "refiner's margin," which covered their cost of refining and profit. As all refining is done on the seacoast, this price was f. o. b. New York, Philadelphia, or New Orleans, and the consumer in Chicago paid this price plus the freight. Any beet sugar produced in the interior sold at this full price less the trade allowance, usually 20 cents per 100 pounds.

EFFECT OF CUBAN RECIPROCITY.

In 1904, however, we gave reciprocity to Cuba, which means that we took one of the cheapest sugar-producing countries of the world, and while maintaining a duty of 1.348 against it in favor of our domestic sugars we gave it a protection of 0.337 or over one-third of a cent

a pound as against all the rest of the world. With an almost unlimited area and protection, all out of proportion to any difference in cost of production, it was economically certain that Cuba would soon supply the United States with all its sugar other than domestic to the exclusion of other foreign sugars. Nevertheless it is only this year that our total domestic and Cuban production has reached the point where it is in excess of our consumption.

The effect on the price of sugar, however, soon became apparent. Theoretically, the Cuban should have been able to charge the New York refiner the Hamburg price of raw sugar plus the full duty and to have put the 20 per cent, which was supposedly for his benefit, in his own pocket; but as a matter of fact he was unable to do so. Under the stimulus of protection the Cuban crop began to increase enormously and the Cubans began to compete against each other for the American market. Their profits were such that they could afford to give away a little of the concessions to get quick sales, and the larger their crop grew the more they gave away. During the Cuban season the price of raw sugar in New York fell each year more and more below the Hamburg price plus the full duty.

EFFECT OF DOMESTIC COMPETITION.

Meanwhile the same result was working out in the refined market. The domestic beet sugar in the interior was also feeling the stimulus of protection and increasing by leaps and bounds. Ten years ago this sugar was selling at interior cities at the New York price plus the freight from New York to that city, less the trade differential between beet and cane. When, however, there were many different sellers competing in the same territory on this basis the practice began of "absorbing the freight rate," which meant that only part of the freight rate from New York was charged and the balance was deducted from the delivery price.

Figures before the Hardwick committee showed how extensive and material this absorbing of freight rates had come to be even in 1910. The books of several concerns showed that they were giving away their entire freight protection. (Hardwick hearings, 3970–3973.)

PRESENT SITUATION.

The foregoing, however, is but a prelude to the present situation. The domestic and Cuban production for this year together will be several hundred thousand tons in excess of the consumption of the United States. Somebody will have to find another market, and while it will undoubtedly be Cuba as the least protected, she will not sell her sugars elsewhere until she has fought for the advantageous American market.

The effect of the final attainment of this critical point has been revolutionary. Beginning last December, we have the spectacle of the New York refiners being practically put out of business for a whole month by the beet people. The competition had become so heavy that beet sugar was being sold in New York City and all pretense of adding the freight from New York to the price of beet at interior cities was abandoned. During all of November and December the refiners' quotation in New York was 4.90, while at the same

time beet sugar sold delivered in Minneapolis and St. Paul at 4.65, in Chicago at 4.40, and in Detroit at 4.56½, all subject to a discount of 2 per cent for cash.

In New York the Federal and National Refineries closed and the big Havemeyers and Elder plant of the American went on half time. These had no domestic sugars, as the Louisiana crop was out of the way and Cuba, Porto Rico, and Hawaii had not yet arrived. They could not afford to buy full-duty sugars as they had been accustomed to doing at this time of the year.

When the Cuban crop came on the market in January it was the case of an enormous supply meeting a very light demand from the refiners, the consuming market being still supplied with beet. The expected happened. While the Hamburg price of raw sugar was 9s. 6d., equal to a parity of 4.05 landed duty paid in New York, the refiners would not look at offerings of Cuban sugar until they had driven them down to a price where the producers had to stick or else make no profit. This proved to be about 2⅛ cents cost and freight at New York, or 3.48 duty paid. Hawaii and Porto Rico had to take the same duty paid price. As soon as an opportunity came for selling these sugars against the beet the refiners cut their margin to the bone (stated by Willett & Gray to be below cost of refining), with the result that refined sugar is now being sold at 4.165 net cash, wholesale, and is reaching consumers throughout the country at from 4½ to 5 cents a pound.

Here is an example of a protective tariff stimulating production until it has reached a competitive basis and broken finally away from the full duty price. As the season advances and the pressure of the beet sugar is removed the market will probably advance, but if beet-sugar production is allowed to increase much further at the present rate there is no reason why we should not have these conditions throughout the greater part of the year.

EFFECT OF FREE SUGAR.

The consumer is not paying the full duty of 1.90 on refined sugar nor the full duty of 1.685 on 96° raw sugar. It is true that the Cuban duty of 1.348 is added to the in-bond price of every shipment from Cuba, and in that sense the consumer is paying the full Cuban duty. That in-bond price, however, has been lowered by competition among the producers for the domestic market. The removal of the duty would not of itself reduce the price of sugar, but it would put it in the power of the refiners to lower it, a distinction with a difference. At the outset the refiners, now complaining so bitterly of the beet invasion, would undoubtedly lower the price by the entire Cuban duty. They could then sell sugar below the cost of any domestic producer and could hold it at that point until every acre of beet or cane was abandoned or planted to other crops.

With the extinction of the domestic industry, however, an entirely new set of forces would come into play. The tariff, as has been seen, is only one and by no means the most important item in the price. The very Cuban price to which it is added has itself been lowered to its present point by the competition which would then no longer exist. Every other item on the list would feel the reaction and the price to the consumer would be regulated as follows:

First. The world's price of sugar at Hamburg would go up on account of the deficit in the world's production. A prospective shortage of a million tons, which is less than our domestic supply, sent that price up 2 cents per pound in 1911. Besides the operation of the law of supply and demand, this price is subject to the most extensive speculation, manipulation, and control of any staple article in the world.

Second. The Cuban price would no longer remain below the parity of the Hamburg price, a difference at present over one-half cent per pound.

Third. The refiners would be relieved of the competition of beet sugar in the interior and could undoubtedly increase their refiners' margin. In times past this margin has varied from half a cent a pound in times of fierce competition to 1.15 cents when sugar was on the free list.

Fourth. The wholesalers are complaining bitterly of their lack of profit in handling sugar (see "Selling sugar for fun," New York Com. Bulletin, Feb. 3, 1913) and would certainly be tempted to absorb another fraction of a cent.

Fifth. Full freight from New York to all interior points would be added, whereas now there are several months in the year when that freight is wholly or partly absorbed in the competition between the beet-sugar companies.

Under these circumstances the interests of the American consumer are certainly safer, in the long run, under the present competitive system than under a system where our entire supply of sugar is imported and refined by less than half a dozen concerns.

REQUEST FOR THE REDUCTION AND REMOVAL OF DUTY ON SUGAR.

To the United States Senate Finance Committee, Washington, D. C.:

Pursuant to the last election sentiment, the undersigned respectfully request a material reduction, or the removal, of the tariff on sugar, in the interests of the 94,000,000 consumers, including the distributing and manufacturing industries, in which it is an important item. For years the tariff has increased consumers' cost nearly 2 cents per pound and, operating as a heavy indirect subsidy, encouraged promoters of the domestic sugar industry to float and pay dividends on watered stock. We are entitled to relief from such extortion on a necessary of life. We wish to caution you against accepting too seriously the complaints of these industries, who seek to maintain the privilege of taxing the American consumer for their especial benefit, and beg to submit that evidence shows that a heavy tax on sugar is not justified by conditions relating to the production or refining of sugar in this country. If protection to infant industries were needed, it has been bountifully given; the aim of future legislation should be "the greatest good for the greatest number." A rate equivalent to 20 per cent ad valorem (one-half cent per pound on raw sugar of 96° test) should be the maximum on this, one of the principal articles of daily food. We protest vigorously against a higher rate. The

United States is singularly favored with natural and abundant sources of supply, both of cane and beet sugar, that can be produced at a low cost. In consequence, consumers should receive refined sugar cheaper than any nation in the world; and would, if it were not for the high tariff which enhances the price.

The question is: Are we to receive the benefit of our natural advantages, or are they to be discriminated against, through a high tariff, for the benefit of the promoters of our domestic beet and cane sugar industry?

A higher tariff means the latter—a low tariff insures the former.

(The above has been received, signed by 3,087 different persons, as follows: California, 300; Indiana, 297; Washington, 205; Georgia, 190; Illinois, 162; Texas, 162; Kansas, 161; Tennessee, 161; Minnesota, 139; West Virginia, 132; Ohio, 132; Kentucky, 108; Mississippi, 92; Oregon, 85; North Carolina, 85; Alabama, 79; Arkansas, 75; Iowa, 63; Wisconsin, 58; Florida, 58; North Dakota, 56; South Dakota, 47; Virginia, 41; Maryland, 35; Colorado, 34; New York, 27; Missouri, 23; Pennsylvania, 21; Massachusetts, 13; other States, 35.)

Par. 180.—SUGAR SIRUP, GLUCOSE, ETC.

H. KELLOGG & SONS, 26 SOUTH FRONT STREET, PHILADELPHIA, PA.

PHILADELPHIA, *April 12, 1913.*

Hon. F. M. SIMMONS,
Committee on Finance, United States Senate,
Washington, D. C.

DEAR SIR: We are the United States agents for Abram Lyle & Sons (Ltd.), sugar refiners of London, England, who make a very high grade of sugar sirup called Lyle's Golden Syrup.

The present rate of duty on sirup is 20 per cent ad valorem, which is about the equivalent of 1 cent per pound. The proposed rate of 3 cents per pound increases the duty 300 per cent, which practically prohibits its importation. We feel sure that this is not your intention nor the purpose of your bill, namely, to lower the cost of food products.

Sugar sirup is an article that is largely used by the masses of our working people, the trade for it being largely in the manufacturing districts. Lyles, being made from sugar only and absolutely pure, its use is to be encouraged.

The proposed rate of duty increases its cost on the 2-pound tin 50 cents per dozen, and immediately takes it out of the range of the price at which it can be sold to the ordinary workingman.

We therefore appeal to you to correct this error, as we believe it surely is. We can not bring ourselves to think that there is any special prejudice on the part of yourself or of the Ways and Means Committee that would shut out from consumption an article of food so pure and wholesome as sugar sirup.

We are expressing to you for your examination a tin of this sirup, and if there is any opportunity to have a conference upon the subject, to go more fully into the matter, we certainly will appreciate such opportunity, and ask for it.

We suggest that paragraph 182 be altered to read:

Maple sugar, maple sirup, not specially provided for in this section, 3 cents per pound; glucose, grape sugar, or refined sugar sirup made from cane or beets, 1¼ cents per pound; sugar cane in its natural state, or unmanufactured, 15 per cent ad valorem: *Provided*, That three years after the day when this act shall take effect the articles hereinafter enumerated in this paragraph shall thereafter be admitted free of duty.

Par. 180—GLUCOSE.

ROBERT H. HYMAN, WEST HOBOKEN, N. J.

WEST HOBOKEN, N. J., *May 13, 1913.*

Hon. OSCAR W. UNDERWOOD,
Chairman of Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: While you and the members of your committee are engaged in the consideration of tariff schedules, I would like to call to your attention a few things showing the justice of removing entirely the tariff on glucose, starch, and other corn products, which tariff now serves only to enrichen the Corn Products Co. and its subsidiary concerns. Verification of all statements I may make herein may be obtained from any manufacturer in America who uses the products of the Corn Products Co.

1. The Corn Products Co. and its subsidiary companies control 86 per cent of the glucose, sirup, and starch output of the United States, according to the allegations of the Government in its suit under the Sherman antitrust law against the concern.

2. The Corn Products Co. owns and controls the large majority of plants making glucose, starch, and other corn products.

3. In its answer to the Government's suit the Corn Products Co. practically admits the charges of the Government and confesses it has a monopoly in the industry.

4. Manufacturers who use glucose and starch in their business, such as candy and sirup factories and preserving works, are compelled to buy from the Corn Products Co., because the output of the independent plants is not sufficient to supply their demands.

5. No matter how poor and inferior may be the quality of the glucose and starch shipped to the manufacturer by the Corn Products Co., the company pays no attention whatsoever to the manufacturer's complaints, and the buyer has no remedy against the Corn Products Co., who, if it deigns to reply to complaints, merely says:

Take the goods we send or else buy from some one else.

6. The manufacturer thus is often compelled to use inferior quality glucose and starch in its products, and in case the dealer rejects the goods because of poor quality the manufacturer has to bear the loss.

7. The few independent plants making glucose and starch take orders for their limited output at certain times of the year, at which time the Corn Products Co. lowers its prices so that the independents can not compete, and then, after the independents are out of the field, the trust raises its prices to whatsoever figure it wishes.

8. The manufacturer can not risk buying from the independent plants because if he does and his supply from the independents runs

short and they can not fill his orders, the Corn Products Co., while not refusing to sell to such manufacturer, will delay shipment of the goods and at times this delay obliges the manufacturer to shut down his factory temporarily.

9. The Corn Products Co. has established and is operating candy factories in order to compel candy manufacturers to buy their glucose, sirup, and starch from the Corn Products Co.

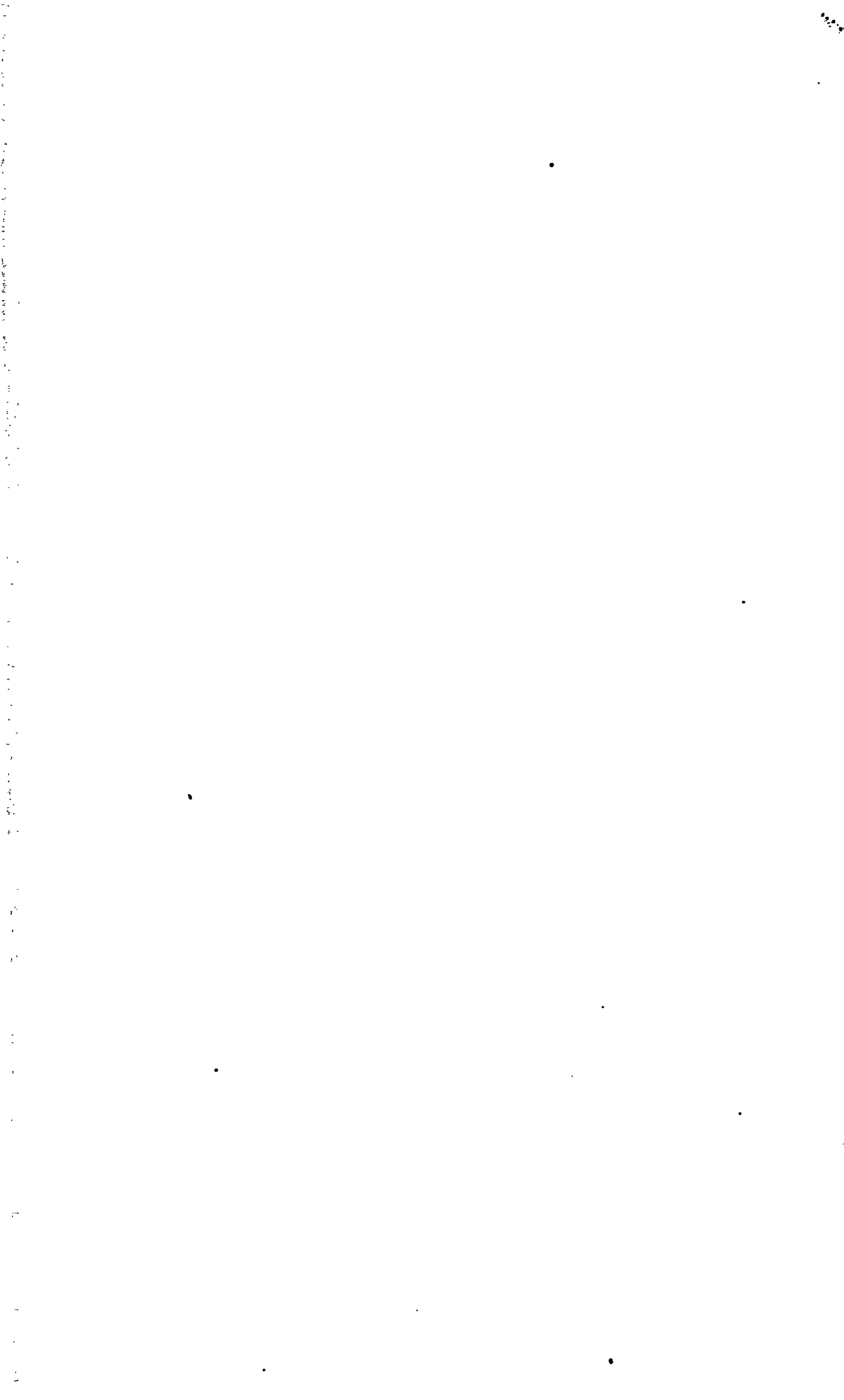
10. In the event the candy manufacturer buys corn products from the independent plants, the Corn Products Co. puts the candy from its factories into competition with that of the outside candy manufacturer at such cutthroat low prices that the outside manufacturer can not compete, and this business is either destroyed or seriously damaged.

Now, in Germany and other foreign countries, a purer and better quality of glucose and starch is made, and if the tariff on these articles were removed the foreign manufacturers could sell their products in the United States cheaper than the Corn Products Co. sells its inferior product. Since the tariff only enriches the Corn Products Co. and helps it maintain its monopoly and trust methods, it would be justice to the American manufacturers who use glucose, starch, and corn products, to the jobbers and dealers in articles manufactured from these products, and to the consumers of these manufactured articles that the tariff on glucose, starch, and other corn products be removed entirely in order to create competition, give a better supply, and a better product.

All of which I most respectfully submit to your consideration.

Schedule F.

TOBACCO, AND MANUFACTURES OF.



SCHEDULE F.—TOBACCO, AND MANUFACTURES OF.

Par. 187.—CIGARS, ETC.

JOINT ADVISORY BOARD, CIGAR MAKERS' UNIONS NOS. 14, 15, 217, 227, AND 383, CHICAGO, ILL., BY A. G. PRICE, PRESIDENT, AND BENY COHN, SECRETARY.

CHICAGO, *April 28, 1913.*

Hon. JAMES MCANDREWS,
House of Representatives, Washington, D. C.

DEAR SIR: We, the undersigned officers and journeymen cigar makers, residents of Chicago, earnestly and respectfully protest against the unlimited free importation of cigars from the Philippine Islands, as proposed in the Underwood-Wilson bill now before Congress.

Our reasons for protesting are set forth in the brief submitted by our international officers and mailed to you under date of April 22, 1913, which brief, herewith inclosed, we concur in and fully indorse, and ask you to accept it as an expression of our sentiment and belief.

(Signed by A. G. Price, president; Beny Cohn, secretary; and 437 others.)

CIGAR MAKERS' INTERNATIONAL UNION OF AMERICA, CHICAGO, ILL., BY G. W. PERKINS, INTERNATIONAL PRESIDENT.

A PROTEST AGAINST UNLIMITED FREE TRADE WITH THE PHILIPPINE ISLANDS.

At a convention of the Cigar Makers' International Union held in September, 1912, a resolution was unanimously adopted by the 400 delegates protesting against the importation of cigars duty free from the Philippine Islands, and instructing the president to protest to the proper Federal authorities and to the Congress of the United States against such free importation of cigars duty free from the Philippine Islands, which resolution went to popular vote under the referendum and was practically unanimously adopted. Out of a possible 48,457 votes only 186 votes were cast against the resolution.

In compliance with such instructions and in behalf of the Cigar Makers' International Union we earnestly protest against the proposition of the Committee on Ways and Means which provides for absolute free trade in cigars with the Philippine Islands for the following reasons: The bill not only permits cigars manufactured in the Philippine Islands to come in duty free but it permits such cigars to contain 20 per cent foreign material. This means that a manufacturer in the Philippine Islands can put in the cigars a combination of American tobacco, Philippine tobacco, and 20 per cent of Habana tobacco,

and would give the Philippine cigar manufacturers an unfair and undue advantage over the American manufacturers and be a consequent detriment to American working men and women.

The importation of cigars from the Philippine Islands under the present law has steadily increased. We hold that if Congress gives the Philippine cigars free access without restraint or limit to the markets of this country that the American Tobacco Co., which, despite the alleged dissolution acts is just as effective as it ever was, would immediately establish large factories in the Philippine Islands and continue the manufacture of cigars there on a scale that would seriously interfere with the industry in this country proper. This is not an idle statement. When Porto Rico was annexed and given free access to the markets of this country, the trust immediately proceeded to obtain control not only of the cigar industry but also of the leaf or raw material of Porto Rico, so that to-day they practically control at the very least 80 per cent of the cigar industry of that island. In one year 1,250 cigar factories have gone out of business and thousands of American cigar makers have suffered in employment in this country. The trust, with its exceedingly large capital, will do precisely the same thing in so far as the Philippine Islands are concerned if this bill passes and an opportunity is thus given them to do so.

The proposition of the Committee on Ways and Means we unhesitatingly say is favorable to the trust and strengthens its hand and assists it to more quickly stamp out competition of the independents and to establish an absolute monopoly in the cigar and tobacco industry though probably not so intended. The Tobacco Trust controls fully 85 per cent of the smoking and chewing tobacco, snuff, cigarettes, and little cigars in this country. It controls 80 per cent if not more of the cigar industry of Porto Rico, and it controls fully if not more than 75 per cent of the imported cigars coming from Cuba. We earnestly protest against giving them an opportunity to further strengthen their stranglehold upon the independents by giving them the Philippine Islands, which they will exploit for the benefit of the trust and to the detriment of independent manufacturers, of working men and women, of the Federal Government, and of society at large.

The notion that American workingmen can compete with oriental, the cheapest labor in the world, of the Philippine Islands, is absurd and preposterous and absolutely out of the question. The wage paid for making cigars in the Philippine Islands is less than one-fourth of the wages received by cigar makers in the United States. In the third annual report of the bureau of labor of the Philippine Islands, page 15, issued 1912, it officially states that wages of 11,300 cigar makers in the Philippine Islands in 53 factories were ₱193 annually, or about $96.50 American money, or 30 cents per day, while the average wages of the cigar makers in this country are at least $1.50 a day, which includes the unorganized as well as the organized. I estimate that the average wages of the union cigar makers is at least $2 per day, and, as a matter of fact, that is pretty nearly the minimum wage, and it ranges from that sum to as high as $5 per day.

The question of transportation should not be lost sight of. A thousand cigars can be shipped from the Atlantic coast to Chicago for about 10 cents and from coast to coast for about 18 or 20 cents. A thousand cigars, the wholesale price of which would be $100, weighs about 27 pounds. The question of transportation then is not a factor, as because of the lightness of the commodity it can be trans-

ported at a negligible cost. There are thousands of Chinese, Japanese, which with the Filipinos are very apt learners, especially in the cigar industry, as they prefer factory to field work and the cigar producing capacity of the islands can be recruited and brought up to any number in a very short time, and this we assert without fear of successful contradiction will surely occur if you give them free access to this country. It is claimed that one-third of the population of Manila is Chinese. If the product of this oriental cheap labor comes into this country the result will be ruinous to the industry here, and would in a measure impair and partly nullify the Chinese exclusion act. The cigar industry in this country pays the Federal Government in internal taxes alone about $22,000,000 annually, and when we include the tobacco trade, which includes cigars, cigarettes, snuff, and manufactured tobacco, it contributed for the fiscal year ending June 30, 1912, $70,500,000. There are employed at cigar making, not counting those engaged in making smoking and chewing tobacco, etc., about 136,000 people, of whom about 110,000 are skilled workers and wage earners who are directly and indirectly taxpayers and contributors to the maintenance of our Government, while on the other hand the Filipinos do not contribute a cent to the maintenance of our institutions. The aggregate wages paid to cigar makers is $54,000,000 annually. The wholesale value of the output of cigars is about $350,000,000 annually. It ranks about the twelfth in the value of its output among the great industries of our country. The cigar and tobacco industry has always been taxed through customs duties and internal-revenue tax. It as a consequence is extremely sensitive to hostile legislation. During the last fiscal year over 1,250 small cigar manufacturers have been forced out of business. The union cigar maker receives from $7 to $12 per 1,000 for making the 5-cent cigar, and from $12 to $18 per 1,000 for making the 10-cent cigar, and from $18 to $50 per 1,000 for making the clear Havana cigars or the two-for-a-quarter and more expensive kind.

Under the present law which limits the importation of cigars from the Philippine Islands, duty free, to 150,000,000 annually, the importation jumped from 22,900,000 in 1911 to 72,800,000 cigars in 1912.

From information received from the Insular Bureau of the War Department, we find for the first eight months of this fiscal year 65,000,000 cigars were sent here from the Philippine Islands.

Under the economic conditions prevailing here the allowance of 150,000,000 duty free per annum is more than fair to the Filipinos. Given an unrestricted free market in this country and the Cigar and Tobacco Trust will be enabled to increase the amount produced there and sent here and disposed of through its chain of stores to an extent that will be disastrous to American manufacturers and American working men and women. Owing to climate and the bounties of nature the Filipino lives very cheaply. Clothing is of the cheapest kind, he has no expensive rent to pay, no fuel to purchase, while he has self-sustaining food growing in abundance. We, on the other hand, must buy food, fuel, pay high rent, buy more expensive clothing, and, with the always increasing cost of living, we find the effort to sustain, home, family, and life, always equal to our income. We earnestly protest against being pitted against oriental labor, the cheapest labor in the world, in our struggle for existence. We protest against the proposed changes in extending the amount of free importation of cigars from the Philippine Islands.

CHICAGO, ILL., *May 13, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SIR: By instruction of our international executive board I inclose herewith copy of a resolution unanimously adopted by the executive board in protest against unlimited free trade with the Mongolian, Asiatic, and oriental coolie hand labor of the Philippine Islands.

Let me call your attention to the fact that the convention that adopted the resolution, which was subsequently ratified by popular vote, instructing us to protest against unlimited free trade in cigars with the Philippine Islands, was held in September, 1912, or long before any thought or intimation that the Committee on Ways and Means would propose unlimited free trade with the Philippine Islands.

Yours, respectfully, G. W. PERKINS,
International President.

[Inclosure.]

CHICAGO, ILL., *May 13, 1913.*

To the Congress of the United States, Senators, and Members of the House of Representatives:

GENTLEMEN: At the September, 1912, convention of the Cigar Makers' International Union, a resolution was adopted and under the referendum approved by popular vote, protesting against the importation of cigars duty free from the Philippine Islands, and instructing the international president and executive board to protest to the proper Federal authorities and to the Congress of the United States against the importation of cigars from the Philippine Islands duty free.

In addition to the brief submitted to you, by instruction, by the international president, G. W. Perkins, under date of April 22, 1913, which brief we concur in and indorse and ask you to accept as our unanimous belief and judgment, we respectfully call attention to the fact that this proposition to raise the limit and permit cigars to come in without restraint from the Philippine Islands is more of an economic labor question than an economic political question, for the following reasons:

Our trade—the cigar trade—is a hand industry. Machinery is not successfully used in the manufacture of cigars. It is purely a hand trade, and because of the difference in standards of living in this country and in the Philippine Islands we can not successfully compete with the Mongolian, Asiatic, oriental hand labor of the Philippine Islands. In the Philippine Islands the wages are, according to the Third Annual Report of the Bureau of Labor of the Philippine Islands, about 30 cents a day.

Under the present law the Philippines are permitted to send here 150,000,000 cigars annually. It may be said that this limit has not been reached, and never will be. If this is true, why raise the limit? We believe that if the limit is raised, foreign capital will immediately establish factories there because of the extremely low wages paid, and in a few years either destroy the industry in this country or reduce the standard of wages to a level where no American can exist.

We again say this is more than a political protective tariff or a tariff-for-revenue-only issue. It is subjecting our trade, a hand industry, to competition with the Mongolian, Asiatic, oriental hand labor of the Philippine Islands, the cheapest labor in the world, which proposition we earnestly and respectfully protest against.

The delegates to the convention which adopted the resolution instructing us to act in this matter did not consider the matter a political partisan issue, but rather one of competition with oriental labor. The delegates were so intensely in earnest and secure in the justice of our position that they instructed the officers to solicit the cooperation and assistance of all fellow trade unionists of other trades, and friends.

(Signed by G. W. Perkins, international president, Chicago, Ill.; Samuel Gompers, first vice president, Washington, D. C.; Thos. F. Tracy, second vice president, Boston, Mass.; W. H. Fitzgerald, fourth vice president, Portland, Oreg.; L. P. Hoffmann, fifth vice president, Jacksonville, Ill.; John Reichert, sixth vice president, Milwaukee, Wis.; E. G. Hall, seventh vice president, Minneapolis, Minn.; Gibson Weber, international treasurer, Philadelphia, Pa.)

C. E. JORDAN, BAKER, OREG., AND OTHERS.

BAKER, OREG., *May 16, 1913.*

Hon. HARRY LANE,
United States Senator, Washington, D. C.

DEAR SIR: In behalf of Cigar Makers' Union No. 487, of Baker, Oreg., we earnestly protest against the proposition of the Committee on Ways and Means which provides for absolute free trade in cigars with the Philippine Islands, for the following reasons:

The bill not only permits cigars manufactured in the Philippine Islands to come in duty free, but it permits such cigars to contain 20 per cent of foreign material. This means that a manufacturer in the Philippine Islands to put in the cigars a combination of American tobacco, Philippine tobacco, and 20 per cent of Habana tobacco, and would give the Philippine cigar manufacturers an unfair and undue advantage over the American manufacturers and be a consequent detriment to American working men and women.

Ours is a hand trade and a hand industry, in which machines are not used, and we can not under any circumstances successfully compete with the Mongolian Asiatic hand labor of the Philippines.

One-half or more of the cigar factories in Manila are owned by Chinese. In 53 factories in the Philippine Islands, according to the third annual report of the bureau of labor of the Philippine Islands, the wages were about $93.50 per year, which is less than $2 a week, or about 30 cents a day.

The cigar makers of the Pacific coast States receive from $10 to $50 per 1,000 for making cigars, or a weekly wage of $18 to $30 per man. If the product of the oriental cheap labor comes into this country, the result will be ruinous to the industry here and would, in a measure, impair and partly nullify the Chinese-exclusion act.

Under the economic conditions prevailing the allowance of 150,000,000 cigars duty free per annum is more than fair to the Filipinos. Given an unrestricted free market in this country and the Cigar and Tobacco Trust will be enabled to increase the amount produced there and sent here and disposed of through its chain of stores to an extent that will be disastrous to American manufacturers and American working men and women.

Owing to climate and bounties of nature the Filipino lives very cheaply. Clothing is of the cheapest kind. He has no expensive rent to pay, no fuel to purchase, while he has self-sustaining food growing in abundance.

We, on the other hand, with the high and always increasing cost of living, find the effort to sustain our homes and families always equal to our incomes.

We, the members of Cigar Makers' Union No. 487, of Baker, Oreg., and your constituents, earnestly protest against being pitted against oriental labor, the cheapest labor in the world, in our struggle for existence. We protest against the proposed changes extending the amount of free importation of cigars from the Philippine Islands.

(The above protest was signed by C. E. Jordan and 19 others.)

NEW ENGLAND CONFERENCE OF CIGAR MAKERS, BY WILLIAM STANDCUMBE, PRESIDENT, 39 PORTLAND STREET, BOSTON, MASS.

BOSTON, MASS., *April 3, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

HONORABLE SIR: At a regular meeting of the representatives of the New England conference of cigar makers in convention assembled, the following resolutions were adopted by unanimous vote.

[Inclosures.]

BOSTON, MASS., *April 3, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

HONORABLE SIR: We, the representatives of the cigar makers of New England, earnestly protest against any reduction in the tariff on imported cigars, for the following reasons:

Clear Havana cigars that retail 2 for 25 cents can be procured in Cuba for from $30 to $36 per 1,000, while the cost of production of the same cigar in the United States is from $75 to $80 per 1,000, owing to the difference in wage of everything in or about a cigar factory. Place these imported goods on the market at the prices quoted, with an import stamp on the box, and you drive the American manufacturer out of the business and the worker on the street, besides opening a market for the product of Germany, Austria, Holland, Belgium, France, and Italy, where cigars are made by women and girls.

Is this advisable?

We have the honor to be,

WILLIAM STANDCUMBE, *President.*
E. A. MANNINO, *Secretary.*
WM. J. MURPHY,
J. BENJAMIN,
SAMUEL CAHN,
Committee.

BOSTON, MASS., *April 3, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

HONORABLE SIR: We, the cigar makers of New England, in convention assembled, respectfully protest against any increase of the internal-revenue tax on cigars, for the following reasons:

We now pay an internal-revenue tax of $3 per 1,000 on all cigars weighing more than 3 pounds to the 1,000. The great bulk weigh more. Cigars sell for 5, 10, and 15 cents each. You can't shift the burden onto the consumer, and the manufacturer will endeavor to shift it onto the wage earner. Neither jobber nor retailer will pay it. Cigars are not a luxury, but a necessity, just as much as a good suit of clothes or proper food. It would create a disturbing influence on the industry, which pays one-fifth of the expenses of the Federal Government now.

One hundred and thirty-six thousand are employed in the industry at present, who will feel the effects of any hostile legislation.

We earnestly and emphatically protest against any increase of the internal-revenue tax on cigars.

I have the honor to be,

WILLIAM STANDCUMBE,
President New England Conference of Cigar Makers.

APRIL 3, 1913.

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

HONORABLE SIR: Cigar makers of New England, assembled in convention of the New England Conference of Cigar Makers, respectfully but earnestly protest against the proposition to levy a uniform duty of $1 a pound on all imported tobacco, for the following reasons:

Present duty on Sumatra tobacco is $1.85, on Habana fillers 28 cents. It takes for 10-cent goods 2 pounds of Sumatra wrappers and 16 pounds of Habana fillers to 1,000

cigars. With a uniform duty of $1 a pound, the New England manufacturer, who almost exclusively makes this quality of cigars, would save $1.70 on Sumatra wrappers, but pay 72 cents more for each pound of Habana used. Multiply 72 by 16 and we have $11.52. Deduct from $11.52 $1.70 saved on Sumatra and you have an extra expense of $9.82 on 1,000 cigars and ruin to New England. For he can not charge this to the jobber or consumer, and if this is enacted it necessarily follows that factories must close, throwing out of employment men in our New England States.

Kindly give this the attention the subject matter warrants.

Yours, very respectfully,

WILLIAM STANDCUMBE,
President New England Conference of Cigar Makers.

RESOLUTIONS OF CIGAR MAKERS' UNION NO. 253, OAKLAND, CAL.

OAKLAND, CAL., *May 1, 1913.*

Whereas the Committee on Ways and Means of the House of Representatives has reported favorably to the Sixty-third session of the United States Congress a proposition permitting free entry into the United States of cigars manufactured in the Philippine Islands; and

Whereas the regulation now in force permits cigars manufactured in the Philippines to enter the United States to the extent of 150,000,000 duty free; and

Whereas the imports of Philippine cigars into the United States has never yet amounted to but little over two-thirds (72,800,000) of the maximum number provided under the present regulation, thus showing no immediate demand exists on part of the American public for extension of free privileges in this connection; and

Whereas the proposed free measure provides permission for the use of 20 per cent of Havana tobacco, the whole output of which country is already practically controlled by the American Tobacco Trust; and

Whereas 1,250 independent cigar factories have been forced out of business during the single year past and thousands of American wage workers and their families suffered from lack of employment as result; and

Whereas the further extension of the free-trade theory in this line will tend to restrict what little competition now exists in the tobacco business by extending the control of the American Tobacco Co. of the industry as did similar action in connection with Porto Rico, in which place the trust has established manufacturing plants until they now control 80 per cent of the entire output of the island, much to the detriment of independent capital in that country and free labor in America; and

Whereas both goods and containers are liable to transmit contagious diseases known to be prevalent among the natives of the Philippines to handlers and consumers in this country: Therefore be it

Resolved, By Cigar Makers' Union No. 253, of Oakland, Cal., that we most vigorously protest against the passage of any legislation that will increase or extend the free entrance of cigars into the United States, and request that our Senators and Representatives in Congress, and all others interested in the welfare of independent capital and American standards of life and industry, use their utmost influence to defeat any and all measures tending to extend

the admission of manufactured tobacco products to the United States duty free, on the ground—

1. That further extension of free trade in the manufactured tobacco-goods line tends to extend the baleful influence of the trust and to wipe out healthy competition in the business.

2. That such action will further reduce opportunities for employment in America and lower wage standards and working conditions of thousands of workers in the United States without bettering conditions in the Philippines.

3. That free importation of cigars into the United States from the Philippines exposes the consumer to leprosy, beriberi, myopia, and other loathsome and contagious diseases prevalent in the Philippines and said by scientists to be communicable through medium of boxes, wraps and other materials entering into containers, and the goods themselves.

[SEAL.] CIGAR MAKERS' UNION NO. 253,
EDUARD D. JACKSON, *President.*
F. L. WILER, *Secretary.*

We, the undersigned organized bodies and citizens of Alameda County, Cal., indorse the foregoing preambles and resolutions, and join in this protest to the United States Congress against extension of the principle of free trade in the matter of manufactured tobacco products, and respectfully request our Representatives in the Sixty-third Congress to combat, with voice and vote, the adoption of the report of the Committee on Ways and Means of the House of Representatives according duty-free entrance into the United States of all cigars manufactured in the Philippine Islands.

CHAS. P. NELSON
(And 11 others).

CIGAR MAKERS' LOCAL UNION NO. 469, BAKERSFIELD, CAL., BY JACOB ZIMMER, SECRETARY, AND OTHERS.

BAKERSFIELD, CAL., *May 10, 1913.*

Hon. G. C. PERKINS.

DEAR SIR: We protest against unlimited free trade with the Philippine Islands. We earnestly protest, as our trade is a hand industry in which machines are not used, and that we can not, under any circumstances, successfully compete with the Mongolian, Asiatic, oriental hand labor of the Philippines.

One-half or more of the cigar factories in Manila are owned by Chinese. In 53 factories in the Philippine Islands, according to the third annual report of the bureau of labor of the Philippine Islands, the wages were about $93.50 per year, which is less than $2 per week, or about 30 cents a day.

Now it is impossible for us American workingmen to compete with orientals, the cheapest labor in the world, of the Philippine Islands.

We earnestly protest against being pitted against oriental labor in our struggle for existence. We again protest against the proposed changes in extending the amount of free importation of cigars from the Philippine Islands. Hoping that this protest will be accepted and acted on, we remain your constituents.

(The above paper bore the signatures of Jacob Zimmer, secretary, and 18 others.)

Schedule G.

AGRICULTURAL PRODUCTS AND PROVISIONS.

SCHEDULE G.—AGRICULTURAL PRODUCTS AND PROVISIONS.

Par. 188.—CATTLE.

AMERICAN LIVE STOCK ASSOCIATION AND OTHERS, WASHINGTON, D. C.

WASHINGTON, D. C., *May 5, 1913.*

The honorable FINANCE COMMITTEE, UNITED STATES SENATE:

The undersigned, representing the live stock industry of the United States, and particulary of the West and Central West, respectfully urge the retention of a fair and reasonable duty on live stock and meat products. We are willing to stand some reduction in the present duties, but we vigorously protest against the placing of our products on the free list.

The United States is to-day producing all the meat needed for home consumption. The much talked of shortage of cattle is only an absence of the surplus that was formerly exported. This falling off in the production of beef animals is the natural result of the depressed prices that generally prevailed from 1885 to 1910. During that period there was no attraction for capital in the cattle business; indeed, the capital already invested seized every opportunity to get out, and many large and small holdings in the range districts were liquidated as soon as prices permitted doing so with some profit, or at least without any loss.

During the past two years, under the stimulus of better prices, there has been and is a widespread return to the business of cattle breeding. Thousands of farmers and ranchmen, both in the corn belt and in the range section of the West, are establishing breeding herds—generally on a small scale.

On the Chicago market Monday, May 5, 1913, the highest price paid for beef cattle was more than $2 per hundred less than the highest price prevailing in September, October, November, and December, 1912.

The result of the free admission of meats from other surplus countries would be, first of all, to discourage those who have just embarked in the live-stock business or who contemplate doing so. Cows and calves would again be thrown on the market from all parts of the country, and if prices were forced to the level of Argentina beef or Australian mutton, the business of stock raising would be so unprofitable that this country would soon cease to produce its own meat. The result of this would be disastrous, not only directly as diminishing the income of the live-stock producer, but indirectly as destructive of the fertility of the soil of thousands of farms.

Many of the breeders and feeders in the corn belt are stocked up with high-priced breeding and feeding stock, and any pronounced depression in prices would cause tremendous financial loss to them.

The American packers, Armour, Swift, and Morris, each have large plants in Argentina. They handle 30 per cent of the export trade of South America. Two of them are building large plants in Uruguay. Swift & Co. is now building a plant in Brisbane, Queensland. There are now three plants in Canada operated by these same American packers. (See Consular Reports.)

In Special Agent Series No. 43. of the Bureau of Manufactures of the Department of Commerce and Labor, December 15, 1910, it is stated:

> Chicago meat companies entered this field (Argentina) only seven years ago, but have already attained such a position that they are a decided, if not a dominating, influence in the progress of the trade and the control of prices.

The American packers are the only concerns who have distributing agencies in this country, and consequently are the only companies in a position to import meat. The proposition that to place meat on the free list would result in curbing the so-called Beef Trust is therefore preposterous. The big packers of this country are slaughtering a less percentage of the total slaughter in this country than 10 years ago. Whatever control they have over prices in this country would be increased instead of lessened by free meats.

The capacity of the United States for the production of live stock has not been reached. The present output could probably be doubled. Remunerative prices will bring this about. Unprofitable prices will result in a decreased production.

On the prosperity of the agricultural and live-stock industries depend the real progress and prosperity of this Nation. To transfer a part of the business of furnishing meat and other food for this Nation to other countries will seriously injure our agricultural industry and disturb not only our domestic conditions here, but our international trade balance as well.

We are in favor of an equal duty on meat and live stock, and that duty should not be less than 15 per cent ad valorem in order to be fair and equitable to the live-stock and farming interests of this country.

We refer to and make a part of our plea the brief of the American National Live Stock Association, by its attorney, S. H. Cowan, before the Ways and Means Committee on January 21, 1913. This protest is filed with your committee by the undersigned live-stock men now in Washington, on account of the decision of the Finance Committee not to grant any oral hearing.

The above brief was signed by the following associations:

American National Live Stock Association (representing 65 State and local live-stock associations), T. W. Tomlinson, secretary; S. H. Cowan, attorney; J. H. Nations, El Paso, Tex.; L. F. Wilson, Kansas City, Mo.; John MacBain, Trinidad, Colo.; H. S. Stephenson, Los Angeles, Cal., members of executive committee. National Wool Growers' Association (representing 32 sheep and wool growers' associations), S. W. McClure, secretary. Cattle Raisers' Association of Texas, W. W. Turney and I. T. Pryor, vice presidents. Panhandle & Southwestern Stock Men's Association, W. B. Slaughter, president.

Corn Belt Meat Producers' Association, A. Sykes, Des Moines, Iowa, president; Charles Goodenow, Wall Lake, Iowa; Joseph Eisele, Malcolm, Iowa, members of executive committee. Western South Dakota Stock Growers' Association, F. M. Stewart, secretary. Arizona Cattle Growers' Association, John P. Orme. California Wool Growers' Association, F. A. Ellenwood, secretary.

EAST BUFFALO LIVE STOCK ASSOCIATION, EAST BUFFALO, N. Y.

EAST BUFFALO, N. Y., *April 17, 1913.*

To Members of the Senate and House of Representatives:

It appears to be the determination of the present Congress and of the President to enact a tariff law admitting meats duty free. This we believe to be a grievous mistake, against which we most earnestly protest; but assuming that meats will be so admitted, we respectfully urge that provision be made for the admission of live stock on an equal basis; otherwise the producers of meats in this country, which means not alone the so-called "Beef Trust" or "big packer," but the raisers of grass and grain, the farmers, feeders, and stock raisers, as well as the independent butchers and slaughterers, big and little, to the number of several thousands throughout the country, will suffer from such unjust discrimination.

The "big fellow" can take care of himself, either here or abroad, but while striking at him what is only an imaginary blow in this country, the free admission of meats with a 10 per cent duty on cattle, is but a play into his hands, assisting him in the extension of his operations abroad by opening to him our markets for his foreign productions, with increased profits to himself, to the detriment of actual home producers, the probable throwing out of employment of thousands of workmen, and with no benefit to the consuming public through cheaper meats. The fact is that the large packers, four in number, constituting the so-called "Beef Trust," already have numerous large plants in Canada and in South America, of which they would immediately avail themselves, and ultimately there would be created and built up a genuine and real world-wide beef trust; and if we really want a beef trust, better plans could scarcely be devised for the permanent establishment of such.

With the free admission of meat animals, however—still assuming that meats are to be free—conditions would be more nearly equalized. The farmer, grazer, and feeder could obtain thin stock for raising and fattening and the home butcher would be on an equal footing in the purchase of supplies. Competition would be on an equitable basis, the law of supply and demand would have a fair opportunity of asserting itself, and, if benefits are possible, they might be realized.

The following, quoted from an interview with Mr. A. J. Shamberg, vice president of the National Live Stock Exchange, appearing in a recent issue of the New York Journal of Commerce, is indorsed and commended to your earnest consideration:

When the hearings are held in Washington a delegation will be present to present the argument that the raising of the duty on dressed beef while leaving a duty on live cattle will not tend to the reduction of the price of meat. The placing of a duty of 10 per cent on live cattle and allowing dressed beef to come in duty free will further assist the so-called Beef Trust to kill off smaller

packers throughout the United States and also to throttle the foreign raisers of live stock, some of the reasons for which are as follows:

(1) Only very large corporations can maintain killing plants throughout the world and successfully meet keen rivalry.

(2) Nobody can import live cattle for slaughter in the United States and sell beef thereof in competition with imported dressed beef if the rate of duty is to favor the dead article 10 per cent.

In consequence the foreign live-stock raisers will be forced to sell to those interests which have the slaughtering facilities in foreign lands, as they neither can slaughter at home nor ship here alive in competition, owing to such duty discrimination.

Also our smaller slaughterers throughout this country will not be able either to import the live cattle, owing to duty discrimination against live cattle, nor establish slaughtering plants in foreign countries, owing to the large capital necessary for such.

As a matter of equity and to eliminate monopoly, sure to establish itself, the rate of duty should be in favor of the importation of live cattle for the following reasons:

(1) Because the expense of feeding and shrinkage of carcass is eliminated in transporting beef in competition with transporting live cattle.

(2) Because the business of importing live cattle would be open to hundreds of persons, the competition among whom in selling would produce cheaper meat (despite extra handling expense) than would the importation of dressed beef handled by comparatively few firms.

(3) Imported dressed beef will not create the demand for labor, being the finished article, that would be created with importations of live cattle which are to be slaughtered and manufactured into beef, thus creating industry at home.

Briefly, to tax live cattle and let in dressed beef will place the meat industry in a few hands, encourage foreign industry of slaughter, permit monopolists to dictate prices they will pay for cattle abroad and the prices meat must sell for here. Legislation of this sort will, I believe, meet strenuous opposition and have to be altered.

Again, our farmers will be confronted with the importation of meats and not be able to bring in thin stock for feeding purposes, and in time this would mean the reduction in corn raising, 85 per cent of which great crop is being now used in feeding live stock.

My hope is that live cattle will be allowed in free, thus creating industry for the farmer, a market for his grains, and stimulus to animal husbandry, which supplements the fertility of his soil. Meat should pay a duty of at least 1 cent per pound as a protection to home producers and in the indirect interests of consumers as well.

THE CHICAGO LIVE STOCK EXCHANGE, CHICAGO, ILL., BY H. D. PIATT, PRESIDENT, AND C. W. BAKER, SECRETARY.

To the honorable the Senate and the House of Representatives of the United States:

Your orator, the Chicago Live Stock Exchange, respectfully represents, under your honorable body, that it is a nonpecuniary organization, composed of upward of 700 members actively engaged in breeding, raising, feeding, buying, selling, and slaughtering all kinds of live stock, and transacting a business of upward of $3,000,000,000 annually, and representing a constituency of 300,000 live-stock dealers, and was organized over a quarter of a century ago, among other things for the purpose of promoting the best interests of the live-stock industry as a whole, promoting uniformity in the customs and usages in the live-stock trade, thereby securing to its members and others the benefits of cooperation in the furtherance of their legitimate pursuits.

Your orator, considering proposed changes in tariff schedules now pending in Congress affecting live stock and dressed meats, by which

raw material (live stock) would be subject to substantial tax, while the finished products thereof would be admitted to this country free of duty, desire to record its protest against the proposed disturbance of the present existing parity between the raw material and the finished product of live stock.

If an equitable and noninjurious relation were to be sustained and a tariff providing for free meats was by your honorable body deemed advisable, it would naturally and logically follow that the American workingman, and in fact the American people, should have free raw material (live stock); and for the same and many other reasons, among which may be mentioned the well-known existing scarcity of young, or what is known as "feeding," stock, to consume some of the bounteous and surplus crops now raised by the American farmer, the soil conservation and consequent productiveness of American lands on account of the fertilization due to live-stock feeding and fattening, the labor of the American people and consequent capacity to compete, and the ability of the American live-stock people to secure material to recoup their diminished holdings and compete in the world's market with their finished products created by American husbandry.

Your orator firmly believes that the Congress of the United States would not wittingly enact legislation so inimical to American interests if the situation in all its ramifications were thoroughly understood, and it prays that critical and serious consideration of the far-reaching effects of such legislation be given before the passage of a tariff bill containing such unjustifiable and disastrous measures.

All of which your orator will ever pray.

Pars. 188 and 190.—CATTLE AND SHEEP.

NEW YORK PRODUCE EXCHANGE, NEW YORK, N. Y., BY L. B. HOWE, SECRETARY.

NEW YORK, *May 16, 1913.*

DEAR SIR: Pursuant to instructions contained therein, I beg to transmit below a copy of resolution adopted at a meeting of the members of the provision trade of the New York Produce Exchange held May 9, 1913:

Whereas dressed beef and mutton are the products of live cattle and sheep, and the proposed tariff act practically prohibits the importation of the latter by virtue of placing a 10 per cent ad valorem duty on same; and

Whereas such discrimination will prove effective in destroying competition in the sale of meats, owing to the duty on live-stock imports,

Whereas we favor free imports of meats and the continuance of our domestic packing and distributing industries, and

Whereas our farmers, with an abundance of feed, but a shortage of feeding stock since the breaking up of our many ranches, would welcome an equitable tariff to permit their purchasing animals in the world's cheapest producing centers: Therefore be it

Resolved, That we protest against placing any duty on live stock, and that Congress be, and hereby is, requested to permit same entry free of duty, and that our secretary be and hereby is instructed to send copies of this resolution to the President of the United States and to our Representatives in Congress.

Respectfully, yours,

L. B. HOWE, *Secretary.*

Pars. 188, 190, and 191.—LIVE ANIMALS.

RESOLUTION PASSED BY THE NEW YORK AND NEW JERSEY LIVE STOCK EXCHANGE AT A MEETING HELD MAY 6, 1913.

Whereas the pending tariff bill, while allowing the entry of meats free of duty provides that a tax of 10 per cent shall be placed on the admission of live stock, which is a virtual embargo in the face of free meat imports; and

Whereas a few large corporations now controlling foreign slaughtering establishments that the smaller packers can not maintain owing to great financial cost will be permitted by such discrimination to not only monopolize the import of foreign meats but also prevent the importation of live stock; and

Whereas such monopoly is destructive of competition in the import and in the sale of meats and live stock; and

Whereas our farmers are now unable to purchase for feeding and raising purposes any young or thin live stock at prices enabling them to compete with free foreign meats, and as the economic marketing of their grains and grasses is conducted and the conservation of their farm land is maintained through animal husbandry: Now, therefore, be it

Resolved, That Congress be, and hereby is, requested to amend the tariff bill so as to allow live stock entry free of duty in equity to our smaller packers so that they may import same and remain in business, in justice to our farmers permitting them to import young thin live stock, which will foster animal industry and stimulate the soil's fertility, and in the welfare of our general consuming public, who should have the benefit of healthy unrestricted competition; and be it further

Resolved, That copies of this resolution be sent to President Wilson, Vice President Marshall, Speaker Clark, Senator Simmons, chairman of the Senate Finance Committee; Congressman Underwood, chairman of the House Ways and Means Committee, and all Senators and Congressmen, and the public press.

True copy.

Attest:

[SEAL.] J. P. WADE, *Secretary*.

UNITED MASTER BUTCHERS' ASSOCIATION OF AMERICA, BOSTON, MASS., PER ITS EXECUTIVE BOARD.

BOSTON, MASS., *April 21, 1913.*

HONORABLE SIR: The United Master Butchers' Association of America, a national organization with upward of 80,000 members throughout the United States, respectfully requests your influence and support of a measure for the abolition of the tariff on meat-food animals as well as meats.

Resolutions were passed by our national body seven years ago advising such action by Congress, which may be accepted as prima facie evidence that our members, as practical men in the meat business, foresaw the present cattle famine in the United States and made the first and only move that would give relief.

Members of our national association were regarded as pessimistic dreamers, but what was predicted has come true, and to-day the cattle famine is here. Arthur G. Leonard, president of the Union Stock Yards Co., Chicago, Ill., a recognized expert on live stock, states that the "surplus meat-food animals are wiped out in the United States and that it will take seven years or more to bring the cattle supply to normal conditions." He further states, "that if the population increases in the future as in the past, production would not be able to meet consumption."

What better argument for the abolition of the tariff on cattle is required? If, as claimed by those in opposition, that there are no cattle to import, why all this hue and cry against such action, and why is a lobby maintained at Washington to defeat the measure? Judge Sam. Cowan, of Texas, attorney for the National Live Stock Exchange, stated before the Ways and Means Committee at Washington, D. C., that to remove the tariff on meats would flood the country with cheap meats from South America.

The United Master Butchers' Association of America desires cheaper meats in the United States, not only for consumers, but for our members. It is a recognized fact that high meat prices curtail consumption and sales, and we demand what is best for the greatest number regardless of the commercial advantage of a few. As a matter of fact, it would cost more to collect the proposed 10-cent tax on cattle than the Government would receive.

Our national organization, year after year since 1905, has continued to pass, not only resolutions requesting Congress to abolish tariff on meat-food animals, but has also urged Congress to restrict calf slaughter in the United States, the source of our beef supply. Suffice it to state that our members were pledged to support such political party as favored the abolishing of tariff on food products.

We sincerely hope for your favorable influence and support of a measure that will give consumers of the United States cheaper meats, but is also for the good of the greatest number and not for the commercial benefit of the favored few.

Par. 196.—OATS AND OAT PRODUCTS.

BUFFALO CEREAL CO. AND OTHERS, BUFFALO, N. Y., AND OTHER POINTS.

CHICAGO, ILL., *April 25, 1913.*

The FINANCE COMMITTEE, UNITED STATES SENATE.

GENTLEMEN: We beg to call your attention to two items in the tariff bill, H. R. 10. Schedule G, paragraph 199, places a duty of 10 cents per bushel on oats (raw material).

Free list, paragraph 567, admits free the manufactured products of oats, namely, oatmeal, rolled oats, and oat hulls.

The undersigned are independent manufacturers of oatmeal and rolled oats with mills located as shown below.

We believe that the proposed tariff which lets in oatmeal, rolled oats, and oat hulls free and at the same time puts a duty on oats, is unfair.

A duty of 10 cents a bushel on oats with oatmeal, rolled oats, and oat hulls free would give the mills in Canada an advantage of at

least $1 per barrel, as it takes 10 bushels of oats to make a barrel of 180 pounds of rolled oats or oatmeal.

Canadian oats average cheaper than oats in the United States, and in addition the Canadian bushel is 34 pounds as against 32 pounds in the United States. Therefore a duty of 10 cents a bushel will prevent the independent American millers, none of whom have any plants in Canada, from competing on an equal basis with Canadian mills.

The largest manufacturer of rolled oats and oatmeal in the United States or, in fact, in the world, has two large mills in Canada.

The Canadian Cereal Co., with headquarters in Toronto, Canada, is an Oatmeal Trust, being a combination of oatmeal mills with plants located at Toronto, Tilsonburgh, London, Mitchell, Woodstock, Fergus, Windsor, Lindsay, and Embro.

Should the proposed tariff become a law, this largest American manufacturer and the Canadian trust could immediately combine and Congress will have placed the oatmeal business of the United States in the hands of a foreign combination over which they have no control.

We do not ask for protection, but we do ask for equity, and earnestly and respectfully protest against discrimination, and request that oats be placed on the free list.

The above was signed by the following: L. E. Harmon, president Buffalo Cereal Co., Buffalo, N. Y.; C. M. Rich, president Purity Oats Co., Keokuk, Iowa; F. A. McLellan, H. O. Co., Buffalo, N. Y.; by F. A. McLellan, Beck Cereal Co., Detroit, Mich.; C. G. Grojean, Pacific Cereal Association, San Francisco, Cal.; Morris Kennedy, Kennedy Cereal Co., Rochelle, Ill.; C. G. Grojean, Albers Bros. Milling Co., Portland, Oreg.; L. E. Harmon, for Centennial Milling Co., Spokane, Wash.; L. E. Harmon, for Bozeman Milling Co., Bozeman, Mont.; C. G. Grojean, for Excelsior Cereal Co., Los Angeles, Cal.; Phoenix Milling Co., Sacramento, Cal.; Sperry Flour Co., San Francisco, Cal.; and Globe Grain & Milling Co., San Francisco, Cal.

NATIONAL OATS CO., THE CORNO MILLS CO., PROPRIETOR, BY JOHN C. REID, VICE PRESIDENT, ST. LOUIS.

St. Louis, *May 2, 1913.*

The Finance Committee,
United States Senate, Washington, D. C.

Gentlemen: Tariff bill H. R. 10 (H. R. 3321) provides for an import duty of 10 cents per bushel on oats.

It also provides for the importation of oatmeal and rolled oats and oat hulls free.

This is practically equivalent to offering foreign oats manufacturers a bonus on their manufactured article. In support of the foregoing statement we offer the following:

Raw oats at the principal Canadian export markets—Fort William and Port Arthur—have averaged 7 cents per bushel under the price of raw oats in the city of Chicago for the last five and only years that price statistics are accessible in Winnipeg. Chicago is the principal oats market of the United States and the market upon which oats prices, east of the Rocky Mountains, are based. The total cost of transporting from Fort William or Port Arthur to Chicago is 3 cents per bushel, leaving an actual difference in favor of Canada of 4 cents per bushel, or since it takes 10 bushels of the raw product

to make a barrel of the finished article, the Canadian manufacturer will have an advantage of 40 cents per barrel over the American manufacturer on the delivered price at Chicago; and bear in mind that just as raw oats are based upon the Chicago market, so is the manufactured article. For instance, the price all over the United States, east of the Rocky Mountains, on rolled oats and oatmeal in barrels and sacks is based on the ruling price at Chicago, plus the freight differential.

It might be argued that such a condition will tend to reduce the cost of living in the United States, but bear in mind that the American farmer's raw oats will have to compete with the Canadian farmer's raw oats coming in free in the manufactured state, and therefore the American farmer, like the American manufacturer, will be handicapped 4 cents per bushel.

Under the proposed bill the American manufacturer of oats products will have to compete with the Canadian manufacturer, but is denied the privilege of securing his raw material at the lower price that will be available to the Canadian manufacturer.

Those rolled-oats manufacturers of the United States, including ourselves, who have no mills in Canada and who are independent of the Quaker Oats Co., commonly referred to as the American Rolled Oats Trust, are not pleading for a protective tariff on the manufactured products of oats. We simply ask for an equalization—

Either no tariff on the raw material, to equalize it with the manufactured product and enable us to buy on the same basis as the Canadian manufacturer;

Or place a tariff on the manufactured product equal to the proposed tariff of 10 cents per bushel on the raw material, which we figure would be 55 cents per hundredweight on oatmeal and rolled oats and 15 cents per hundredweight on oat hulls or oat feed.

Under the proposed tariff law the so-called trust referred to above would be in an almost invincible position, since they already have one mill operating in Canada, at Peterborough, Ontario, and are erecting a $500,000 plant at Saskatoon, Saskatchewan, Canada.

There is also in Canada the Canadian Cereal Co., a combination formed in June, 1910, of 9 oatmeal companies, operating 14 mills. With the assistance of our proposed tariff schedules on oatmeal and rolled oats, and under the laws of Canada, it would be possible for the Canadian Cereal Co. to combine with the American Rolled Oats Trust and thereby absolutely dominate and control the oatmeal and rolled-oats market of the world. There would in this way be created a greater monopoly than has ever before existed in any line of manufacture under a protective tariff or otherwise in any country of the world.

Our oat mills are located at Cedar Rapids, Iowa, and Peoria, Ill. It will be apparent that if we had a mill or mills in Canada this protesting brief would not be filed. If there is no change made in the proposed oats schedules, it will positively necessitate our dismantling either one of our American plants and establishing a plant in Canada in order to sustain our commercial life and at the same time enable us to share as a recipient in the bonus that the American people will be paying to the foreign manufacturers and the American Oatmeal Trust on oats products.

THE BECK CEREAL CO., 569-577 FORT STREET WEST, DETROIT, MICH., PER GEORGE BECK, PRESIDENT.

APRIL 23, 1913.

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

MY DEAR SIR: I beg to call your attention to two items in the tariff bill, H. R. 10.

Schedule G, paragraph 199, places a duty of 10 cents per bushel on oats (grain).

Free list, paragraph 567, admits free the manufactured products of oats, namely, oatmeal, rolled oats, and oat hulls.

If the tariff passes in its present form, allowing rolled oats and oat hulls to come into the United States free, with a prohibitory duty of 10 cents per bushel on raw oats from Canada, it will force the Beck Cereal Co. and all other independent mills out of business, so far as manufacturing rolled oats on this side of the river, and the only thing for us to do will be to move our plants across the river.

As you will observe by the inclosed, "Effect the changes in the proposed tariff bill now before Congress will have on a Detroit industry," especially do I refer you to the items that the Canadian national standard of a bushel of oats is 34 pounds, while the national standard of a bushel of oats in the United States is 32 pounds, giving them the advantage, as I explained on the inclosed paper.

I believe that if you will kindly read this over at your leisure, you will see that something should be done to preserve our industries, so far as rolled oats are concerned. I am also inclosing you a list of the different mills that are operated under a very strong trust in Canada and also the mills that are operated in the United States by the Quaker Oatmeal Trust.

If I could get a hearing through your influence before your committee before this bill passes the Senate, I believe I could convince your committee of the unjustness as the bill stands at present. By taking off the 10 cents per bushel on oats coming into the United States would give us practically the same advantage as the Canadian miller has. If this is done, we can go to Canada and buy our oats on the same basis, namely, 34 pounds to the bushel, and then can compete with them in the manufacture. On the other hand, if the duty of 10 cents per bushel is imposed as against rolled oats, oatmeal, and oat hulls coming in free—the only way possible for the American independent mill to operate—the farmer of the United States would have to take 10 cents per bushel less for his grain than the Canadian farmer. This would be a hardship on the American farmer.

I hope I have not taken up too much of your valuable time, but the matter is of such great importance that I am quite sure you will give it consideration and give me a hearing before your committee. We have had it up with our Congressman, the Hon. Frank E. Doremus, and we believe that he is going to do all in his power to put us on an equal basis with the Canadian competition.

[Inclosure.]

EFFECT THE CHANGES IN THE PROPOSED TARIFF BILL NOW BEFORE CONGRESS WILL HAVE ON A DETROIT INDUSTRY.

While in Washington a few days ago to consult with the different Congressmen regarding the change of tariff in connection with oatmeal and oat hulls. These articles have been on the tariff, dutiable, coming into the United States 1 cent per pound on rolled oats and $2 per ton on oat hulls. The Canadian tariff, as it stands now, is 60 cents per hundred pounds duty on rolled oats going into Canada. The changes now before our Representative in Washington are to put rolled oats and oatmeal onto the free list, as well as oat hulls, and leave a prohibitory duty of 10 cents per bushel on the raw oats coming from Canada into the United States. If these articles are changed as they stand now, it will put the independent millers in the United States out of business.

We had conferences with several Congressmen now in session in Washington and put our claims before them. One of the main contentions was that by putting these articles on the free list, will reduce the cost of living so far as breakfast cereals are concerned, to the consumer. This is a mistake. Within the last four years oatmeal as a breakfast dish has been largely replaced by corn flakes and shredded wheat in the United States. The relative costs of these two articles at the present time is—a housewife can buy 8 pounds of rolled oats for 25 cents from the retail store, while she can buy only 11 ounces of corn flakes put up in a package for 10 cents, while 128 ounces of rolled oats cost 25 cents, showing a relative difference in cost of over 200 per cent more for corn flakes and shredded wheat over rolled oats.

Taking the duty off on oatmeal, which article is now practically controlled by two trusts, the Canadian Cereal Co. Mills, largely owned in Canada by English capitalists, control 12 of the large mills in Canada. The Quaker Oats Co. control in the United States some 15 of the larger oatmeal plants in the United States, besides owning a very large oatmeal plant in Peterboro, Canada. These two trusts, if the duty is taken off, without a doubt, will supply the United States with all the rolled oats that are consumed, at a great advantage over the independent mills in the United States. They will not only have an advantage over the United States if the duty of 10 cents per bushel is left on the raw grain coming into America, but they will also have the advantage, as the national standard of a bushel of oats in Canada is 34 pounds to the bushel, while in the United States it is only 32 pounds to the bushel, an advantage of 2 pounds per bushel of raw grain, or equal to 20 pounds to every barrel, which means an advantage of 25 cents to the Canadian miller on the raw material alone over the United States miller, so it will be readily seen from the above facts that the independent millers of the United States will have to close up their plants and let the Canadian and United States trusts feed the United States consumer his breakfast oatmeal, which they will not do at a loss when they once control the situation.

The following mills are approximately the entire output of rolled oats in the United States and Canada:

Canadian Cereal Co.

TRUST MILLS.

(Daily capacity.)

	Barrels.
Tilsonburg mill	500
Thompson mill (London)	500
Mitchell mill	300
McIntosh mill (Toronto)	400
Woodstock mills	200
Ferguson mills	200
	2,100

Besides four mills closed.

Independent mills in Canada as follows:

OGILVIE MILLS.

(Daily capacity.)

	Barrels.
Calgary	1,000
Winnipeg	1,000
Moosejaw	1,000
	3,000

TRUST MILLS.

Owned by the Quaker Mills in the United States; approximately 12 mills in operation, with an approximate total output of 8,000 barrels daily.

One in Peterboro, Canada, 2,200 barrels daily capacity.

Total daily capacity, 7,300 barrels.

Independent mills in the United States as follows:

(Daily capacity.)

	Barrels.
F. A. McLelland, H. O. Co., mills at Buffalo, N. Y	500
L. E. [illegible]rmon, Buffalo Cereal Co., mills at Buffalo, N. Y	300
O. M. [illegible]ich, Purity Oats Co., mills at Keokuk and Davenport, Iowa	300
George Beck, Beck Cereal Co., mills at Detroit, Mich	300
J. R. Casselman, National Oats Co., mills at Peoria, Ill., and Cedar Rapids, Iowa	1,500
G. Albers, Albers Bros. Milling Co., mills at Seattle and Tacoma, Wash., Portland, Oreg., and San Francisco, Cal	1,500
O. A. Davis, Atlas Milling Co., mills at Kansas City, Mo	500
Total daily capacity	4,900

SMITH, LICHTY & HILLMAN CO., BY GEORGE E. LICHTY, PRESIDENT, WATERLOO, IOWA.

WATERLOO, IOWA, *April 30, 1913.*

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

DEAR SIRS: We most earnestly wish to call your attention to several items in the tariff bill, H. R. 10, as follows:

Schedule G, paragraph 199, places a duty of 10 cents per bushel on oats (raw material).

Free list, paragraph 567, admits free the manufactured products of oats, viz, oatmeal, rolled oats, and oat hulls.

In our opinion the proposed tariff as to free oatmeal, rolled oats, and oat hulls would give the manufacturer in Canada a decided advantage of at least 55 cents per hundredweight, or about $1 per barrel, as it takes an average of about 10 bushels of oats to make a barrel of 180 pounds of the finished product. Canadian oats invariably are cheaper than the oats in the United States, and, in addition, the Canadian bushel is 34 pounds, as against 2 pounds lighter on this side of the line. Thus, a duty of 10 cents per bushel on oats will prevent the independent American manufacturer, who has no plants in Canada, from competing on an even basis.

It is a well-known fact that the largest manufacturer of rolled oats and oatmeal in the United States and, we believe, in the world, has two large mills on the Canadian side not very far away from the American line. With headquarters in Toronto, Canada has an oatmeal trust or organization that is a combination of oatmeal mills,

with plants located at Toronto, Tilsenburgh, London, Mitchell, Woodstock, Ferges, Windsor, Lindsay, and Embro. These two institutions, we believe, should the proposed tariff become a law, would immediately combine, and legislation will have placed the oatmeal business of this country practically in the hands of a foreign combination over which you would have no control.

As distributors of oat products we do not ask for protection, neither do we ask for a free list, but we do believe that whatever legislation is enacted that it should be uniform. Either the manufactured product and the raw material should be on the free list or both should be on the dutiable list, and on a parity, so that neither the raw material nor the manufactured article would have any advantage over the other.

We believe that the numerous independent mills in the United States are responsible for the present low prices on manufactured oats. Their destruction would no doubt raise prices, which in no case whatever would benefit the consumer, and neither would it result to the advantage of the farmer, who produces the raw material.

THE HECKER CEREAL CO., BY A. P. WALKER, VICE PRESIDENT PRODUCE EXCHANGE, NEW YORK.

April 23, 1913.

Hon. Furnifold M. Simmons,
United States Senate, Washington, D. C.

Dear Sir: We have just examined the tariff bill, H. R. 3321, introduced in the House of Representatives on the 21st instant by Mr. Underwood, after amendment in caucus. We are amazed and alarmed at the provisions of section 196, at page 51, reading, "Oats, 10 cents per bushel of 32 pounds," when compared with the provisions of section 565, at page 117, in which "oatmeal and rolled oats and oat hulls" are placed upon the free list. We do not recollect any instance in the history of tariff laws when it has been seriously proposed to pay foreign manufacturers a bonus on their manufactured wares. This is exactly what will be accomplished by the sections quoted. It is utterly beyond explanation why Congress should make a free gift to Canada of all of the oatmeal and rolled oats business in the United States, with the exception of the business of a single concern, the Quaker Oats Co., which is already operating a large mill in Canada and has a second mill in process of construction. That company, the largest single oat miller in the United States, is the only one which can be pleased at the present proposal, as it means extinction of the independent oat miller in the United States. We do not wish to deal in generalities, and shall, therefore, summarize the figures which clearly support what we have said. Statistics show that the average difference in price for raw oats between the Canadian markets and our markets is 7 cents per bushel in favor of Canada. The freight from the principal Canadian ports to Chicago is 3 cents per bushel, which makes the actual difference in favor of Canada 4 cents per bushel. Add to this a duty of 10

cents per bushel and the fact is evident that the Canadian rolled oats miller will buy his raw material at 14 cents per bushel less than the American manufacturer. This is the equivalent of about $1.50 per barrel on the finished product, and as the average profit to the American manufacturer is about 30 cents per barrel, competition with the Canadian rolled oats miller will be utterly impossible for our millers.

The assumed benefit to the farmer by placing a duty of 10 cents per bushel on oats will diminish to the vanishing point coextensively with the decline to the point of extinction of the business of oat milling in the United States, and the farmer will then find himself compelled to sell his oats on an export basis.

The rolled oat millers of the United States have never urged upon Congress exorbitant protective tariffs for their product. All they ask for is simple justice. If the finished products made from oats are to be on the free list, then oats, their raw material, should also be placed on the free list. If, on the other hand, it is desired that oats be dutiable at 10 cents per bushel, there should be a duty of about $1 per barrel on rolled oats and oatmeal, and 15 cents per hundred pounds on oat feed, to place the American oat miller at least on a parity with his foreign competitor.

We respectfully submit that to place a finished product of any kind on the free list, while leaving the raw materials from which the finished product is made on the list of dutiable articles, is simply to discriminate unjustly against the American manufacturer, and in this case the discrimination is so great as to mean the extinction of his business. The House caucus appears to have recognized this in the case of buckwheat, which was dutiable at 8 cents per barrel in the bill (H. R. 10) originally introduced by Mr. Underwood. Buckwheat has now been placed with buckwheat flour on the free list. In the original bill rye was dutiable at 10 cents per bushel, but the caucus transferred it to the free list, since rye flour was originally placed on the free list. If it is right that Congress should refrain from unjustly injuring the business of the American rye and buckwheat miller, we submit that there is no valid reason why the same degree of justice should not be done the American oat miller.

L. E. HARMON, WASHINGTON, D. C., REPRESENTING INDEPENDENT OAT MILLERS.

STATISTICS RELATING TO OATS AND OATMEAL PRODUCTS, EXPORTS, ETC., IN THE UNITED STATES AND CANADA.

WASHINGTON, D. C., *May 8, 1913.*

Tariff bill H. R. 3321 taxes oats 10 cents per bushel and admits products (rolled oats, oatmeal, and oat hulls) free.

If rolled oats, oatmeal, and oat hulls are to be admitted free of duty, oats should also be free.

If, on the contrary, a duty of 10 cents per bushel is imposed on oats, then there should be a compensatory duty of $1 per barrel (180

pounds) on rolled oats and oatmeal, and a duty of 10 cents per 100 pounds on oat hulls.

It takes 10 bushels of oats to make a barrel of 180 pounds of rolled oats or oatmeal.

For a period of nine years—1904–1912, inclusive—the price of oats has averaged about 6 cents per bushel less in Canada than in the United States, the maximum difference having been 15⅜ cents per bushel, during 1908.

Seventy per cent of the oat crop of the United States is consumed on the farm. The balance of 30 per cent is shipped and of this one-quarter is used by the oatmeal millers.

The capacity of oatmeal mills in the United States is about 12,000 barrels per day, or 3,720,000 barrels annually. Of this capacity the Quaker Oats Co. have about 50 per cent. The balance is divided among 15 smaller independent mills.

The capacity of oatmeal mills in Canada is about 10,000 barrels per day, of which the Quaker Oats Co. have about 60 per cent, they having two large mills in Canada.

The advantage of the Quaker Oats Co. over the smaller independent oatmeal millers becomes apparent.

The oatmeal exports of the United States for a period of nine years average 150,000 barrels per year, which is only 4 per cent of total milling capacity.

Statistics show wide variations in the exports of oatmeal, the maximum exports being 291,538 barrels in 1905 and only 50,624 barrels in 1912.

The annual consumption of oatmeal in the United States is about 7 pounds per capita.

The following tables show the oat crop of the United States and Canada; the exports of oats and oatmeal from the United States, together with prices of the same quality of oats in Buffalo, N. Y., and Toronto, Canada, these two cities offering fair comparison as to prices in the two countries:

[Figures shown are from Bureau of Statistics, Departments of Commerce and Agriculture.]

Year.	Oat crop of United States.	Oat exports of United States.	Oat crop of Canada.	Comparative prices of oats, United States and Canada.	
				Buffalo, N. Y.	Toronto, Canada.
	Bushels.	*Bushels.*	*Bushels.*		
1904	894,595,552	1,134,030	208,024,000	$0.32	$0.31
1905	953,216,197	5,479,308	242,528,000	.33	.33
1906	964,904,522	46,324,935	261,134,000	.37	.34
1907	754,443,000	4,014,042	229,217,000	.52	.45
1908	807,156,000	1,158,622	266,026,000	.52	.37
1909	1,007,353,000	1,510,000	375,558,000	.46	.35
1910	1,186,341,000	1,685,000	343,665,000	.34	.31
1911	922,298,000	2,045,000	369,949,000	.49	.44
1912	1,418,337,000	2,172,000	361,733,000	.36	.37
Average	989,849,363	[1] 2,402,216	295,314,888	.42	.36

[1] Average of oat exports does not include 1906, which seems to have been an abnormal year.

Price of oats at Buffalo and Toronto is on a bushel of 32 pounds during month of December of each year shown

Oatmeal exports of the United States.

Year.	Quantity.		Value.	
	In pounds.	In 180-pound barrels.	Total value.	Per barrel.
1904	14,526,477	80,702	$463,062	$5.73
1905	52,476,917	291,538	1,423,742	4.81
1906	37,972,903	210,916	948,088	4.48
1907	42,701,257	237,229	1,122,162	4.73
1908	24,484,199	136,023	705,853	5.18
1909	14,822,944	82,349	516,524	6.27
1910	15,538,535	86,325	521,658	6.04
1911	32,416,892	180,093	1,043,867	5.79
1912	9,112,433	50,624	376,188	7.43

Par. 197.—RICE.

SOUTHERN RICE GROWERS' ASSOCIATION BY COMMITTEE, I. H. SMITH AND OTHERS, WELSH, LA.

WELSH, LA., *March 19, 1913.*

Senator RANSDELL, *Washington, D. C.*

DEAR SENATOR: At a mass meeting of the rice farmers and business men representing Welsh, Roanoke, Rice, Woodlawn, and other points, held for the purpose of discussing the proposed tariff rate on clean and brown rice, the following resolutions were unanimously adopted:

That whereas a reduction of 50 per cent in the tariff would be damaging to our interests, placing the American producer in competition with the foreigner, without affording reciprocal benefits, we consider that the Democratic Party are abusing a confidence, as expressed in the support of said party in the last presidential election.

That the reduction of 50 per cent is contrary to the campaign assurances, given by President Wilson, whereby the Democratic voters were led to believe that the tariff reductions would be gradual and not of sufficient volume to endanger any legitimate American industry.

That the reduction of tariff as proposed by the Underwood bill will not afford relief to the consumer, but will arrest the development of the rice-producing industry in America, the further development of which will result in benefits proportionately divided with the consumer by the application of better business methods of production and distribution.

That under improved organization of producing and manufacturing interests, the consumer is to-day purchasing clean rice in the centers of population cheaper than in former years; that our facilities for handling the American produce will be increased, as the industry develops, and the consumer will derive greater benefits than can ever be effected by reduction of the tariff, thus creating uncertainty and making further development in the markets and rice-producing territories too speculative.

We therefore urge the consideration of our claims as presented by our Congressmen and Senators, and ask that the proposed reduction be amended to 25 per cent, thus affording reasonable protection against foreign importations without granting monopoly.

Signed on behalf of the Democratic voters, rice farmers, and business interests and members of the Southern Rice Growers' Association.

I. H. SMITH,
F. A. ARCENEAMS,
W. F. LOSDT,
Committee.

Letters will be written by many of those present at this meeting to relatives in other States, requesting their cooperation by addressing their Senators and asking them to support yourself and colleagues in obtaining a just reduction of the tariff, with which we trust you will meet success.

[Inclosure.]

PRESENT TARIFF ENJOYED BY THE RICE INDUSTRY OF THIS COUNTRY.

[Cents per pound.]

Cleaned (our table rice)	2
Uncleaned, or rice free of the outer hull and still having the inner cuticle on	1¼
Paddy, or rice having the outer hull on	¾
Rice flour, meal, and broken rice which will pass through a No. 12 sieve	¼

WHAT THE RICE FARMERS ARE DEMANDING IF ANY REDUCTION ON PRESENT RATES IS TO BE MADE.

Cleaned (our table rice)	1.50
Uncleaned, or free of the outer hull and still having the inner cuticle on	.93¾
Paddy, or rice having the outer hull on, rice flour, rice meal, and broken rice which will pass through a No. 12 sieve	.56¼

SOUTHERN RICE GROWERS' ASSOCIATION, BY DUNLAP & CRAWFORD (ADDRESS NOT GIVEN).

The Underwood Rice Tariff Schedule—Why it is Unfair.

THE PRODUCER'S VIEW.

[A statement prepared by the Southern Rice Growers' Association.]

It is a condition, not a theory, that confronts us.—Grover Cleveland.

We favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.—Democratic national platform of 1912

It would be unwise to move toward this end headlong, with reckless haste, or with strokes that cut at the very roots of what has grown up among us by long process and at our own invitation.—Woodrow Wilson in his address opening Congress.

WHY THE TARIFF ON RICE SHOULD NOT BE REDUCED AS PROVIDED IN THE UNDERWOOD BILL.

1. The proposed reduction would enable the Orient, particularly in good crop years, to compete with American rice in this country on a basis below the cost of production in this country.

2. If the American rice farmer has to compete with Asiatic rice producers on a basis materially lower than the present basis, he will have to make some other crop besides rice his money crop, and there is no other money crop that can be raised profitably on American rice land. no other money crop that can be raised profitably on American rice land. Therefore, when the American rice farmer has to quit raising rice because the Federal Government has withdrawn the fair tariff on other improvements were made—investments which increased the value of rice lands from less than $3 to more than $40 an acre—his

investments in rice lands and improvements will have to be confiscated.

3. The proposed reduction, while it would cut down the farmer's profit to the vanishing point and drive him out of business, would not help the consumer in the least, for he would still buy his rice at 10 cents a pound, or 3 for a quarter, as he did when rough sold at $1.50 a barrel and when it sold at $4.50 a barrel.

4. The unsought reduction in the tariff on rice flour, rice meal, and broken rice—in reality nothing but brewer's rice—is nothing less than an atrocity. This is a grade of rice used only for brewing purposes, and the reduction in the tariff can not possibly benefit anybody but the brewer nor hurt anybody but the farmer. There is absolutely no difference of opinion on this point. The only possible beneficiary of this cut, the brewer, was satisfied with the existing tariff.

5. The proposed reduction, practically confiscating nearly two hundred millions of property belonging to the producing classes, without any compensating advantage to the consumer, clearly violates this plank in the Democratic platform of 1912:

> We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.

6. It will cause great losses on account of contracts entered into for improvements that will be useless when this bill is adopted.

7. The Federal Government is spending millions annually for the reclamation of arid western lands by irrigation, following our settled national policy. Private enterprise has spent millions in reclamation by irrigation of unproductive rice-belt lands. The Federal Government now proposes to discriminate against the rice belt in favor of the arid West by confiscating reclamation investments in the one case and paying for reclamation out of public funds in the other.

DISCUSSION.

(1) The average price of foreign cleaned rice laid down at our ports of entry is $1.85 per 100 pounds, and in years of plenty in the Orient it is even lower.

With the present duty added, foreign rice is delivered, duty paid, at our ports of entry for $3.85. That means that the imported rice competes with our domestic rice when our domestic rice reaches $3.85 a barrel, rough.

Under the proposed duty, imported rice would compete with domestic rice at $2.85 per barrel for rough.

The cost of raising rice in this country, according to the United States Department of Agriculture, is $2.54 per barrel. Producers of rice agree that this is too low an estimate of the cost of production, which should be placed at about $3 per barrel. But, taking the cost at $2.54 per barrel, the maximum margin of profit between the cost of producing rice in this country and the import price is only 31 cents a barrel. The average production per acre last year was 9.6 barrels. The maximum profit per acre for the American rice farmer under average conditions in the Orient would therefore be $2.97. In years of plenty in the Orient this margin would be swept away by the

offering of a single shipload of foreign rice on our markets at a price below our cost of production.

(2) Before the development of the rice industry on the coastal plain of Louisiana and Texas, and in Arkansas, these lands were worthless for agricultural purposes and were used only for grazing. The land was too low and wet for anything but rice, and effective drainage for agricultural purposes, except rice culture, has not been found practicable. Even on the best drained land neither corn nor cotton can be grown profitably.

As late as 1884 thousands of acres of what is now valuable rice land in southwest Louisiana sold for 25 cents an acre. In 1888 the valuable rice land in the famous Crowley section sold for $1.25 an acre, and thousands of acres of what was then practically worthless prairie land sold for about that figure. In Texas the coastal prairie land was held at about the same valuation and for precisely the same reason—it was worthless except for grazing. In Arkansas the low prairies were used for grazing and raising hay. The land was never worth more than $5 an acre until the rice industry was developed.

Even when the early settlers in the latter eighties and early nineties began to raise rice without artificial irrigation the value of these lands did not rapidly advance. Before the first irrigation canals were built none of this land was worth over $5 an acre.

In the early nineties the upland system of irrigation was developed and the value of rice lands advanced rapidly, and in proportion to the availability of irrigation. Lands accessible to water from the canals rose in value from the original 25 cents to $1.25 per acre to $10, $20, $30, $40, and even $50 and $60 in Louisiana and Texas, and to as high as $100 an acre in Arkansas.

The Department of Agriculture says there are 3,000,000 acres of land in the United States suitable for cultivation of rice under irrigation. About half of it is now improved and accessible to irrigation canals. About one-quarter of it was planted in rice last year; that is, 722,800 acres.

This 3,000,000 acres of rice land, worth about $1 an acre, or $3,000,000, before the development of the rice industry, is now worth at least $180,000,000.

The increment in value is due to improvements in the form of canals and pumping plants, general farm improvements, rice mills, etc.

If the owners of these 3,000,000 acres of rice land have to raise rice for $2.85 a barrel, they will have to go back to grazing and their $40 rice lands will again be worth $1 an acre for grazing purposes, while their $20,000,000 worth of canals and pumping plants will be absolutely worthless; their $13,000,000 worth of rice mills will be worthless except for scrap iron: their farm implements will be thrown away; collateral industries dependent on rice will be abandoned; dozens of flourishing towns dependent on rice mills will go out of existence.

(3) Always the consumer pays the same old price for his rice at retail, no matter what the farmer gets for his rice. For years the retail price has ranged from three for a quarter to 15 cents a pound, according to quality, and the price the farmer gets for his raw material does not vary this retail price. This appears to irreconcilable

with economic theories, but as was remarked by a distinguished Democrat in a discussion of facts versus theory of the tariff, "It is a condition that confronts us, not a theory." Every man and woman who buys rice knows that the price never varies at the grocery store, and every man who raises rice knows that the price to the farmer has in recent years varied from $1.50 to $4.50 a barrel.

The consumer will not be benefited by the reduction proposed because he has never before been benefited by the lowering of the price to the producer. But the producer will be ruined. The only one who will get any benefit will be the oriental, who will have an outlet for a few million sacks of rice in years of glutted Asiatic market, at the American farmer's expense.

(4) The reduction of the duty on "rice flour," rice meal, and broken rice; that is, brewer's rice, for this classification is rice used entirely by brewers in the manufacture of beer, shows the pervasive quality of American humor. It shows that the American joke is likely to crop out anywhere, even in a tariff bill.

Here are the plain, undisputed facts about this item of the rice schedule of the Underwood bill:

Brewer's rice, which makes up practically the entire amount of the importation under the classification "rice flour, rice meal, and broken rice," is a by-product of rice used only in the manufacture of beer and ale.

It is not used for human food.

Germany, Holland, and England, whence the importations of brewer's rice come, forbid its use even in the manufacture of beer, and it is used in the manufacture of stock feed.

Its use in beer manufacture in this country relieves the American producer of a commodity that would otherwise be a drag on the balance of the product, as the brewer frequently buys the lower grade of rice and uses it as brewer's rice.

Lowering the duty on brewer's rice helps only the American beer maker and the European miller. They will save thousands of dollars a year by the difference in duty.

This will come out of the pockets of the American rice farmer.

The Government will get just half as much duty, as the American brewers will absorb the American supply just the same, but at a lower price, and the amount of imports will not be increased.

Here is where the consumer has no chance to be benefited unless the brewers increase the size of a nickel's worth of beer. If the American Congress is aiming to cut down the cost of living by giving its constituents more beer or cheaper beer, it has succeeded only in showing its good will without accomplishing anything effective for the beer drinkers of the country, except perhaps to show that Congress is anxious to help them, even at the expense of the rice farmers of the country. If Congress really wants to help the beer drinkers and the brewers of the country it should remove entirely the tariff on rice. This would enable the brewers to get their rice still more cheaply, would entirely cut off the revenue from this source instead of merely reducing it to 50 per cent, and the cost of beer would be slightly cheapened to the consumer. The added profit to the brewer would be paid by the farmer. But if Congress wants to increase the Government's revenue, help the producer, and not harm the consumer, it

will double the tariff on brewer's rice and let the brewer and beer drinker pay it for the benefit of the farmer.

The brewer has not asked for the reduction in the tariff. He is satisfied that he has "the best of it" now.

There can be no possible misunderstanding or difference of opinion on the above statement, either in theory or in fact.

(5) Nobody denies that the rice industry is a "legitimate" industry. It is the unanimous opinion of those familiar with the facts that the proposed legislation will injure the industry, and may kill it. It is also clear that nobody will get any compensating advantage—neither the consumer nor the Government. A reduction of 25 per cent in the clean schedule, with the balance left as it is, except that the tariff on brewer's rice should be doubled, would hurt nobody and would violate no pledge. It would accomplish every good sought to be accomplished by a tariff reduction and it would let a valuable industry live.

(6) Thousands of tenants have undertaken contracts for from three to five years, involving improvements and large expenditures of money that have already been made. These expenditures will have to be thrown away if the proposed reduction is made. Proposed developments in drainage and irrigation and the opening up of new lands to cultivation will have to be abandoned. All these were undertaken in the belief that the Federal Government would keep its implied promise to continue and maintain an adequate tariff as long as it should be necessary.

A feature to be considered in connection with the tariff is that rice is grown only in certain restricted territory—portions of Louisana, Texas, and Arkansas—and that to get to the seaboard, where importation would show, a heavy rate of freight applies; for instance, an average of 55 to 60 cents per 100 pounds to the Pacific coast and an average, including the movement from the interior on the raw material to New Orleans, of 40 cents per 100 pounds to the Atlantic seaboard; so that this disability exists as against c. i. f. importations at the seaboard. It is a further fact that to the interior, where our rates average 40 to 50 cents per 100 pounds out of producing territory, the import rate, rail, on a basis of through rates, is relatively very much cheaper than the local rate.

RICE ASSOCIATION OF AMERICA, CROWLEY, LA., BY GEORGE HATHAWAY, PRESIDENT.

WASHINGTON, D. C., *May 16, 1913.*

Senator JOHN SHARP WILLIAMS, *greeting:*

Considering the Underwood tariff bill as affecting rice, I would call your attention to a few facts in elucidation of the argument contained in brief attached hereto, and which may assist you in the presentation of our views before the Finance Committee of the Senate or in open discussion on the floor of the Senate.

First. The truth is the rice schedule in all tariff legislation has never been properly equalized. Clean rice at 2 cents a pound duty includes rice worth all the way from 2¼ cents to 5½ cents a pound, an average of about 3½ cents per pound. This could stand without in-

jury to the industry a reduction of 25 per cent. Rough rice, although at the present rate low at three-fourths of a cent a pound, can stand a cut of 25 per cent, because very little will or can be imported. In the rough condition it is very apt to injury by long water transportation, as experience has shown. There is about 35 pounds of waste to every barrel of 162 pounds, on which carrying charges must be paid. Our present importations are almost exclusively for seed only. This could safely be reduced 25 per cent from present duty. But when we come to uncleaned or brown rice, there is a different condition existing. They remove the hull from a rice bean in foreign countries, thereby reducing the weight 35 pounds to the barrel: it stands water transportation better, without injury, in this condition. This brown rice is finished in small mills in this country, at an expense of 25 cents per barrel, and goes in direct competition with our finished rices, and in consequence we are losing our Pacific coast trade and some Atlantic coast trade. Now, on broken rice, or brewer's rice, one-quarter of a cent a pound is ridiculously low, this should be more, as more of this rice is imported to this country than we sell to our breweries. It is not edible rice.

Now, to illustrate this argument and show how we are losing our trade, refer to Tariff Handbook, Statistics 1913, at page 161.

Clean rice imported in 1896, 46,323,306.26 pounds; clean rice imported in 1912, 17,167,948 pounds. A reduction each year intervening largely owing to protection of 2 cents.

Rough rice imported in 1910, 1,025,672 pounds; rough rice imported in 1912, 490,519 pounds. Small importations prior to that, because little seed was required, as small acreage in cultivation in this country.

Uncleaned, or brown, rices imported in 1896, 22,748,959 pounds; uncleaned, or brown, rices imported in 1912, 47,546,974 pounds. Gradually increasing and replacing home product.

Broken, or brewer's, rice imported in 1896, 68,984,491.50 pounds; broken, or brewer's, rice imported in 1912, 116,556,683 pounds. These figures illustrating our contention of the inequality of the present schedule and further elucidated in accompanying brief.

Second. Some Senators have contended that the tariff schedule reduced to an ad valorem basis is sufficient protection. Now, this is below the average reduction made in all schedules in the Underwood bill. Referring to same authority (estimated under H. R. 10): Ad valorem duty on clean rice, 33.33 per cent; rough rice, 15 per cent; uncleaned, 24.04 per cent; broken, 7.89 per cent—making average ad valorem duty 16 per cent. Average in H. R. 10 is 35 per cent.

Third. Take one illustration of the competition of cheap pauper labor as affecting our home industry. In India, Hon. James Mollison, inspector general of agriculture, gives us the information that labor is paid 3 cents a day. On this basis, adding all other cost of raising an acre of rice, he puts it at $3.24½, and valued at $3.84, or about one-third of a cent a pound in the Himalayan district. The highest estimate made is eight-tenths of a cent per pound in the Surat district. Now, add one-half of a cent for transportation, then add one-half cent for milling, making 1⅓ of a cent per pound, then add one-half cent merchant's profit, and this rice can be laid down in New York or Porto Rico for 1.83 cents per pound. Noth-

ing but a failure or partial failure of crops in India can prevent this result happening. India produces 618,860,312 barrels of rice, or about one hundred and seventeen times more than the entire United States.

Fourth. Rice is the cheapest food for the masses. A pound of wheat and a pound of rice cost almost exactly the same in cents, but comparative nutritive matter shows rice 86.09 per cent; wheat, 82.54 per cent; oats, 74.02 per cent; corn, 82.97 per cent; potatoes, 23.24 per cent; beef, 46.03 per cent. It is also the easiest cereal to digest. (See Report No. 6, Miscellaneous Series, Division of Statistics, U. S. Department of Agriculture, p. 12.)

Fifth. We insist upon a 25 per cent reduction only on all grades of rice except broken, and no reduction in that. As a matter of fact, there should be no reduction on uncleaned or brown, but if this can not be agreed upon we will try the reduction, believing dire results will follow. This is simply supplementary to other arguments. I have endeavored not to repeat. I have made the foregoing suggestions because Senator Williams and Senator Gore raised the questions involved, and I wish to make them clear and in answer to any similar questions that may arise in future discussion. If there is any data omitted or that suggests to your mind as throwing light on the situation, I would be glad to furnish it, as I believe all reasonable questions can be answered to your satisfaction, the satisfaction of the committee, and to the advantage of the rice industry.

RICE ASSOCIATION OF AMERICA; BY GEORGE HATHAWAY, PRESIDENT (ADDRESS NOT GIVEN).

The arbitrary mechanical cut of the Underwood bill on rice schedule shows a lack of study and consideration by the committee as to its effect not only on the rice farmer but also as to the consumer. Possibly want of time and the multitudinous matter demanding their attention is the most charitable excuse for their action. There has always been an inequality in the rice tariff schedule relative to different items.

While clean rice may have been a trifle too high at 2 cents a pound, broken rice, meal, and flour are much too low at one quarter of a cent.

While we have been operating under a tariff of 1¼ cents on brown rices, fully one-half of our trade, especially on the Pacific coast, has been lost to home-grown rices by reason of foreign importations of brown, which are finished in this country by small and inexpensive mills and at slight cost, cheap water rates from foreign countries making this possible.

Although three-fourths of a cent on paddy or rough rice is low in comparison with clean, yet that item does not cut much figure for the reason that little rough can or likely ever will be imported except for seed.

On broken or brewer's rices a cut of one-half would be ruinous. That duty is now one-fourth of a cent. No one is asking for a reduction and no one is benefited, unless it be the breweries, and they are perfectly satisfied for present rate to remain.

Practically no flour or meal is imported. This schedule only affects brewer's rice to any extent. They import large quantities used in manufacture of beer, and this could by no process of manipulation or imagination inure to the benefit of the consumer. A reduction would only increase the brewer's profits. Already brewer's rice can be delivered in St. Louis and Milwaukee from Bremen, Germany, at the same rate of freight as Louisiana and Texas points pay to the same markets.

Do you want to cripple an agricultural industry to add to the profits of the manufacturer of an unnecessary article? The amount of brewer's grade of rice produced in milling is about one-tenth, depending upon the grade of rice milled. Germany has the largest rice mills in the world. Their merchants practically control foreign trade, having their own vessels and ample resources. The law of that country does not permit the use of rice in the manufacture of beer. This must be dumped on other countries, and the United States gets the bulk of it.

Importations largely affect brown rices also. When you reduce the tariff on that grade, the burden falls most largely on the farmer.

The miller can finish imported rices quite as well as domestic grown. Little difference to him where the rice grows, he buys when it is the cheapest, as a matter of course. If you want to benefit the common people—the masses—let me suggest that you encourage the cultivation and consumption of rice in our country, not cripple or destroy it. It is the cheapest cereal grown to-day, considering its nutritive value; it will come nearer reducing the high cost of living than any other article of food. The United States Department of Agriculture, in Report No. 6, Miscellaneous Series, page 12, shows that rice contains a larger amount of nutrition than wheat, rye, oats, maize, potatoes, or beef. Our people need to be educated to use more rice as do other nations. Our consumption now is less than 7 pounds per capita per annum, as against over 100 pounds in Porto Rico and Cuba, 250 pounds in China and Japan—in fact, less than any other nation on the globe.

It is the most easily digested of any of the usual food articles. Its heat value is high, being only excelled by wheat and sugar. The substitution of rice for corn and wheat as the principal food for our people will tend to the development of a hardier race. It will decrease dyspepsia, malaria, and mortgages. Two years ago our Agricultural Department at Washington put forth the statement that rice could not now be grown in this country without tariff protection, but that cost of production was decreasing and in 10 years the industry would be able to cope with the markets of the world.

Why this haste to decapitate a healthy infant now with a tottering existence, whereas by help and encouragement a vigorous, healthy maturity will so soon develop? Is there really a necessity for this reduction or simply to carry out a sentiment that might be applicable to many food articles, but is certainly not justified as applied to rice, which has not figured as a commercial factor in this country but for the past 20 years?

A comparatively new industry, rice organizations are endeavoring as best they can to increase the consumption of rice. It is slow work on account of lack of finance and facilities. How can the industry survive a cut of $1 a hundred pounds, when it costs $2.50 to produce

rough rice enough to make that quantity of clean, and foreign rices can be laid down in seaboard markets at $2.75 per 100 pounds and sold for that if the duty is removed?

We are now delivering clean rice on the Atlantic coast at $3.75 to $4 per 100 pounds, which is the minimum for which we can possibly produce and deliver it.

Germany to New York the carrying charge is $0.12 per 100 pounds. From Louisiana and Texas points $0.40; this difference of $0.28 more than overcomes the present tariff on broken rice. Pacific coast points show a greater difference in favor of foreign rices. Our rate from milling points is $0.60 per 100 pounds, from foreign ports, $0.15 to $0.25; they remove the hull on a bean of rice in China or Japan—raised with $0.10 a day labor—send it to San Francisco, and sell it at a profit after paying the import duty, and shutting out our rices raised with labor at $1 to $1.50 per day; and yet you say our infant agricultural industries must suffer in favor of pauper labor to the benefit of a lot of nonproducers in our crowded cities that should be out on the cheap lands of our country producing something so as to reduce the high cost of living, instead of adding fuel to a sickly sentimentality that idle nonproducing masses must be catered to rather than the healthy encouragement of agricultural industry. Produce more, if cheapness is the great desideratum, not hamper and throttle the primary cause of all wealth and prosperity of our Nation, agriculture.

I present the following table for your convenience, on 100 pounds basis:

	Underwood bill.	Present tariff.	25 per cent reduction.
Clean rice	$1.00	$2.00	$1.50
Brown	.62½	1.25	.92¾
Rough	.37½	.75	.66¼
Brewers'	.12½	.25	.18¾

The most possible our industry can stand and exist is the proposed amendment offered by Representative Lazaro of 25 per cent horizontal reduction, except brewers' rice, which is already too low.

It indeed seems strange that a primary agricultural industry of our country is begging on bended knees at the throne of the great Democratic administration for its very existence, in the face of the boasted democracy of equity, justice, and prosperity.

Think of it! Rice, the cheapest food article on the market to-day, considering its nutritive value, its production threatened, its advocates pleading for encouragement and its very existence as a home industry because of an extreme sentiment pervading our Nation of free trade without said consideration as to its consequences in many lines of commercial and agricultural industry.

Brown and brewers' rices should not be reduced at all—they are already too low. Clean and rough might stand a cut of 25 per cent from present schedule. Let us try it a few years on this basis. This would be in harmony with Democratic principle of reduction without destruction.

Par. 198.—WHEAT, ETC.

BOARD OF TRADE OF THE CITY OF CHICAGO, BY J. C. F. MERRILL, SECRETARY, CHICAGO, ILL.

CHICAGO, *April 17, 1913.*

Hon. F. M. SIMMONS,
Chairman Senate Finance Committee.

DEAR SIR: The board of directors of the Board of Trade of the City of Chicago at its meeting held on April 15, 1913, adopted the following preamble and resolution, a copy of which was ordered sent to President Wilson, Senator Simmons, chairman of the Senate Finance Committee, and to the Hon. Oscar W. Underwood, chairman of the Ways and Means Committee, House of Representatives:

Whereas the Ways and Means Committee of the House of Representatives has agreed upon a bill known as the Underwood tariff bill which provides for a tariff of 10 cents per bushel on wheat imported to this country, and also provides that countries admitting our flour free can ship flour to this country duty free; and

Whereas Canada, our next-door neighbor, being largely an agricultural country, the soil and climatic conditions being especially well adapted for raising the highest quality of wheat, and increasing its production and exportable surplus from year to year; and

Whereas if this bill becomes a law Canada can easily take off this duty on American-manufactured flour, and then ship Canadian flour, made from Canadian wheat, grown on new cheap land, to this country at a very much lower price than American millers could manufacture flour made from American-grown wheat; and

Whereas Great Britain is able to secure cheap wheat from Argentine, Russia, India, Australia, and Canada, and can manufacture flour at a less cost of operation of mills, having cheap labor, and being able to obtain a higher price for the by-product of the wheat, and can ship flour to the central markets of the United States by water transportation at a nominal cost of freight; and

Whereas if flour is shipped to this country, duty free, made from cheap foreign wheat, destroying the American milling industry, the American farmer can not hope to sell wheat to the American miller, and therefore a duty of 10 cents per bushel on wheat would not afford the American farmer any protection whatsoever; therefore be it

Resolved, That the Chicago Board of Trade respectfully urges the Congress of the United States to amend the proposed bill so that it shall provide for a duty of 10 cents per bushel on wheat and rye and an equivalent duty on the products of wheat and rye on all importations.

BAY STATE MILLING CO., WINONA, MINN., AND LAWRENCEBURG ROLLER MILLS CO., LAWRENCEBURG, IND., BERNARD J. ROTHWELL, PRESIDENT. (ADDRESS NOT GIVEN.)

SHALL AMERICAN FLOUR MILLING, THE FIFTH LARGEST INDUSTRY IN THE UNITED STATES, BE RUINED?—PENALIZING THE AMERICAN MILLER, SUBSIDIZING THE FOREIGN MILLER.

INCREASING THE TAX ON WHEAT.

The object of Schedule G in the Underwood tariff bill is to reduce the cost of breadstuffs, hence with average crops wheat is likely to sell considerably below $1 per bushel.

The following tables show the relative working of 10 cents per bushel specific duty on wheat and 10 per cent ad valorem duty on

flour as wheat sells below $1 per bushel. The usual computation is 5 bushels wheat to 1 barrel flour.

Wheat, 10 cents bushel.

	Per cent.
$1.00 per bushel equals	10.0
$0.90 per bushel equals	11.1
$0.85 per bushel equals	11.8
$0.80 per bushel equals	12.5
$0.75 per bushel equals	13.3
$0.70 per bushel equals	14.3
$0.65 per bushel equals	15.4
$0.60 per bushel equals	16.7

Flour, 10 per cent ad valorem.

	Per cent.
$5.00, duty 50 cents, equals	10.0
$4.50, duty 45 cents, equals	10.0
$4.25, duty 42½ cents, equals	10.0
$4.00, duty 40 cents, equals	10.0
$3.75, duty 37½ cents, equals	10.0
$3.50, duty 35 cents, equals	10.0
$3.25, duty 32½ cents, equals	10.0
$3.00, duty 30 cents, equals	10.0

On basis 4½ bushels wheat to produce a barrel of "straight" flour, a barrel of high grade "patent" flour—say 75 per cent to 80 per cent which forms the great bulk of domestic consumption—requires 5⅜ to 5⅝ bushels wheat. Some exceptionally high grades requires even more.

A specific duty of 50 cents per barrel on low-priced flours works no hardship to the American consumer because the consumption in the United States is almost exclusively high-grade patent.

Make duty on wheat and flour alike, both specific or both ad valorem.

A specific duty would be much better for the Government and for the industry.

IS THIS FAIR PLAY?

The following calculations show the enormous advantage of a Liverpool mill selling, duty free, in the New York market over a New York City mill selling the same identical grade; they take no account of the much higher cost of labor in the United States. Argentine wheat is used simply for illustration; the Liverpool mill would gain similar advantage on Russian, Australian, or other foreign wheats:

Four and one-half bushels of Argentine wheat ground into a barrel of "straight" flour in a New York mill:

4½ bushels f. o. b. ship Buenos Aires	per bushel	$0.70
Freight to Liverpool	do	.15
Total per bushel		.85
		4½
Total		3.57½
Less difference in selling price by-products, bran, middlings, etc., equals per barrel		.25
		3.57½
Freight to New York	per barrel	.15
Cost raw material barrel flour		3.72½

Four and one-half bushels of Argentine wheat ground into a barrel of "straight" flour in a New York mill:

4½ bushels f. o. b. ship Buenos Aires	per bushel	$0.70
Freight to New York	do	.12
Duty, 10 cents a bushel, equals		.10
Total per bushel		.92
		4½
Cost raw material barrel flour		4.14

Advantage to Liverpool mill selling in New York market, 41½ cents per barrel on raw material alone.

Net profit American flour mills averages about 5 cents per barrel.

By-products, bran, etc., ordinarily sell $5 to $6 per ton higher in Liverpool than in New York. This reduces cost of flour 22½ to 27 cents per barrel, as the higher the offals the lower the cost of flour, and vice versa.

NOTE.—On basis, 4½ bushels of wheat to produce a barrel of "straight" flour, a barrel of high-grade "patent" flour—say, 75 to 80 per cent—requires 5⅜ to 5⅝ bushels wheat. Some exceptionally high grades require even more. Only high-grade flours would be imported, hence disadvantage of American miller would be correspondingly greater than on "straight" grade, as the duty he would pay on the additional quantity of wheat would equal 10 to 12 cents per barrel on flour.

Equalize the duty on wheat and on flour.

The United States millers only ask fair play.

SUBSIDIZING CANADIAN MILLS.

Canada, of course, as soon as possible after the passage of the breadstuffs schedule of the Underwood tariff bill as now proposed, will remove her duty on United States milled flour and thus secure admission of Canadian flour to the United States duty free, while the United States miller will be prevented from grinding Canadian wheat in the United States by the duty of 10 cents per bushel.

For Canada to revoke her duty against United States milled flour would be about as great an advantage to the United States as if Brazil were to revoke a duty upon American-grown coffee.

This bill gives Canada a natural market of 90,000,000 people in exchange for an economically impossible one of 8,000,000 people.

No Indiana, Ohio, Illinois, Missouri, Kansas, Minnesota, or other United States mill could sell its product in Canada against mills buying their wheat in the lowest priced primary wheat markets on the North American Continent, because the cost of native wheat to these United States mills would be higher. But even if price were the same—which is inconceivable because of the greater remoteness of Canadian wheat territory from the seaboard—back-haul freight from the United States to Canadian wheat territory would absolutely prohibit.

Free Canadian flour and taxed Canadian wheat will drive milling out of existence in the United States. Both in production of wheat and in milling capacity Canada is progressing by leaps and bounds. United States millers already are locating in Canada.

Tax both foreign wheat and foreign flour alike at ratio of 5 to 1.

Five bushels wheat equals 1 barrel of flour.

MILLERS OF ST. LOUIS, MO., BY JOHN F. MEYER & SONS MILLING CO. AND OTHERS, ST. LOUIS, MO.

ST. LOUIS, MO., *April 11, 1913.*

Hon. F. M. SIMMONS,
Chairman Senate Finance Committee, Washington, D. C.

DEAR SIR: The flour-milling industry is in great jeopardy and will be irreparably injured if the tariff is revised to provide a duty of 10 cents a bushel on wheat while admitting flour duty free. The clause in the Underwood bill which admits wheat flour free but imposes a duty of 10 per cent ad valorem against countries which levy a duty on American flour does not and can not equalize the duties on the raw material and the manufactured product.

We ask your serious consideration of a tariff doctrine which provides cheaper wheat for foreign manufacturers, arms and equips them with raw material at a less price than American manufacturers, and then opens the door for such foreign millers to invade our markets with their flour.

We ask your serious consideration if it is American doctrine, Democratic or Republican, to impose a duty on raw material and admit the manufactured product free. This is not protection for the producer, but it is a great and serious handicap imposed by the Government of the United States against the mills of our own country.

We submit that such a policy is indefensible. Great pressure would be brought by Canadian mills to remove the flour duty as a means to gain entrance to American flour markets, and such action would inevitably result in an exodus of American millers to Canada and the upbuilding of the flour-milling industry in the great wheat-surplusing producing Provinces of the Canadian West. Yet the Government of the United States would deny the mills of the United States the raw material from Canada with which to compete.

We urge that the Senate Finance Committee use its efforts to prevent Congress from enacting a law which directly favors foreign millers and denies American millers the raw material with which to compete. We submit that millers of the United States have no combinations or agreements or trust methods, but instead thousands of independently operated mills that create among themselves the keenest competition, which fact can be determined positively and convincingly proved.

Millers do not ask protective favors, but petition for justice and an equalized duty on wheat and flour. We urge that the flour duty be reduced relatively the same as the wheat duty and imposed against all countries.

THE COMMERCIAL EXCHANGE OF PHILADELPHIA, BY SPECIAL COMMITTEE (C. HERBERT BELL AND OTHERS), PHILADELPHIA, PA.

PHILADELPHIA, *April 15, 1913.*

Hon. F. McL. SIMMONS,
Senate Chamber, Washington, D. C.

DEAR SIR: We, the undersigned, have been appointed a committee by the commercial exchange to confer with Representatives of Congress regarding the proposed tariff on wheat and flour.

As provided for in Schedule G, wheat will pay a duty of 10 cents per bushel. Flour will be admitted free except from those countries which charge a duty upon our flour.

We wish to urge upon you the necessity for treating wheat and flour, also mill products, alike; either putting both upon a free basis or else taxing both equally.

If you place any tariff on wheat and make it possible for the free entry of flour and wheat products, you will most certainly legislate against the farmer and the miller of the United States.

By the removal of the duty on flour by Canada, her wheat, in the form of flour and wheat products, would come into this country free. The United States farmer can not obtain more for his wheat than the Canadian farmer; and in order for our farmer to sell his wheat, he would have to compete with free wheat in the form of free flour; he would receive the Canadian farmer's price for his wheat less the duty, for the reason that the miller would be unable to pay him more for his wheat than the value of Canadian flour and wheat products.

The Philadelphia Commercial Exchange, representing over 400 members in the grain, flour, feed, hay, and straw trade, asks that wheat and wheat products be treated alike, and also for free hay and straw. Since 1898 these commodities at times have been forced to an unusually high price by reason of an insufficient supply to meet the demand. A few of the high prices during the past 10 years which would have been decidedly lower had these commodities been free are as follows:

Wheat—Chicago market.

May, 1898 (cornered market)	$1.85	February, 1905	$1.24
May, 1899	.79½	May, 1906	.94½
June, 1900	.87½	October, 1907	1.22
December, 1901	.79½	May, 1908	1.11
September, 1902	.95	June, 1909 (cornered market)	1.60
September, 1903	.93	July, 1910	1.20½
September, 1904	1.22	October, 1911	1.17

Cost of transportation, 10 cents per bushel to the seaboard.

Add the cost of transportation, which covers the elevator charges in Chicago and freight, to the foregoing prices, and you will see that during some years (notably 1898, during which Leiter ran his famous wheat corner, and in 1909, Patten's corner), 1904, 1905, 1907, and 1910 the price of wheat was unusually high. The same reference can be made to certain years during which the prices for hay and straw were unusually high.

With the duty off of these commodities these extreme prices would never have been reached. Free entry will do much to stop the cornering of these commodities and give the consumer flour, feed, and bedding on a basis of competing countries; cornered markets do little, if any, good to farmers, because manipulators of the price do not attempt a corner while the supply is in the farmer's hands, and consumers are seriously injured by them.

DULUTH-SUPERIOR MILLING CO., BY MANAGER (SIGNATURE ILLEGIBLE), DULUTH, MINN.

APRIL 9, 1913.

The SENATE FINANCE COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: With reference to the proposed tariff changes giving Canadian millers the privilege of shipping flour free of duty to the United States if the Canadian Government agrees to admit our flour free to Canada.

Such an arrangement ought to carry with it a provision for the removal of duty on Canadian wheat when the duty on flour is removed, otherwise the millers on the other side of the line will have a very decided advantage over the American miller. If we are able to buy our wheat in the Canadian markets, we can draw our raw material from the same source as our competitor, but if he has cheaper wheat and access to our markets he will have an undoubted advantage, and no doubt secure a large proportion of trade from such territory as can be conveniently reached by him.

Our location on the Great Lakes makes this a matter of great importance to us, as the territory which we supply with flour is precisely the one in which we would have to meet Canadian competition. With raw material at the same price we do not fear this competition, but would be unable to meet it if we were compelled to pay a 10-cent per bushel duty in wheat. Under such conditions the duty imposed would give no protection to the farmer, as he would be unable to market his wheat when the country was being supplied with flour on a cheaper basis.

The margin of profit in milling industry is extremely small, and a difference which in some other lines would be unimportant is vital to us.

THE M'NEILL MILLING CO., FAYETTEVILLE, N. C.

APRIL 30, 1913.

Hon. F. M. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: The millers of North Carolina desire to very briefly address your committee on the subject of the proposed tariff on wheat, flour, and bran.

In common with the other millers of the country, we have formally adopted the following principle in this connection:

> The millers of the United States ask for no protection whatever, but they do claim their right to fair play. We therefore urge that, if a tariff be placed on wheat, an equalizing tariff be placed on the products of wheat, and that if the products of wheat be admitted free wheat be admitted free.

Argument is hardly necessary to show the fairness of such a principle.

We venture to suggest that if all industries affected by the tariff should present as reasonable a request your committee would be greatly relieved.

As stated above, if you are determined on free wheat we are willing that flour and bran be also free; but if, as the House bill now provides,

there shall be a duty of 10 cents per bushel on wheat, then we must in fairness ask from your committee that a compensatory duty of 10 per cent ad valorem on flour shall be made absolute (not contingent on the wishes and interests of other countries, including Canada), and that a similar compensatory duty of 10 per cent ad valorem be placed on bran, i. e., that bran be not, as in the House bill, left on the free list.

The result of a duty on wheat, with flour and bran left free, would be to subsidize the Canadian millers and perhaps other countries and to penalize the American miller. Doubtless it was thought by those framing the House bill that 10 per cent ad valorem would be compensatory, but we must not underrate the good judgment of the Canadian millers, and must therefore in all sincerity expect that the present Canadian duty on flour would in the near future be removed, thus automatically opening our markets to the Canadian miller.

It is quite clear to us that if this proposed measure becomes a law the millers of North Carolina will suffer severely from competition of these foreign millers who will invade our coast towns and through them the greater part of the interior of North Carolina. Wheat will be reduced to such a basis that its production will be discouraged and the milling industry in North Carolina become a memory.

We realize that there can be no change in tariffs without objections being made by some interest affected, but we do not believe that it is fair to the milling interests of your State that the proposed measure be enacted. The loss caused will be immeasurably greater than any gain that could possibly follow.

A communication identical with the above and bearing the signatures of M. L. Buchanan, president, and G. T. Crowell, vice president, was filed with the committee by the Concord Milling Co., Concord, N. C., under date of April 26, 1913.

WASHINGTON MILLERS' ASSOCIATION, BY JOHN T. BIBB AND OTHERS, TACOMA, WASH.

TACOMA, WASH., *April 28, 1913.*

Hon. FURNIFOLD M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: The millers of Washington find from the proposed Underwood bill, according to item No. 202, page 51, line 14, wheat carries an import duty of 10 cents per bushel; page 107, line 19, article No. 443, bran and wheat screenings are to be admitted free; page 127, line 19, article No. 648, wheat flour and semolina (provided that wheat flour shall be subject to a duty of 10 per cent ad valorem when imported directly or indirectly from a country, dependency, or other subdivision of Government which imposes a duty on wheat flour imported from the United States), otherwise wheat flour and semolina to be admitted free.

The individual millers of this State, realizing the seriousness of this proposed bill, in so far as it relates to wheat and wheat products, assembled at a called meeting held in Seattle, Wash., April 15, 1913. This meeting was attended by a large number of representative millers, and after thorough discussion of this proposed bill a committee of three, consisting of the undersigned, was appointed

to look after the interests of the millers of the State of Washington, and this committee was authorized to protest on behalf of the millers of Washington against the bill as proposed.

The following resolution was adopted:

Resolved, That the Washington millers entirely indorse resolution of the Millers' National Federation, passed at Chicago on April 11, 1913, reading as follows:

"*Resolved*, That the millers of the United States ask for no tariff protection whatever, but they do claim their right to fair play. They therefore urge that if a tariff be placed on wheat, an equalizing tariff be placed on the products of wheat, and that if the products of wheat be admitted free, wheat be admitted free."

This resolution expresses the sentiment of the entire milling trade in the State of Washington, and we submit same to you, feeling sure it will appeal to the spirit of fair play inherent in every American. It is significant also of the independent, self-reliant, and self-respecting character of this industry, which does not now, nor has it ever, come before the Congress seeking for protection.

All that the millers of Washington desire, and we believe this applies to millers in other States of the United States, is that we may meet trade conditions in this country or of the foreign trade on a fair and equitable basis, and we do not believe that you, individually, can feel that the American miller would receive fair and equitable treatment if this bill should be passed and become a law, permitting the products of wheat to be admitted free into this country and yet the American miller be taxed 10 cents per bushel import duty for the raw material.

The principle is wrong and unknown to any party since this Government began—a proposal economically unsound and wholly opposed to the principles of tariff making as understood and practiced either in the United States or in any foreign country wherein wheat and flour constitute an important part of tariff regulations.

It has never been the policy of the United States to discriminate against the manufacturer by taxing his supply of raw material and at the same time admit to competition the finished product of other countries. While, in common with the majority of American millers, we have held that the interests of the bread eater would be best conserved by the free admission of both wheat and flour, it is another proposition entirely to levy a duty on the raw material and admit the product thereof free. Such a policy ties the manufacturer hand and foot and turns him over to the tender mercies of his foreign competitors.

There is but an imaginary line between the territory that consumes a large percentage of the product of the Washington mills and the Canadian territory. Some advocates of this bill have suggested that Canadian flour would not compete with us, owing to the 10 per cent ad valorem provision against countries imposing a duty on American flour. It is true Canada now imposes a duty on American flour and therefore would be unable to immediately avail herself of the advantages offered her mills. It is simply inconceivable that the Canadians would be so shortsighted and stupid as not to take prompt advantage of this chance to enter the enormous markets of the United States, especially as they could do so without in the least imperiling the security of their home markets.

Canada would lose no time in removing the duty on American flour. Indeed, the Governor General of Canada could, with one stroke of his pen, remove the duty on flour, inasmuch as the existing laws of Canada give him the authority so to do in certain emergencies.

Unquestionably, within a short time after this proposed bill becomes a law, the Canadian millers would find in the markets of the United States their great opportunity and would avail themselves of it, materially helped thereto by ocean rates of freight, as opposed to the American rail rates, and intrenched in their position by the developing resources of Canada's vast wheat fields.

The Canadian mills would find in the Pacific-coast markets in the States of Washington, Oregon, and California exceptional opportunities for marketing their hard-wheat flour, for the reason that the Canadian Pacific Railroad makes an extremely low rate from the Calgary territory and from other points in Alberta and Saskatchewan, Provinces of Canada, on wheat or wheat products for export. If the tariff on wheat products was removed, these export rates would, without question, be applicable to the United States, and these rates from the hard-wheat belt of Canada are practically the same as from the eastern part of Washington to the west coast of Washington, yet the price of wheat in the interior of Alberta and Saskatchewan is materially less than wheat in the interior of Washington and Oregon; and owing to the Canadians being permitted to secure decidedly lower ocean freight rates than can be secured from Washington territory, it places a prohibitive burden on the north Pacific coast mills in competing on even an equal basis with Canada in the California and a part of the Oregon and Washington territory.

Another serious phase of the proposition that the Washington mills are facing is that the Canadian Pacific Railroad is making a through rate to the oriental markets approximately $2 per ton less so far as the ocean rate is concerned than the Washington mills can secure from Washington ports to the same markets in the Orient. For example, the proportional freight rate to-day from Vancouver, British Columbia, on flour to Hongkong, Asia, is approximately $3.50 per ton, while the American mills must pay $5.50 per ton.

And should the Canadian mills be permitted to invade the Pacific-coast territory with their hard-wheat flour on the basis of these export rates and free of duty, it would mean ruin to the flouring-mill industry in the State of Washington. If, on the other hand, the Washington millers were permitted to receive wheat free, they could then protect themselves on the hard-wheat flour business and be placed on an even footing with the Canadian mills. They could not do this, however, if they were forced to pay 10 cents per bushel duty on Canadian wheat.

And should the Washington mills be permitted to import the Canadian wheat, they would have access to wheat that would be very desirable for blending purposes with the soft wheat grown in the State of Washington, and would place them in a position to manufacture a more satisfactory flour from the blend of these wheats than can at this time be made wholly from the west coast wheats. So that free wheat would not only place the Washington mills on an even break with the Canadian mills, but would give to the consumer in the States of Washington, Oregon, and California a more desirable

product for their home use than can at this time be made from the wheats of these States.

The Washington and Oregon mills have until recently enjoyed a nice flour business with Japan for consumption in that country, but at this time Japan has an import duty of approximately 37 cents gold per 49-pound sack, or $1.48 per barrel, and but a nominal import duty on wheat, giving a great advantage to the Japanese miller. The advantage is so great that it prohibits the importing for home consumption of American flour. Practically the only flour shipped to Japan to-day from American mills is for transshipments at Japan ports for other countries and is not used in Japan. Yet our Congress is considering the very opposite method in penalizing the American miller to the extent of 10 cents per bushel on the wheat that might be consumed and encouraging the manufacture of flour in Canada and elsewhere instead of in our own country.

This is not fair; it is not American, and we appeal to you to see that we who have our investments in American industries are given a square deal. The millers ask for no protective tariff, but if the products of wheat are to be admitted free, we want free wheat; if there is to be an import duty on wheat, we want an equalizing import duty on the products of wheat, not only flour but on the offal--bran, shorts, and middlings, or in other words, the entire product of wheat—and we will appreciate your support in securing this for us.

PENNSYLVANIA MILLERS' STATE ASSOCIATION, BY E. HUTCHISON, PRESIDENT, LANCASTER, PA.

At a meeting of the Pennsylvania Millers' State Association held in Harrisburg, April 16, 1913, the following preamble and resolutions were unanimously adopted:

With a full appreciation of the hardship that the proposed tariff will work on the millers and farmers of the United States and believing that the effect of proposed legislation has not as yet been fully considered by our lawmakers, we earnestly ask that the millers and farmers be accorded a full hearing at such time as may be designated, and we hereby present for consideration in the meantime the following:

Whereas House of Representatives tariff bill No. 10 now before Congress, imposes a duty on raw material and makes the product of such raw material free, notably, wheat is scheduled at 10 cents per bushel, rye 10 cents per bushel, buckwheat 10 cents per bushel, and admits wheat flour free, except for a countervailing duty, which is harmful in its application and permits absolutely free the importation of rye flour, buckwheat flour, bran, and other byproducts which enter materially into the cost of the manufacture of flour; and

Whereas the duty on such raw material, with free products of manufactures made therefrom, would work a great injustice to the flour-milling industry and the farmers of the United States: Be it

Resolved, That the millers of Pennsylvania do not ask for tariff protection, but do earnestly urge that if a tariff be placed on grain an equalizing tariff be placed on the products of grain, or that if the products of grain be admitted free, grain be admitted free; that is to say, we stand for a just parity to be established between the raw material and the manufactured products.

FLOUR MILLERS OF THE UNITED STATES, BY FRANK KELL AND OTHERS, WASHINGTON, D. C.

THE UNDERWOOD BILL AND THE AMERICAN FLOUR MILLER, A SELF-RELIANT, SELF-SUPPORTING, INDEPENDENT MANUFACTURER—HE ASKS EQUAL OPPORTUNITY; NO FAVOR.

WASHINGTON, D. C., *May 1, 1913.*

The purpose of the Underwood bill is to reduce the cost of living. Bread is an important factor in this problem.

Bread made from best patent flour is by far the cheapest foodstuff known to man; none other even remotely compares in nutrition given for price paid. See United States Department of Agriculture Farmer's Bulletin No. 142. No other food forms so staple, so frequent, so universal, and so economic a diet.

THE REASON IS TWOFOLD.

First. Because of the enormous area of wheat land under cultivation throughout the world.

Second. The vast number—some 12,000—separate, absolutely independent, unrelated flour-milling establishments, widely scattered in 48 different States, one half supplying immediately local requirements, the other actively and sharply competing for trade in every consuming market, large and small, throughout the Union.

The value of the entire output, as shown in the census of 1909, was nearly $900.000,000. It is the fifth largest industry in the United States, employing a capital of about $350,000,000.

No combination or attempt to control output or regulate prices has ever been attempted. No such effort could possibly succeed. So fierce has the trade struggle waged that the largest manufacturers are selling in retail lots, frequently by the single barrel, in the principal cities of the United States.

Few concerns of large wealth can be found in the flour-milling industry, and fewer still there are whose wealth results from the conduct of that business. Large volume, frequent turning of capital, and very narrow margin of selling price over cost is the almost invariable rule. It is entirely within bounds to assert that the millers' average profit does not exceed 5 to 7 cents per barrel, or say, 1¼ to 1¾ per cent on selling value of product. This amounts to 25 cents to 35 cents per family per year.

The average annual consumption of flour in the United States is figured at one barrel for each individual, therefore each person pays 5 to 7 cents per year for the milling of the flour he or she consumes. No other industry receives so small a contribution for so large a service.

The cost of bread, therefore, is reduced by the American miller to an extremely low figure. A barrel of the best flour costing, say, $6 per barrel, will produce about 320 pounds of bread at a total cost of about $10, which includes shortening, yeast, sugar, salt, and fuel. The latter—an item of $2—might be omitted, as the cook stove is in daily operation whether the bread is or is not baked in its oven.

Next to the price of wheat the selling value of and a ready market for the mill offals—bran, etc.—are the most important factors in es-

tablishing the cost of flour. These being enormously bulky can not be stored; they must be sold from day to day at whatever price can be secured in face of a multiplicity of offers from all sections.

As the price of offals advances, the cost of flour declines (provided wheat remains stationary), and as offals decline, cost of flour advances. A variation of $1 per ton in offals affects the cost of flour about 5 cents per barrel. Unless a ready sale of offals can be effected, the mill must shut down.

The closing of United States flouring mills—inevitable under the provisions of the Underwood bill—would ultimately result in so greatly reduced a production of offals as to advance prices sharply, to the further benefit of the foreign miller, but to the decided disadvantage of the American farmer and the great dairying interests throughout the United States, as well as to the detriment of the soil, through decreased fertilization.

Therefore if flour milling in the United States is to survive, and if a reasonable price of offals is to be maintained for the advantage of the farmer, the offals of wheat should be subject to the same tariff provisions as flour, and both should be placed upon an exact equality with wheat tariff.

If 10 cents per bushel duty on wheat, then 50 cents per barrel on flour and $2.50 per ton on bran, etc.; or, 10 per cent ad valorem on all three.

China and Japan are enormous buyers of flour from United States Pacific coast mills. They desire to make their own flour. With economic access to the vast wheat fields of Manchuria, they have only been prevented by inability to dispose of the offals, for which there is no domestic consumption. The free admission of offals, as provided by the Underwood bill, would importantly tend to provide the long-sought opportunity to establish native mills, which, if successful, would wipe out three-fourths of the United States Pacific coast mills.

Screenings of wheat and other grains, being largely diseased, and foul seeds, should not be admitted to the United States on any terms unless pulverized by grinding, as unground they pass undigested from the animals to which they are fed, are scattered broadcast upon the soil, and greatly increase the growth of weeds, thus in large measure undoing the splendid efforts of the Federal Department of Agriculture and of the various State agricultural colleges.

The two great flour milling industries outside of the United States are those of Great Britain and those of Canada. The former, located on the docks of the principal ports of England, Ireland, and Scotland, drawing wheat by cheap water-borne freight from all ports of the world direct to their doors, can reship their products by water to seaboard markets all over the globe.

The Liverpool district alone has a capacity of 13,000,000 barrels per year. Under the operation of the Underwood bill these British mills could buy wheat in Buenos Aires, Calcutta, Sydney, Odessa, and at times even in Canadian Lake Superior ports, grind it, and lay the flour down in New York or other United States seaboard markets at 35 to 40 cents per barrel less than a New York City or other United States seaboard mill could from the same identical wheat produce a similar flour, this because of the tax the latter would be obliged to pay on the wheat and the higher European price of the offals.

The Canadian mills—already 110,000 barrels daily capacity and rapidly increasing—are located among or directly in line of communication with practically limitless wheat fields as yet scarcely touched. They badly need enlarged markets and eagerly await the passage of the Underwood bill in its present form, knowing that the Canadian Government would quickly revoke its useless tax on United States milled flour, and thus secure immediate access to a market of 90,000,000 of people. Canadian millers are already seeking connections in the United States.

The millers of the United States, because of the tax, could not buy and grind this Canadian wheat, and in consequence would be driven out of our home markets because our laws would enable the foreign miller to buy his wheat much lower than our own millers could buy it, and would then permit the Canadian miller to ship this Canadian wheat into the United States duty free, provided he first transforms it by Canadian labor into Canadian flour in a Canadian mill.

Canada would be of little or no value as a market for United States flour, as normally Canadian wheat markets are considerably lower than those of the United States, and, moreover, wheat from the United States could not be back hauled "up [illegible]"; cost of freight from the interior of the United States to Canadian wheat territory would prohibit.

Wheat invariably moves east and south, following closely water routes and most direct rail routes to the seaboard and to principal centers of population and consumption. It never moves west or north. Freight rates, as well as ruling prices, prevent.

The free admission of British and Canadian flours to the markets of the United States would not reduce the price of flour. Other causes—American and foreign crops and the wheat speculator—regulate this. It simply means that whatever the price basis the foreign miller could undersell the United States miller in the markets of the United States.

The tax on foreign wheat will not help the American farmer unless there is an equal tax on the foreign-milled products of foreign wheat, because eventually the United States miller, the farmers' best customer, must either buy wheat grown upon United States farms on the basis of the foreign market or else close his doors; in either event the American farmer loses.

To tax the foreign raw material and admit the foreign-finished product duty free is to contradict all heretofore propounded or accepted economic doctrine, the established tariff policy of all political parties and all nations. No recognized statesman or economist has ever before suggested it. The Underwood bill in effect pays a bounty to the foreign miller on all products of wheat sold by him in the markets of the United States. It has no more justification than there would be for the United States Government to pay a bounty upon all American-owned ships built in foreign yards, in order that they might be built by foreign labor in foreign shipyards rather than by American labor in the shipyards of Boston, New York, Philadelphia, Newport News, or San Francisco.

British and Canadian millers have a further great advantage over the millers of the United States in the much lower price of jute sacks, of which the consumption is enormous. This alone gives the untaxed foreign miller an advantage of 3 cents to 4 cents per barrel

and 25 to 30 cents per ton on all products packed in jute, which constitutes from 35 to 60 per cent of the total product. Why this further burden should be placed upon the millers of the United States on a commodity of such general necessity and which can not be produced in the United States is difficult to understand, but is none the less a most serious handicap.

The United Kingdom of Great Britain and Ireland, Denmark, the Netherlands, and China admit both wheat and flour free of duty.

Belgium, Russia, and India tax flour, but admit wheat free of duty.

Australia, Austria-Hungary, Bulgaria, Canada, Egypt, France, Germany, Italy, Japan, New Zealand, Norway, Roumania, and Sweden tax both wheat and flour.

Great Britain, when in 1902 it became financially necessary temporarily to tax foreign foodstuffs, placed a higher duty on wheat products than on wheat, thus recognizing that her millers were entitled to some protection. This gave British milling its first great impetus, and since that time there has been an enormous increase in both the domestic and export business of British mills.

During the same period the export of United States flour has declined about 50 per cent, and is now largely confined to lower-grade flours than American consumers will use; they demand the best.

In 1903 the United States exported nearly 20,000,000 barrels of flour. In 1912 the exports were but 10,500,000 barrels, and the average exports for the past five years have been but 10,000,000 barrels.

Every bushel of wheat grown in the United States should be ground in its mills. They have abundant grinding capacity.

The result of this decrease in export is that the milling capacity of the United States greatly exceeds domestic requirements, and in consequence the mills are unable to run more than an average of two-thirds time. This accounts for the severity of the competition in home markets, each miller exerting the utmost effort to keep his plant in operation as fully as possible. The influx of a vast quantity of foreign milled flour would merely aggravate an already difficult situation.

The export of United States wheat is largely confined to durum and other unsatisfactory types of wheat, and to wheat of inferior grades, which our millers can not use in the production of the high-grade flour demanded by the American consumer. Much good wheat, however, is likewise exported, and this is largely due to the lack of primary storage as well as to inability to finance at country points the enormous volume moving from the farms during the three months immediately following the harvest. It is then forced along lines of least resistance—i. e., cheapest freight routes—to central points of accumulation and to seaboard markets.

The actual export movement of wheat from the seaboard throughout the crop year is fairly uniform, but sales of wheat for export are decidedly spasmodic. Long intervals elapse when no sales are made, the markets of the United States being relatively and at times, though not often, actually higher than those of Europe. The foreign buyer bides his time, and when prices suit (usually following aggressive "bearish" speculative manipulation) purchases in enormous quanti-

ties for gradual shipment. A sharp rise in price usually follows recognition of this foreign buying, and the flour millers of the United States, having but limited storage capacity, are forced to pay the advanced prices thus established.

The endeavor has been made in the foregoing to indicate clearly the close interrelation of wheat and wheat products; the multiplicity and independence of United States flour mills; the strength of the domestic competition; the narrowness of milling margins; the important relation of offals to the net cost of flour, and their dairy and fertilization importance; the relation of the price of flour and the cost of bread and how the latter may be reduced; the extent of the British and Canadian milling industries and their ability to drive American mills out of the markets of the United States, because of the discrimination by our own Government against our domestic mills and in favor of the foreign mills, together with various other factors in the marketing of wheat and the making of flour.

The imperative need of equality of tariff treatment of wheat and all wheat products has likewise been set forth. How this shall be accomplished is not for the millers to determine, but without this complete equality the American flour-milling industry—the fifth largest in the United States—is doomed to disaster.

The farmers of the United States are strongly of the belief that paying a tariff on nearly everything they buy they are justly entitled to a reasonable protection on that which they produce and sell, of which wheat is among the most important. If this be so, then simple justice requires that the foreign-milled products of such foreign wheat shall pay an equivalent tax.

If, in the judgment of the tariff-making authorities, the farmer is not entitled to such reasonable protection, and wheat shall be admitted duty free, then the flour millers of the United States ask for no duty upon foreign-milled flour; they are willing, upon even terms, to meet the competition of the world; they only ask that which they are confident the Congress and people of the United States desire to accord them—fair play.

The following schedules of the Underwood bill affect wheat and wheat products: Schedule G, paragraph 198, wheat, 10 cents per bushel, ad valorem; free list, paragraph 439, bran and wheat screenings; free list, paragraph 647, wheat flour and semolina. Schedule J, paragraph 290, bags or sacks made from jute yarns, 25 per cent ad valorem.

STATEMENT IN BEHALF OF THE AMERICAN MILLERS, WILLIAM C. EDGAR, CHAIRMAN, CHICAGO, ILL.

APRIL 17, 1913.

Hon. F. McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

SIR: In response to their individual protests against what they regard as the unjust provisions of the proposed tariff bill, the American millers have been invited to submit a statement for the consideration of your committee, therein setting forth their contention in regard to the provisions touching wheat and its products

and stating such facts in support thereof as may truthfully be adduced.

The milling industry of the United States has no organization charged with the regulation of its business, inasmuch as the latter is extremely competitive and it is impossible to bring all the members of so large a trade into one association. The nearest approach to a trade organization which exists is the Millers' National Federation, which is composed of millers who meet annually for the purpose of discussing trade matters.

At a called meeting of this organization, held in Chicago on April 11, 1913, and attended by a large number of representative millers, the undersigned was authorized to prepare a statement in behalf of the trade and to submit the same to you. This is his authority for this document.

PROPOSED TARIFF LAW.

H. R. 10, introduced in the Congress on April 7, 1913, and now under consideration, proposes, in regard to wheat and its products, the following:

1. That wheat shall be subject to a duty of 10 cents per bushel.
2. That wheat flour and semolina shall be admitted free of duty: *Provided*, That it shall be subject to a duty of 10 per cent ad valorem when imported from a country which imposes a duty on wheat flour imported from the United States.
3. That bran and wheat screenings be admitted free.

MILLERS' PLEA.

As a preliminary definition of the attitude of the American milling industry we beg to submit the following resolution, which was unanimously passed by the meeting held in Chicago on April 11, and held to express the sentiment of the entire trade:

Resolved, That the millers of the United States ask for no tariff protection whatever, but they do claim their right to fair play. They therefore urge that if a tariff be placed on wheat an equalizing tariff be placed on the products of wheat, and that if the products of wheat be admitted free wheat be admitted free.

We most respectively submit that, as a declaration of principles, nothing could be simpler or fairer than the foregoing, and we feel sure that it will appeal to the spirit of fair play inherent in every American. It is significant, also, of the independent, self-reliant, and self-respecting character of this industry, which does not now, nor has it ever, come before the Congress seeking for protection.

All that the American millers ask is a fair field and no favor. They are ready to meet the world's competition, given only the same facilities that such competition already possesses. They ask nothing more, and under the conditions which rule in international milling they would be unable to survive with anything less.

MILLER AND PROTECTION.

It is true that under the existing law there is a duty of 25 per cent ad valorem on flour, but there is also a duty of 25 cents a bushel on wheat. The millers did not ask for a protective duty on wheat; it was given in the interest of the wheat raisers, and the duty on flour

was made compensatory, on the principle that a duty on wheat would be futile unless it accompanied an equalizing duty on the products of wheat.

WRONG PRINCIPLE.

We beg to point out that the proposal to place a duty on wheat and admit its products free is wrong in principle and unknown heretofore in the policies of any party since the Government of this country began; a proposal economically unsound and wholly opposed to the principles of tariff making as understood and practiced either in the United States or in any foreign country wherein wheat and flour constitute an important part of the tariff regulations.

It has never been the policy of the United States to discriminate against the manufacturer by taxing his supply of the raw material and at the same time admitting to competition the finished product of other countries. While, in common with the majority of American millers, we have held that the interests of the bread eater would be best conserved by the free admission of both wheat and flour, it is another proposition entirely to levy a duty on the raw material and admit the product thereof free. Such a policy ties the manufacturer hand and foot and turns him over to the tender mercies of his foreign competitors.

POLICY OF OTHER COUNTRIES.

We beg further to submit that should the proposal carry to place a duty on wheat and admit its products free, the American miller will stand absolutely alone in being thus discriminated against. There is not another wheat and flour producing country on the face of the globe that does not give the miller at least an equality of opportunity; in many countries he is given an advantage.

For instance, in Austria-Hungary, Bulgaria, France, Germany, Italy, Norway, Roumania, Sweden, Canada, Egypt, Japan, Australia, and New Zealand there is a duty upon both wheat and flour.

In Belgium, Russia, and British India there is a duty on flour, while wheat is free.

In the United Kingdom, Denmark, Netherlands, and China both wheat and flour are free.

Surely the Congress will not willingly and knowingly place the American miller at a great disadvantage with his fellows in other countries and, thus handicapped, expect him to compete.

Therefore we only ask that, if in your judgment it is advisable to subject wheat to a duty of 10 cents per bushel, the duty on the products of wheat be made 10 per cent ad valorem.

REASONABLE RATIO.

While this ratio is not entirely compensatory, a more just arrangement lying in a specific duty, yet we do not wish to ask for change merely for the sake of change. Since the bill already provides for an ad valorem duty on flour under certain circumstances, we are quite willing to accept that ratio without protest, realizing that, under ordinary crop conditions, it will be nearly sufficient to put the American miller on a parity with his foreign competitor, and

that should there be a shortage of wheat in this country, the American miller has no right to stand in the way of the consumer obtaining flour at the lowest possible price, no matter where it may be manufactured.

CHARACTER OF THE MILLING TRADE.

Permit us briefly to set forth the character and extent of the American milling industry which it is proposed to penalize.

First, it is a highly competitive industry, one of the few American trades that have remained wholly uninfluenced and untrammeled by combinations or trust methods of any sort or kind. The census of 1909 shows that there are nearly 12,000 flour mills in the United States, and that they are situated in 49 different States.

The capital employed in flour milling is nearly $350,000,000; the total expense is $827,000,000; the value of the product $883,000,000. In 1909 these mills consumed 525,000,000 bushels of American grown wheat, producing therefrom 105,000,000 barrels of flour and 9,000,000 tons of feed and offal. The total wheat crop for 1908, on which these mills operated, was 665,000,000 bushels; thus 80 per cent of the entire crop grown in this country found a ready-cash market in the American flour mills, at a higher price than the grain growers could have received by exporting their wheat.

Surely both by the competitive character of his business and the importance and value of his operations to the country, the American miller is justified in simply seeking fair play, which is all he asks.

NOT FAIR TRADE.

We have no doubt that in framing the proposed bill the members of the Ways and Means Committee believed that by the insertion of the proviso imposing a duty of 10 per cent ad valorem on flour imported from countries which impose a duty upon American flour they were thereby placing the American miller in a position to compete freely and on even terms with such foreign competitors as might ship into American markets.

This was a natural error based upon the common conception that the American milling industry is unequaled in point of mechanical efficiency, resources of raw material, and ready and cheap access to flour markets, both at home and abroad.

INTERNATIONAL MILLING CONDITIONS.

Ten or fifteen years ago such a claim might well have been supported by the facts, but anyone familiar with the international milling situation to-day knows well that such is no longer the case. Immensely favored by discriminating inland and ocean freight rates on wheat, the millers of the United Kingdom have prospered amazingly. They have enormously increased the size of their plants and there are no millers in the world more astute or progressive in their methods of manufacture.

The new mills erected in the United Kingdom have wisely been placed at British ports where both the wheat and the flour can be handled by water, at exceedingly low rates of freight.

With free wheat drawn from every portion of the world, the miller of the United Kingdom is already in an enviable position, and the

activity in mill building during recent years has nowhere shown an impetus equal to that in Great Britain, unless it be in Canada.

It is a fact that the port mills in the United Kingdom have a daily capacity of 110,000 barrels. With free wheat, low rates of ocean freight, a highly remunerative home demand and free access to the markets of the United States, both for flour and bran, within six months from the passage of this bill the British mills could double their capacity, or even increase it threefold.

COMPARATIVE FLOUR EXPORTS.

In 1885 the mills of the United Kingdom exported only 271,000 barrels of flour; in 1912 they exported 1,739,000 barrels, a gain of quite 600 per cent. While the total amount thus exported may seem comparatively small, yet it is highly significant, since it shows that the British mills have not only been able to displace American flour in their home markets, but have actually developed an export trade, which was nominal and incidental during the years when American flour was preeminent in British markets.

On the other hand, the exports of flour from the United States, including all countries, have in 10 years shrunk from 18,000,000 barrels to less than 10,000,000 barrels.

The export flour figures of Minneapolis, the largest exporting milling city in the United States, are even more startling. In 1887 Minneapolis exported 2,650,000 barrels of flour, being 40 per cent of the total output. In 1912 it exported but 1,132,000 barrels, not quite 7 per cent of the total output.

Exports of flour from Canada have increased from 455,000 barrels in 1900 to 2,388,000 barrels in 1912.

ADVANTAGE OF FREE WHEAT.

The ability of both Canadian and United Kingdom mills to increase their exports of flour while the exports of the American flour mills were constantly dwindling is due to the fact that the British mills have had free access to wheat supplies which were constantly increasing, while Canada, developing her western wheat fields, has had the same advantage.

For instance, the Argentine wheat crop, marketed in Great Britain at low rates of ocean carriage, has increased from 31,000,000 bushels in 1890 to 198,000,000 bushels in 1912, while the wheat crop of western Canada has increased from 17,000,000 bushels in 1900 to 198,000,000 bushels in 1912.

The duty on wheat has shut out the American miller from access to the wheat fields of other countries. This in itself is a sufficient handicap, but it is now proposed to continue this duty and give his competitors free access to American markets.

POSSIBILITIES OF UNFAIR COMPETITION.

It will be said, however, that the proposed provision exposes the American miller to but one competitor—the miller of the United Kingdom.

For the moment this is true, and before passing to the ultimate effect of the proposed bill we will deal with its immediate result in

giving the British miller an unexpected but most welcome advantage over his American competitor in the latter's home markets.

We are not prepared to give authoritative ocean rates of freight from Argentina to Great Britain on wheat and from Great Britain to our seaboard on flour; first, because such rates are variable, being dependent upon the tonnage available in port; and second, because no rate has ever been established on flour from British ports to the United States, the British miller never, in his wildest dreams, imagining that the United States would place a duty on wheat and allow flour free entry. If we were disposed to base our estimate of this freight rate on probabilities we would say that flour coming from Great Britain to the United States might even be carried as ballast at a nominal rate.

Giving the wheat from Argentina the highest rate the carriers could possibly charge and the flour from Great Britain the same rate that is now charged from the United States to English ports, we are perfectly safe in saying that, should this proposal carry, it will be easily possible for the British port miller to buy his wheat from Argentina, transport it to Liverpool, mill it there, and, carrying the flour to New York, sell his product at 30 cents a barrel under the best price that the American miller could possibly quote and still make a handsome profit on the transaction. A reduction of 15 cents a barrel would undoubtedly turn the trade.

PROPOSED GIFT TO CANADA.

It is true that Canada now imposes a duty upon American flour, and therefore would be unable to immediately avail herself of the advantages offered her mills. It is simply inconceivable that the Canadians would be so shortsighted and stupid as not to take prompt advantage of this chance to enter the enormous markets of the United States, especially as they could do so without in the least imperiling the security of their home markets.

Canada would lose no time in removing the duty on American flour, and American millers would practically be unable to sell in Canadian markets; for one reason, because some of these markets, and the most profitable ones, are inaccessible to Americans; for another, because if the American miller, in order to secure a share of the trade, should sell his flour at less than the price charged in his home market he would be exposed to a very stringent penalty, made for the express purpose of preventing "dumping." Without such initial concession in price the American miller would find it impossible to get any portion of the Canadian trade, since he would not have access to cheap Canadian wheat. Indeed, the Governor General of Canada could with one stroke of his pen remove the duty on flour, inasmuch as the existing laws of Canada give him authority so to do in certain emergencies.

Unquestionably within a short time after this proposed bill became a law the Canadian millers would find in the markets of the United States their great opportunity and would avail themselves of it, materially helped thereto by ocean rates of freight as opposed to the American rail rates and intrenched in their position by the developing resources of Canada's vast wheat fields.

Thus we can safely count upon two very active and enterprising contestants for the American markets, both having conserved markets of their own, both having practically inexhaustible supplies of wheat upon which they would have no duty to pay—the British miller obtains his wheat free, the Canadian miller has far more wheat at his disposal than he can grind. And his wheat is both good and cheap.

AS TO BRAN AND SCREENINGS.

It is proposed to put bran and screenings on the free list. This is a discrimination against the American miller equally as severe and undeserved as the provision admitting flour free.

Bran and offal amount to 30 per cent of the product of wheat. It is perfectly obvious that if nearly a third of the product be lessened in value, the chief product must be increased in price.

We will assume that the object of putting bran on the free list is to make cheaper feed for animals. But is it reasonable to lessen the cost of feeding the animal at the expense of the human? Is the cow more worthy of consideration than the man?

Passing from this somewhat absurd phase of the proposal, we would invite your attention to the effect of putting bran on the free list.

WHY FREE BRAN IS A DISCRIMINATION.

As the proposed law stands, any country can export bran to the United States duty free. This means that the millers of the United Kingdom, of Canada, Germany, and all other countries wherein flour is manufactured may ship nearly one-third of their product into this country, regardless of the fact that they may or may not impose a duty on American bran and flour. This is so palpably unfair and unjust as to need no comment, yet there is a phase of this proposal that should receive especial consideration.

Your committee is doubtless aware that during recent years attempts have been made to build up large milling interests in China. These have not been successful owing to the fact that the mills had no market for their by-products and without such a market they were unable to succeed.

A more important and significant development has recently taken place in international milling, the success of which hangs directly upon having free access to bran markets. In Japan very large mills have been erected during recent years and are still being projected and built. The Japanese Government is encouraging this enterprise in every possible way and the millers have strong financial and administrative backing.

Although Japan raises but little wheat and its millers are obliged to import their raw material, having access to Manchurian wheat fields, the Japanese are rapidly turning from rice eaters to bread eaters, and the Government is determined that the flour for this bread shall be manufactured by Japanese millers.

Unfortunately for the success of this enterprise, there is no demand either in China or Japan for bran and the other by-products of flour; without such a market, the attempts of the Japanese miller to make progress are greatly handicapped and the development of the indus-

try proceeds slowly; meanwhile American flour is supplying most of the demand.

If the American markets are opened to Japanese bran and screenings free of duty, the success of this undertaking will be at once assured, and American flour will be driven out of the Japanese and probably the Chinese markets, supplanted by flour made in China and Japan.

This would not only affect disastrously the operation of the American mills situated in Washington, Oregon, and California, but on completion of the Panama Canal would have a deterrent effect upon the mills which now find their chief markets on the Atlantic seaboard. Surely, the Congress does not desire to discriminate against American millers in order to build up a milling industry in the Orient, yet such would be the tendency if bran and screenings were admitted free while wheat carries a duty.

EFFECT UPON THE FARMER.

We assume that the duty of 10 cents a bushel on wheat was imposed as a measure of protection for the American wheat raiser. If so, we contend that a duty upon the raw material without an equalizing duty on the product of that raw material will be futile and unavailing. Otherwise the principle of tariff making used since the beginning of this Government by all parties is wrong, and the practice of all the wheat and flour producing countries of the world is in error.

We maintain that you can not possibly discriminate against the farmer's best, nearest, and most profitable customer—the miller—without at the same time discriminating against the farmer himself; in short, that the basis on which this tariff is proposed—that of placing a duty upon wheat and admitting its products free—is both unheard of and obviously unjust.

The welfare of the farmer and the miller must go hand in hand; one can not be damaged without hurt to the other. In this connection it is frequently asserted that as long as there is an exportable surplus of wheat raised in the United States it must inevitably find its basic value in the world's wheat price.

In theory this is doubtless true; in practice it is a misleading fallacy. "In the long run," doubtless, the price of wheat is equalized, but the difficulty is that the "long run" aforesaid terminates in Liverpool at the door of the British miller. and the American miller has not legs enough to carry him to the point where the "long run" ends, and he can secure its practical benefit in cheap wheat.

IN CONCLUSION.

In setting forth this argument we have endeavored to avoid exaggeration and to confine ourselves to facts which we are in a position absolutely to prove.

We close, as we began, by stating our principles in the following:

Resolved, That the millers of the United States ask for no tariff protection whatever, but they do claim their right to fair play. They therefore urge that if a tariff be placed on wheat an equalizing tariff be placed on the products of

wheat, and that if the products of wheat be admitted free wheat be admitted free.

To this end we respectfully urge that your committee amend the proposed law in so far as it affects these products. If in your wisdom you think it well to retain the duty of 10 cents a bushel on wheat, then we urge that you also impose a duty of 10 per cent ad valorem on the products of wheat, making this duty absolute, to apply on all importations.

BY JOHN CROSBY.

WASHINGTON, D. C., *April 23, 1913.*

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

SIR: We inclose herewith a draft of tables of market reports in which the range of wheat prices as described is set forth for nine crop years and for the crop year 1913 up to April 15. The figures in the column entitled "Difference" show the difference between the market prices in Minneapolis and Winnipeg.

Range of closing prices of wheat, taking 15th and 30th of each month, at the Minneapolis and Winnipeg exchanges for series of years. The Winnipeg prices carry with them transit of wheat to Fort William. We do not have at hand rates from Fort William and Minneapolis to points in the United States. It may be understood that rates from Fort William to United States markets are not higher than from Minneapolis.

	Minneapolis.	Winnipeg.	Difference.[1]
	Cents.	*Cents.*	*Cents.*
1904	87[illegible]-116[illegible]	83[illegible]-104[illegible]	+ 3[illegible] to +11[illegible]
1905	80 -117[illegible]	74 -105[illegible]	+ 6 to +11[illegible]
1906	60[illegible]- 86[illegible]	70 - 83[illegible]	− [illegible] to + 2[illegible]
1907	77[illegible]-112[illegible]	75[illegible]-111[illegible]	+ 2[illegible] to − 2[illegible]
1908	96[illegible]-110	91[illegible]-111[illegible]	+ 4[illegible] to − 4[illegible]
1909	91[illegible]-130[illegible]	91[illegible]-133[illegible]	+ 2[illegible] to − 3[illegible]
1910	101[illegible]-115[illegible]	88 -107[illegible]	+13[illegible] to + 8[illegible]
1911	91[illegible]-109[illegible]	90[illegible]- 99[illegible]	+ 1[illegible] to + 9[illegible]
1912	79[illegible]-111[illegible]	78[illegible]-108[illegible]	+ [illegible] to + 5[illegible]
1913	81[illegible]- 89[illegible]	87[illegible]- 90	− 3[illegible] to − [illegible]

[1] Figures preceded by plus (+) sign indicate market prices in Minneapolis above Winnipeg, and those preceded by minus (−) sign indicate Minneapolis prices below Winnipeg.

You will note how few italicized figures there are in this table, showing that Minneapolis is normally on a much higher level than Winnipeg.

We believe that you fully realize the normal difference between the market prices of wheat in Canada and this country, but in order that you might have the facts before you we inclose this table.

These figures are based on the official reports of the Minneapolis and Winnipeg exchanges and have been compiled with care, and we believe are correct.

And the markets of this country, as a whole, are so intimately related that the same relative differences, giving due consideration to local conditions, will appear. The fact that the wheat markets of this country are normally so much higher than Winnipeg shows

clearly that if there is a duty on wheat and if flour comes in free (by Canada changing her customs laws, which it seems to us she will surely do), then Canadian flour will be largely eaten in the United States, since the United States mills will not be able to buy the Canadian wheat against this tariff duty on the same basis as the Canadian mills.

The following figures may interest you as showing the growing capacity of the Canadian mills:

Capacity of Canadian mills.

	Barrels daily.
1908	91,052
1909	95,040
1910	100,372
1911	100,315
1912	111,208

The present capacity of 111,208 barrels equals 33,362,400 yearly. (These figures are based on records of the Northwestern Miller.) The consumption of flour is 1 barrel per capita. Canada might therefore supply her entire population of 8,000,000 people and send 25,000,000 barrels into the United States. Canadian mills are modern.

We spoke to you yesterday briefly on the point that the proposed House bill permits bran to come absolutely free into this country without the necessity for Canada making any changes in her customs laws. The by-products of the manufacture of flour consist largely of bran, and out of 100 per cent of wheat the flour miller usually makes 70 per cent of flour and 30 per cent of by-products. As we frankly told you yesterday, Canada has not as good a market for her bran as have we in this country. She will, therefore, be eager to ship her bran into our markets. This will necessarily reduce the price of bran in this country, and since the cheaper the bran the higher the price of flour, and vice versa, the result of this policy of admitting bran free will necessarily be that feed for cattle will be cheaper and flour for humans will tend to be dearer.

Without elaborating further on this point, it seems to the American miller quite as essential that his by-products should be placed in a position of equivalence with the wheat as that his main product—flour—should be so placed.

Therefore Canada, with large supplies of choice wheats, at prices that are normally cheaper than those of the United States, with her access to our higher-priced markets, with a mill capacity far in excess of her home needs, Canada can, if the proposed House bill is adopted, on her own initiative, remove her duty on flour, which will automatically remove our duty on flour, and then offer a competition in our markets which the American miller can not withstand.

So that the three products of wheat, flour, and bran may be well put in the same class, tied together and given the same equivalence of treatment.

And in simple fairness to the large and widely scattered flour-milling industry of this country, with its nearly 12,000 flour mills and with an invested capital of $350,000,000, and with the value of its annual product $880,000,000, this equivalence of treatment in the way of duties is both just and axiomatic.

LOCKPORT (N. Y.) BOARD OF TRADE, BY WILLIAM A. DICKENSON, SECRETARY.

LOCKPORT, N. Y., *April 26, 1913.*

Hon. F. McL. SIMMONS,
Chairman Finance Committee, United States Senate, Washington, D. C.

DEAR SIR: At a special meeting of the Lockport Board of Trade held April 25, 1913, the following resolutions were adopted:

Whereas the members of the Lockport Board of Trade in special meeting assembled this 25th day of April, 1913, believe that the enactment of the Underwood tariff bill will result in the destruction of not only the milling industry of Lockport, but of the United States, thereby entailing a tremendous loss to the business of the country and causing many thousands of people to lose their present means of earning their livelihood without giving or creating any gain or advantage to the people of the United States: Therefore be it

Resolved, That the Lockport Board of Trade hereby records its emphatic opposition to the pending tariff bill in the Congress of the United States in so far as it relates to wheat and wheat products; that we firmly believe a tariff on wheat and not on the products of wheat is inconsistent, and that if flour is placed on the free list that wheat should come in free also; and we therefore petition Congress not to pass a bill which will have such disastrous consequences.

We ask that you use your influence to put wheat on the free list.

BALTIMORE (MD.) CHAMBER OF COMMERCE, BY J. B. HESSONG, SECRETARY.

BALTIMORE, *April 10, 1913.*

Hon. F. McL. SIMMONS,
Chairman Finance Committee, United States Senate, Washington, D. C.

DEAR SIR: At a special meeting of the board of directors this day the following resolutions were unanimously adopted, viz:

Whereas the tariff bill now pending in Congress provides for a duty of 10 cents per bushel on wheat, while admitting flour duty free; and

Whereas such a procedure is, in our judgment, economically wrong and fraught with grave danger to the milling interests of the United States: Therefore be it

Resolved by the Baltimore Chamber of Commerce, That we do earnestly protest against the admission of flour into the United States duty free while maintaining any duty on wheat.

Resolved, That if in the judgment of Congress the best interests of our country are served by the admission of flour duty free that wheat should also be admitted duty free.

Resolved, That if in the judgment of Congress the best interests of our country are served by maintaining a duty on wheat that an equivalent duty on flour and mill feeds should also be maintained.

STANDARD MILLING CO., BY A. P. WALKER, VICE PRESIDENT, 49 WALL STREET, NEW YORK.

NEW YORK, *April 22, 1913.*

HON. FURNIFOLD M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: We beg leave to call your attention to the very grave danger to which the American milling industry is exposed by provisions of H. R. 10, at pages 51 and 127, whereby wheat is made dutiable at 10 cents per bushel, and wheat flour and semolina are placed upon the free list, with the proviso that wheat flour shall be subject to a duty of 10 per cent ad valorem when imported from a country which imposes a duty on wheat flour imported from the United States.

The milling industry is the fifth largest in the United States, consisting of over 8,000 mills constructed at a cost of $350,000,000 and grinding 500,000,000 bushels of wheat a year. It is subject to the most active competition, and it has at no time been charged that this industry has been affected by combinations, trusts, or selling agreements.

Economically it is impossible to justify a proposition to admit the finished product free, while placing a duty on the raw material. Such a proposition necessarily tends to destroy the home industry and place the market exclusively in foreign hands.

The object of the proposed bill is to reduce the price of breadstuffs by admitting flour free and to protect the American farmer by imposing a duty of 10 cents per bushel on wheat.

Would any such result be accomplished by the enactment of this proposition into law?

A barrel of flour will make approximately 320 loaves of bread. Therefore, a reduction of 45 cents per barrel in the price of flour would mean a reduction of fourteen one-hundredths of 1 cent, or 1$\frac{4}{10}$ mills per loaf. Can anyone imagine that such a small reduction will benefit the consumer of a 5-cent loaf of bread? On the contrary, this evtremely minute profit will inevitably be absorbed by the baker and retailer without reducing the cost or benefiting the ultimate consumer by free flour.

With free Canadian flour and taxed Canadian wheat no American mills could compete, and the milling industry would go to Canada. Under these circumstances the 10 cents per bushel duty on wheat would be of little benefit to the farmer, as he would lose the sale of a large proportion of the wheat now ground by the millers of this country who can not afford to pay a higher price than their English, Canadian, French, or German rivals.

It has already been stated that the mills of this country grind 500,000,000 bushels of wheat annually.

The loss to the farmer of a consumer of this magnitude would mean disaster.

The proposed change in the tariff would simply result in placing the price of wheat in this country on an export basis, in which case the American farmer would derive no benefit from the supposed protection.

We do not rely on generalizations, however, to establish this proposition, but shall support our statement with accurate figures.

If the bill is passed in its present form, Canada, with her numerous modern, well-equipped mills and large surplus capacity, will at once remove her duty on United States milled flours, thereby securing access to a natural market of 90,000,000 people, without fear of any competition from us in her market of 8,000,000, and having access to New York, Philadelphia, Boston, and other cities by water routes, she can actually ship to this country cheaper than the cost of rail transportation from most of the American mills to seaboard. England to-day imposes no duty on American flour; and, if the bill becomes a law in its present form, an enormous part of our milling trade will be transferred to the English and foreign millers.

A miller in Liverpool can buy Argentine wheat f. o. b. Buenos Aires at	per bushel	$0.70
Add freight to Liverpool	do	.15
Wheat at his mill costs him	do	.85
As it takes 4½ bushels of wheat to make a barrel of flour, the raw material of a barrel to the Liverpool miller would be		3.82½
The Liverpool miller will obtain from 4½ bushels of wheat a higher price for his by-products than the American miller of about		.25
		3.57½
Add freight to New York, per barrel		.15
Cost to Liverpool miller of raw material delivered New York, Philadelphia, or Boston, per barrel		3.72½

The same transaction will figure out as follows to the New York miller:

Cost of Argentine wheat f. o. b. Buenos Aires, at	per bushel	$0.70
Add freight to New York	do	.12
Add duty proposed under H. R. 10	do	.10
Cost of wheat delivered at New York, Boston, or Philadelphia	do	.92
As it takes 4½ bushels of wheat to make a barrel of flour, the raw material of a barrel to the New York miller would be		4.14

This gives a difference in favor of the Liverpool miller of 41½ cents per barrel, without taking into consideration the difference in cost of manufacture, which is considerably less in Europe and substantially less in Canada. The net profit of the American flour mills does not average 10 cents per barrel.

There can be no question of the destruction of the greater part of the American milling industry if this proposition is enacted into a law.

The American miller has never clamored for protection. He is more than willing to compete freely for trade in the markets of the world. All he now asks is that Congress refrain from so far crippling his industry as to render such competition impossible. He asks, in the interest of simple justice, that if you admit his finished product free of duty you also admit his raw material free of duty, or, as an alternative proposition, that if you tax his raw material you place a corresponding duty upon his finished product. He is not particularly solicitous as to which of the two courses be enacted into law, but he most earnestly urges upon you that if wheat is to be taxed, make the duty on wheat and flour alike, both specific or both ad

valorem, and that if flour is to be admitted free, then wheat should also be admitted free.

It is submitted that this proposition, stated as it is in the alternative, rests not in selfish endeavor to procure protective class legislation at the expense of the consumer and farmer, but instead in simple justice.

NEW PRAGUE FLOURING MILL CO., NEW PRAGUE, MINN., BY F. A. BEAN, PRESIDENT.

[Telegram.]

NEW PRAGUE, MINN., *April 5, 1913.*

The SENATE COMMITTEE ON FINANCE,
Washington, D. C.

We regard proposed adjustment of tariff on wheat and flour to be thoroughly vicious. Canada, with rapidly increasing wheat production and with milling capacity already greatly exceeding home consumption, will eagerly embrace opportunity, if given, of removing their duty on flour, thereby opening our populous country into best market in world for their manufactured wheat. Result would be protection of Canadian mills against our competing on Canadian raw material, while permitting them to fatten on flour sales at prices which our domestic mills could not possibly meet until price of home-grown wheat declined, as it inevitably would, to world level. Meantime our milling industry would be destroyed and similar foreign industries fostered. No nation has ever dealt its own citizens such a blow as this. Every country that charges duty on wheat imposes equal or higher duty on manufactured products, regardless of source. Plan reported would not be justifiable, even on the wild supposition our milling industry monopolized, whereas competition is rife and often even ruinous among many thousand domestic millers. We ask hearing before reporting bill. Please answer.

APRIL 7, 1913.

The SENATE COMMITTEE ON FINANCE,
Washington, D. C.

SIRS: We inclose herewith confirmation copy of telegram which we have taken the liberty of sending you relative to a tariff measure which has been reported to us as being under consideration, relating to import duties on wheat and flour, together, no doubt, with other kindred articles.

To us who are familiar with milling conditions in the United States and also in Canada, as we are financially interested in two large flour-milling plants at Moose Jaw, Saskatchewan, and Calgary, Alberta, it is hard to believe that any well informed person could regard the imposition of an import tax upon wheat entering the United States, as anything but a discrimination against the millers of the United States, providing, as we understand is the case, it is intended to leave the door open for admission of the manufactured products of wheat coming from any country that admits our flour free of duty.

Canada will for many, many years to come, if not always, be a wheat-exporting country. It will likewise be a flour-exporting country to whatever extent it is possible to develop the milling industry within the boundaries of the Dominion, and sell the product at home and abroad. The Canadian domestic market for flour is a narrow one, comparatively speaking, because the consumption of flour is proportionate to the population. The Canadian mills now manufacture much more flour than consumed at home, and the last two or three years have seen a wonderful building up of the milling industry in Canada based, of course, upon the large wheat production of that country and the certainty that for a great many years to come the price of wheat in Canada will be based on world conditions, and therefore a Canadian mill favorably situated and economically operated can compete in the open market with all comers. However, the flour trade which Canada has with the United Kingdom and with other European countries is conducted on a narrow margin of profit, and so the business can not be regarded as especially remunerative. If, however, they are given access to the flour trade in our populous Central, Eastern, and Southern States, as would come to pass under the proposed tariff legislation, and particularly if, at the same time, the United States millers were compelled to pay a duty of 10 cents per bushel on Canadian wheat entering United States, a duty equivalent to 50 cents per barrel on flour, it needs no explanation to show what an extraordinary benefit the Canadian millers would derive. They would be able to offer an exactly similar product as that produced by the Minnesota millers, certainly as good and possibly even better, and unless the wheat market in the United States declined relative to Canada sufficiently to put our domestic millers on a competitive basis, the Canadian product could be sold in our territory at prices only a little below prices on Minnesota flour, but with a very handsome profit (possibly 10 per cent) to the Canadian manufacturers, whereas the millers in the country secure, on an average, not more than 2 per cent or 3 per cent profit.

We declare it to be a fact that, with Canadian flour admitted free and a duty of 10 cents per bushel on Canadian wheat, the milling business in this country would be destroyed or else the price of wheat in the United States—that is, wheat grown by our farmers—would have to decline sufficiently to put our farmers in the position of getting relatively the same price as the Canadian farmers in order to sell our mills cheap enough to enable the home mills to compete with Canadian mills.

In a word, we state positively that free admission of foreign mills' flour into the United States, with retention of a duty on foreign wheat, would, in its ultimate effect on our farmers, be exactly the same as free admission of both wheat and flour, except that during the period of adjustment while the competition of Canadian flour in the United States was gradually reducing the value of our home-grown wheat by supplanting it and compelling it to find a market abroad, this process would be destroying domestic milling industries and building up similar industries in Canada.

The millers in the States are agreeable to a reduction in the duty on wheat imported into this country, providing there is a popular demand for this, but we assert that it would be a most astonishing act of injustice for the Congress to enact a measure of the nature of

that which has been reported to us, under which the only one benefited is the foreign miller and the only ones injured are the domestic millers and the domestic farmers. There may be an underlying idea that the admission of free flour from Canada would reduce the cost of bread to the consumer. If it did so, it would do it at the cost of the farmers in the Sta s, but, we believe, as a matter of fact, that with free Canadian flour there would be positively no reduction in the retail price of bread. To-day wheat at Minneapolis is worth about 20 per cent per bushel less than it was one year ago. The price on flour very closely follows the wheat market, it being the custom of the miller to increase the price of flour 10 cents per barrel for every advance of 2 cents per bushel on wheat, and to reduce it correspondingly. Although wheat is 20 cents per bushel lower than it was a year ago, the profit on flour to the miller, and, we believe, to the jobber and retail dealer, is no greater, whereas we think that in ninety-nine cases out of one hundred the retail price of bread is exactly the same as it was one year ago. If a difference of 20 cents per bushel does not affect the retail price of bread, how can it be supposed that the proposed legislation would materially benefit the consumer? Anyway, the Canadian miller would, to the extent of his ability, hold out for the longest possible profit, and as we have previously stated, he would grow fat while the home miller would grow lean, and to quite an extent would be driven out of the trade until such a time as that state of affairs pounded our domestic wheat market down to a competitive basis.

We, as millers, strongly protest against the proposed legislation, and say if it is desired to see what would be the effect on the price of bread to the consumer by admitting Canadian flour free of duty, then at the same time Canadian wheat must be admitted free of duty, and the domestic millers, of whom there are many thousands competing independently on a narrow profit basis, must be permitted to continue in existence.

THE DUNLOP MILLS, RICHMOND, VA., BY J. W. CRAIG, JR.

RICHMOND, VA., *April 18, 1913.*

Hon. CHARLES F. JOHNSON,
Washington, D. C.

DEAR SIR: We do not ask protection, but if free flour the American miller must have free wheat.

Canada is now imposing a duty of 60 cents per barrel on flour from the United States, and now it is proposed to admit into the United States flour free of duty from any country not imposing a duty on wheat flour from the United States.

The Canadian millers will soon have their Government remove the present tariff in order that the United States markets may be thrown open to them. Canada raises about 200,000,000 bushels of wheat, of which 150,000,000 bushels of wheat is exported in the shape of wheat or flour, the remaining 50,000,000 bushels used for home consumption. The Canadian milling industry has made very rapid strides during the past 15 years, and their exports of flour for the 10 months ending January 31 were 3,656,244 barrels, whilst the exports of

Canadian wheat for the same period were 77,301,457 bushels, making their total exports of wheat and flour for the 10 months ending January 31, 1913, 93,758,000 bushels, against the exports of wheat and flour from the United States for the same period of 106,400,000 bushels.

The markets of the United States have been closed to the Canadian millers on account of our duty of 25 per cent ad valorem, which on a basis of $5 per barrel for flour is equivalent to $1.25 per barrel, and at the same time the United States miller has been prevented from buying his raw material from Canada by our duty of 25 cents per bushel on Canadian wheat, which is also equivalent to $1.25 per barrel. In this way Canada has the same handicap in getting into our flour markets as we have in getting at their source of raw material.

Now it is proposed by our Government to admit their flour free if they remove their duty on our flour and at the same time keep us from drawing on their source of supplies by imposing a duty of 10 cents per bushel, equivalent to 50 cents per barrel, in the price of flour. This is certainly manifestly unfair, as it will give Canadian millers an advantage of 50 cents per barrel in getting into our markets.

We have been in the milling business for many years, and during this period we have seen the time when, on account of the serious shortage in the wheat crops in the United States, that we could have purchased foreign wheat and milled it to great advantage had it not been for the tariff of 25 cents per bushel imposed on foreign wheat.

We will assume for the sake of illustration that we have a serious shortage of wheat again in this country so that the prices were higher than normal. This would throw our markets open to the foreign millers who have access to the wheat of the world without the handicap of a duty, and they could ship their flour into our markets free of duty, capturing the trade, as the American miller could not compete with them for he would have to pay 10 cents per bushel tariff on the very wheat which they are obtaining free, and with the cheap ocean transportation they could flood our markets with their flour.

Very few men outside of transportation circles really appreciate the remarkable cheapness of ocean transportation, and to-day with ocean rates 100 per cent higher than normal we are still able to ship our flour from Richmond to London for less money than we can ship it to the nearest station in North Carolina. We can ship to Liverpool, Amsterdam, and Glasgow for less money than to London. In other words markets 3,000 miles away can be reached for less money than stations in North Carolina less than 100 miles distant, and mark you, ocean rates are to-day double the rates of a year ago, and it has only been a short time since we were able to ship flour cheaper to New York by first sending it to Liverpool and bringing it back from Liverpool to New York (an ocean trip of 5,700 miles), than we could send it by either rail, or water, direct from Richmond, a distance of 350 miles.

This policy of encouraging foreign manufacturers at the expense of home manufacturers is going to prove most disastrous for the country, for there are so many other interests involved aside from the millers' individual interests.

On every barrel of flour imported from foreign markets by ocean carriage the railroads in this country will lose the revenue of hauling its equivalent weight in wheat, 275 pounds, from the wheat sections of the West to the Atlantic seaboard, an average of 15 cents per 100 pounds. Here is a loss on the American railroad of 40 cents per barrel. It costs 25 cents per barrel (mainly in labor charges) for the American miller to make his flour, so that American labor will lose to that extent, and our estimate is that for every barrel of flour thus imported the loss to the United States industry will be at least 75 cents per barrel and to the American farmer a purchaser for his wheat.

We have no objection whatever to flour being admitted free provided wheat is admitted free also, but if not, and a tariff is to be imposed on the raw material, a proportional tariff should be applied on its manufactured product, if the American manufacturer is not to be penalized for the support of his foreign competitors.

THE BLODGETT MILLING CO., JANESVILLE, WIS., BY FRANK H. BLODGETT, PRESIDENT.

APRIL 18 AND 19, 1913.

Hon. F. McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

SIR: In response to the permission granted by your committee to American millers to submit a statement of the effect of the proposed tariff, we, as individual millers of rye and buckwheat products only, desire to submit this brief, to be supplemented later as amendments may be made to the original bill.

Rye and buckwheat milling is confined in this country largely to the small country miller, numerically great, but possessing plants of small capacity.

As a general proposition the rye and buckwheat miller is a member of no organization, and he is therefore dependent upon his own individual efforts in placing before Congress, as we are doing now, the position in which he will be placed should this proposed tariff become a law.

As it affects us as individual millers, it will so affect all millers of rye and buckwheat. We therefore beg to call the attention of your committee to the effect that this law will have not only upon our business, but also its effect upon the consumer who uses as well as upon the farmer who produces rye and buckwheat in the United States.

THE PROPOSED TARIFF IN ITS EFFECTS UPON RYE AND BUCKWHEAT AND THE PRODUCTS THEREOF—IS IT POSSIBLE TO PROTECT THE FARMER ON THE RAW MATERIAL AND STILL AFFORD FREE TRADE ON THE FINISHED PRODUCT TO THE CONSUMER?

JANESVILLE, WIS., *April 18, 1913.*

H. R. 10 of the Sixty-third Congress provides that a duty shall be levied against buckwheat of 8 cents per bushel, against rye of 10 cents per bushel, while permitting the free, unrestricted entry of the

products—buckwheat flour and rye flour—the principle established being a duty on the raw material with free entry of the finished product. Against wheat a duty is levied of 10 cents per bushel, while wheat flour is subject to a duty of 10 per cent ad valorem, except from such countries as permit free entry of our wheat flour (Great Britain alone permits free entry of our wheat flour), the principle established in this case being a duty on the raw material with practically an equal duty on the finished product, with a reciprocal provision that where a country opens its markets to our wheat flour their wheat flour will be permitted free entry.

Rye and buckwheat, like wheat, are known as breadstuffs. Treatment accorded to one breadstuff should be accorded to all. Wheat flour is the universal breadstuff in the United States—70 barrels of wheat flour are consumed in the United States to 1 barrel of rye, 120 barrels of wheat flour are consumed in the United States to 1 barrel of buckwheat—and yet to reduce the cost of living, to supply the "free market basket," rye and buckwheat flour (the minor breadstuffs) are admitted free, while wheat flour (the major breadstuff) is taxed 10 per cent ad valorem, except when coming from Great Britain. What good reason can there be for establishing a different principle for rye and buckwheat and their products than is applied to wheat and its products, when the three cereals are used for a common purpose? In making it optional with any country to secure the privilege of free entry to this country for wheat flour by simply abolishing the duty on wheat flour coming from the United States this proposed tariff bill is most unjust and unfair to the farmers and millers of wheat. But while providing for the wheat farmers and millers only the possibility, it absolutely insures from the moment it becomes effective gross injustice to our farmers who grow and our millers who grind rye and buckwheat, with no reciprocal compensating benefit, as in the case of wheat flour, of opening possible free foreign markets for these cereals.

Wheat, rye, buckwheat, and their products should all be taxed or all free. What principle of law or equity can justify a discrimination between the farmer who produces rye and buckwheat and the farmer who produces wheat; between the miller who grinds rye and buckwheat and the miller who grinds wheat? To be consistent, like treatment should be accorded to all breadstuffs.

The obvious intent of the proposed bill is to create a situation in this country through which rye and buckwheat shall net to the farmer 10 cents per bushel and 8 cents per bushel, respectively, above their export value, while forcing the sale price of rye flour and buckwheat flour to a cost based upon the export value by permitting free entry of the product from exporting countries. In short, the purpose of this tariff is to artificially advance the value of rye and buckwheat grain by a protective tariff and to lower the cost of the product by free trade, applying the Republican principle to the farmer and the Democratic principle to the consumer, the problem of harmonizing these opposing factors being left to the domestic miller.

The compliment paid the domestic miller by presenting to him so difficult a problem to solve is not undeserved. In these days of trusts and combinations it is, indeed, a remarkable and unusual spectacle to find an industry, like that of milling, numbering over 11,000

plants, each of which has always enjoyed free, unrestricted competition, the result of this situation being that rye flour, buckwheat flour, and wheat flour are and have been sold to the consumer at a smaller margin between the cost of the grain used and the selling price of the product than any other manufactured food.

Of the domestic mills those possessing large capacities, such as are known as the merchant mills, are almost exclusively engaged in the milling of wheat, the output of rye and buckwheat being confined to the country mills of small capacity but many in number. The problem presented by this proposed tariff is that they shall pay to the farmer 10 cents more for his rye and 8 cents per bushel more for his buckwheat than his foreign competitor is obliged to pay, and that they shall sell their product in a common market with their foreign competitor at an equal price. It requires from 5 to 6 bushels of rye grain to make a barrel of rye flour, depending upon quality. It requires from 6½ to 8 bushels of buckwheat to make a barrel of buckwheat flour, depending upon quality. The domestic miller, then, is asked to pay for the rye necessary to make a barrel of rye flour from 50 to 60 cents more than his foreign competitor and for the buckwheat necessary to make a barrel of buckwheat flour from 52 to 64 cents per barrel more than his foreign competitor.

The cost of a barrel of flour delivered at a common point is made up of three factors: The cost of the stock used, the cost of manufacture, and the cost of transportation. It necessarily follows if the cost of the stock, the first factor to the domestic miller, is increased, that if he is to be placed on a plane of equal competition with his foreign competitor, he must possess in the other two factors a compensating advantage over his foreign competitor.

Taking into consideration the second factor, which is the cost of manufacture, in what single item that goes to make up the cost of manufacture does the domestic miller possess any advantage over his foreign competitor? Buildings, equipment, power, labor, insurance, and interest all cost him as much or more. It is therefore apparent that the domestic miller possesses no advantage in the cost of manufacture that can offset any increased cost for his stock.

In taking into consideration the cost of transportation, it is necessary to determine from what countries importations of buckwheat flour and rye flour are probable, and to compare the cost of transportation from those countries with our cost of transportation to the common markets in our country.

The United States produced in 1912 19,000,000 bushels of buckwheat, the land devoted to this purpose being to a great extent of the poorest soil, incapable of producing any other cereals than rye and buckwheat. (Except such land as is ordinarily devoted to other cereals, but through failure in seeding, as a last resort, is sown to buckwheat as very often occurs.) Canada the same year produced 10,000,000 bushels of buckwheat, over one-half as much as the United States. The flow of buckwheat in the United States is from the East to the West, 75 per cent of crop being grown in Pennsylvania and New York, the product thereof being marketed throughout the United States from the Atlantic to the Pacific. In Canada, as in the United States, the bulk of the buckwheat is produced in the eastern part in that territory immediately north of New York State and Lake

Ontario—in territory taking exactly the same rates to practically all points in the United States as is paid by the domestic buckwheat. Therefore in the matter of transportation the buckwheat millers of the United States have no advantage over their Canadian neighbors.

The United States produced, in 1912, 39,000,000 bushels of rye, the principal rye-producing States being, in the order named, Wisconsin, Minnesota, Michigan, Pennsylvania, and New York, of which the first three named produced 17,000,000 of the 39,000,000 bushels. We therefore find that the minimum price of rye grain in the United States is in the northern Mississippi Valley, from which section the larger portion of the rye flows east toward the Atlantic seaboard, with a comparatively small amount being distributed through the Western States, including the Pacific seaboard. Germany and Russia each year export more rye than is grown in the United States. Freight rates from Russia and Germany by ocean routes to the Atlantic seaboard are less than from the northern Mississippi Valley to the Atlantic seaboard, while freight rates from Russia and Germany to our Pacific seaboard are but a minor fraction of the freight rates from the northern Mississippi Valley to the Pacific seaboard. Canada at the present time produces 3,000,000 bushels of rye, the product of which can be delivered at the Atlantic seaboard at lower rates of freight than are in effect from the northern Mississippi Valley to the Atlantic seaboard. With almost unlimited undeveloped land, Canada, with the incentive of the open market in the United States for her rye products, can within a year produce sufficient rye to supply the entire demand in this country for rye flour. Since from all of these exporting countries rye flour can be delivered at our largest centers of consumption at a cost for freight no greater, in fact somewhat less, it is apparent, then, that the domestic miller possesses no advantage in cost of transportation that would offset an increased cost for his rye grain.

The problem, therefore, which has been presented to the domestic miller of rye and buckwheat, in spite of his willingness to produce and sell a food product at the least possible cost to the consumer, is impossible of solution. To meet free-trade competition in the common markets of this country he must buy his grain on the same basis as his foreign competitor. If the placing of a duty on rye and buckwheat grain, as is done by this tariff, results, as it is intended, in protecting the farmer by artificially advancing the value of his rye and buckwheat, the domestic miller will cease to exist.

The domestic miller having been eliminated from the situation, the price of rye and buckwheat having been advanced 10 and 8 cents per bushel, respectively, above their export value, the problem has now been shifted to the farmer. Where will he find a market for his rye and buckwheat at these artificial prices? The domestic mill, which has heretofore constituted the principal market for his rye and buckwheat, has ceased to do business. The foreign miller is now supplying our domestic requirement for rye flour and buckwheat flour. Therefore the only market for the rye and buckwheat produced in this country would be the export market. But the exporter can only pay the export value. No other market remains open for rye and buckwheat which has heretofore been ground by the domestic miller. The farmer therefore finds the problem presented to him of disposing of his rye and buckwheat at an artificially advanced price as incapable

of solution as did the domestic miller, and he will therefore be obliged to sell his rye and buckwheat at its export value only.

It being impossible, therefore, to create an artificial value for rye grain and buckwheat grain in this country by a protective tariff while permitting free entry of the finished product (because of the fact that the free entry of the finished product will force the price of the raw material also to a free-trade basis) it follows that the farmer will be the chief to suffer under this tariff. The domestic miller of rye and buckwheat will not cease to exist, but he by no means escapes injury, for the reason that while the rye and buckwheat will be forced to an export level in this country, he is forced to divide the trade with his foreign competitor who possesses a certain advantage over him in the cost of transportation to such markets as those of the Atlantic and Pacific seaboards. While this bill provides for free entry of wheat flour only from such countries as permit free entry of our wheat flour, thus offering new markets for our wheat flour, no such restrictive clause is put upon importations of rye flour and buckwheat flour. They are permitted absolutely free and unrestricted entry with no reciprocal advantage of the opening of possible new foreign markets for our domestic rye and buckwheat. The trade of the domestic miller of rye and buckwheat will, therefore, be reduced by the exact amount of the rye flour and buckwheat flour that is imported into this country.

The paternal policy of Germany, the leading country in the milling of rye, toward its millers is exemplified in its "drawback" law, which because of its peculiar provisions really results in paying a bounty on all flour exported. United States Consul Morgan of Amsterdam has in his reports to our Federal Government called especial attention to this matter. While the Northwestern Miller, of Minneapolis, said, in its issue of December 9, 1908, of this policy:

> Under this system it is not surprising that German mills are growing at a rapid rate. The more high-grade flour the German miller exports the greater his profit. He can sell it without regard to competition. The margin of 47 cents (bounty) allows them to undersell all competitors.

Our proposed tariff law permits free unrestricted entry from all countries of rye flour and would not exclude this "bounty-paid" rye flour of Germany. For that portion of the proposed tariff law applying to imports from bounty-paying countries only applies to dutiable commodities and does not apply to the free list. Nor do we believe would the "dumping clause" be effective, because the cost of manufacture to the German miller is reduced on his total output (including that sold for domestic consumption as well as for export) by just the amount of the bounty paid.

In time of crop failure in this country the domestic market for rye flour and buckwheat flour would be entirely lost on basis of this tariff by the domestic miller to the foreign miller, for it is obvious that the domestic miller could not pay the same price as the foreign miller for the same rye and buckwheat grain, sell his product in a common market, and still pay a duty to the Government amounting to from 50 to 60 cents per barrel on his rye flour and 52 to 64 cents per barrel on his buckwheat flour. Competition from the domestic miller would be eliminated and our consumers would be placed at the mercy of foreign millers.

This tariff having reduced the value of rye and buckwheat to an export basis, having sacrificed the domestic miller by dividing his trade with the foreigner, has resulted, we will assume, in reducing the cost of rye flour and buckwheat flour to a minimum basis. Having done all this, who is benefited? The consumer? But who is the consumer of rye flour and buckwheat flour in this country? Four-fifths of the rye flour used in the United States reaches the actual consumer in the shape of rye bread, baked not at his home, but at the local bakery. Heretofore fluctuations to the extent of $2 or $3 per barrel in the price of rye flour have not affected the price charged by the baker for a loaf of rye bread. With rye flour to-day $1 per barrel less than a year ago, the consumer pays to-day the same for his loaf of rye bread that he did then. Therefore a reduction in the cost of rye flour will not affect the actual consumer, but will only increase the profits of the baker. Half of the buckwheat flour milled in the United States goes direct to the mixers of so-called "self-rising buckwheat," where the pure buckwheat loses its identity, being blended with wheat flour and corn flour, the resultant mixture being put out in 1 and 2 pound packages to the actual consumer, so that even a material reduction in the price of buckwheat flour would, as far as 50 per cent of the output is concerned, be of no benefit whatever to the actual consumer, but would result only in increasing the profits of the mixer. The remaining half of the buckwheat reaches the actual consumer in packages ranging from 2 to 10 pounds, on which the reduction in cost of 50 cents per barrel would make a difference of from one-half to 2½ cents per package, a difference so slight that it would certainly be absorbed by the middle men between the miller and consumer.

It has heretofore been the policy of this Government to foster domestic manufacture, a policy which it now not only proposes to reverse, but, as represented by that portion of this tariff applying to rye, buckwheat, and its products, it has adopted a policy discriminatory in the extreme. For the enactment of this tariff into law invites the domestic rye and buckwheat miller to move into Canada, where he will be able to buy rye and buckwheat always at their export value; where he can secure buildings, equipment, labor, and, in fact, every item that goes to make up the cost of manufacture for less money than they can be obtained in the United States. It invites him to help support in the taxes that he will pay the Government of Canada and exempts him, if he moves, from paying any of the steadily increasing taxes now levied by the Federal and State Governments. It goes further. It assures him if he moves to Canada that he need fear no competition from the domestic millers in the United States in the buying of his rye and buckwheat, for the tariff makes prohibitive Canadian rye and buckwheat to the domestic miller of the United States.

Speaking as individual millers of rye and buckwheat, we ask no favors, but we do ask for justice—that we be not discriminated against because we are domestic millers.

If for the purpose of protection or revenue a duty is placed on rye and buckwheat grain, we ask that a compensating duty be placed upon the products, for without such compensating duty neither for protection nor for revenue will a duty on the grain be effective.

If it seems more essential that these products be allowed free entry, we ask that they be allowed free entry only from such countries as allow free entry of our rye flour and buckwheat flour, so that in dividing our home market with the foreigner we may have the reciprocal opportunity of entering the foreign market free; and that we also be given free entry of the raw material—rye and buckwheat grain—so that if necessary we may mill imported grain on an equal basis with the foreigner.

But in either event, we ask that rye and buckwheat with their products be accorded like treatment with wheat and its product. All three are "breadstuffs"—used for a common purpose—and no policy, political or economical, can warrant, no principle of law or equity can justify, a tariff that discriminates between the farmer and miller of rye and buckwheat and the farmer and miller of wheat.

We have the utmost faith that it is the purpose of Congress and the President of the United States to accomplish in this tariff the greatest good to the greatest number, and we therefore trust, in view of the statements we have made, that your committee may find it advisable to so amend the proposed law that fair and equitable treatment will be accorded not only to the consumer, but to the farmer who produces and the miller who grinds the rye and buckwheat of this country.

APRIL 21, 1913.

Hon. F. McL. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

SIR: Since our brief was written outlining the probable effect of the proposed tariff upon those interested in rye, buckwheat, and the products thereof—the farmer, the miller, and the consumer—an amendment has been proposed and accepted in the Democratic caucus of the House of Representatives which will, no doubt, have the support of the Ways and Means Committee.

This amendment provides for the free entry of rye and buckwheat grain into this country whereas the original bill provides for a duty of 10 cents per bushel on rye and 8 cents per bushel on buckwheat.

The effect of this amendment is to change the situation but slightly. The position of the farmer is unaffected for, as we have shown, under the provision of the original bill free entry of rye flour and buckwheat flour would necessarily force the value of the grain to an export level. The export level, representing the minimum possible value for the grain, will remain unchanged and unaffected by the free entry of the grain. The position of the miller is improved to the extent that he will be able to compete with the foreigner (with the exception of the bounty-paid flour from Germany) in the grinding of imported grain for delivery in our domestic markets, and further, he is at all times assured of a sufficient supply of grain. The consumer is affected to the extent of being assured of domestic mill competition at all times.

The result of this bill as amended will be to reduce to its export value the price of rye and buckwheat grain; to divide the home markets of this country for rye and buckwheat products between the domestic and foreign miller; to swell the profits of the baker and the blender at the expense of the farmer and miller, with no lower cost to the actual consumer.

In view of these most unsatisfactory results to all three interested parties—the farmer, the miller, and the consumer—we submit the following questions, which to us seem worthy of your consideration:

Is it a wise, economic policy to force a division of the home market of this country between the domestic and foreign miller without exacting in return a reciprocal privilege?

Is it a wise, economic policy to open our markets freely to the "bounty-paid" exports of Germany or any other country?

Is it a wise, economic policy that forces to an export level the value of rye and buckwheat in this country, demoralizing the business of the farmer and the miller, with no compensating benefit to the actual consumer?

Is it a just and equitable policy that sharply discriminates between breadstuff cereals used for a common purpose—a policy that taxes wheat (the major cereal) and its products, but permits free entry of rye and buckwheat (the minor cereals) and their products?

Is it a just and equitable policy that unreasonably discriminates between the farmer, the miller, and the consumer of rye and buckwheat and the farmer, the miller, and the consumer of wheat?

Believing that with a clear understanding of the various factors governing this problem a solution far more just and equitable to all concerned can be secured, we present this supplementary statement to your committee.

CHARLES KENNEDY, BUFFALO, N. Y.

GOVERNMENT STATISTICS ON WHEAT AND WHEAT FLOUR ANALYZED AS TO THEIR TRADE SIGNIFICANCE IN RELATION TO THE UNDERWOOD TARIFF.

MAY, 1913.

Government statistics, as they relate to Schedule G of the Underwood bill, deal simply with wheat and wheat flour, but as there are many kinds of wheat and an infinite variety of flour from a trade standpoint it is therefore necessary to deal with particular kinds of wheat and particular kinds of flour. That this may be clearly understood by those not intimately connected with the wheat and flour business, a tabular view has been prepared on wheat and flour in order to simplify matters, and which is as follows:

TABLE 1.—*Tabular view of wheat production in the United States.*

Wheat..	Spring..	Northern...........	Quality—Several grades.
			Kind—Many varieties.
		Macaroni (durum)..	Quality—Several grades.
	Wheat..	Soft winter.........	Quality—Several grades.
			Kind—Many varieties.
		Hard winter.......	Quality—Several grades.
			Kind—Many varieties.

Grades of wheat denote quality and are commercial and from a milling standpoint important. Varieties of wheat denote botanical differences and are of minor importance.

In the above schedule it will be noted that our crop of macaroni (durum) is almost wholly exported (see Table No. 5). Our exportation of hard winter is at times large, but very little northern and soft winter wheat is exported. It is important to bear this in mind for the reason that our northern wheat and the flour product therefrom constitute the wheat and flour trade that would suffer from Canadian competition.

TABLE 2.—*Tabular view of flour production in the United States.*

Flour (72 per cent of the wheat).[1]	Straight 95 per cent..	Patent (50 per cent of the best flour).	Patent (70 to 85 per cent of the best flour).
		or	
		Cut straight 50 per cent.	Clear or bakers 30—15 per cent.
	Low grade 50 per cent.		

DEFINITIONS.

Flour is the product of the milling of wheat (about 72 per cent), exclusive of offal (about 28 per cent).

Straight flour is flour from which 5 per cent of low-grade material has been separated.

Patent flour is a certain percentage of the best material taken from a straight flour, leaving a cut straight if the percentage is small or a clear (bakers) if the percentage is large.

Cut straight is the product left from a straight flour when a small percentage of patent has been taken therefrom.

Clear (bakers) is the product left from a straight flour when a large percentage of patent has been taken therefrom.

Low grade is the poorest material (usually about 5 per cent) taken from flour in the production of a straight flour.

The blending of these several kinds of flour in varying percentages, as well as other separations, produce an infinite variety of flours.

The Government furnishes no statistics as to the exportation of the different kinds of flour, but diligent inquiry among the trade shows that the exportation of flour from this country consists mainly of cut straights, clears, and low grade. (See tabular view and definitions.) Information differs from different sections of the country, but from the best sources of information obtainable the exportation of flour may be stated as follows:

TABLE 3.—*Percentages of different grades of flour exported.*

	Variation.	
	From—	To—
Patents	00	10
Straights	00	
Cut straights	15	10
Clears	70	65
Low grades	15	15
	100	100

[1] Offal: Bran, etc., constitutes 28 per cent of the wheat.

TABLE 4.—*Production of spring and winter wheat in the United States.*

Production.	Spring.[1]	Winter.[1]	Total.[2]
	Bushels.	*Bushels.*	*Bushels.*
1907	224,645,000	409,442,000	634,087,000
1908	226,694,000	437,908,000	664,602,000
1909	265,569,000	417,781,000	683,350,000
1910	200,979,000	434,142,000	635,121,000
1911	190,682,000	430,656,000	621,338,000
1912	330,348,000	399,919,000	730,267,000

[1] Crop Report Department of Agriculture: Supplement, 1907, Supplement, 1908, vol. 14, No. 12; vol 10, No. 12; vol. 14, No. 8.
[2] Page 128, Bureau Statistics, Department of Commerce and Labor.

TABLE 5.—*Receipts of macaroni (durum) wheat, and exportation of durum wheat, and total wheat from the United States.*

	Exports of wheat.[1]	Exports of macaroni (durum).[2]	Receipts of macaroni (durum).[2]
	Bushels.	*Bushels.*	*Bushels.*
1908	100,371,507	27,153,478	31,400,604
1909	66,923,244	20,777,435	32,754,509
1910	46,679,876	18,344,972	34,627,025
1911	23,729,302	3,273,703	19,668,484
1912	30,160,212	1,851,988	5,829,622

[1] Page 541, Bureau Statistics, Department of Commerce and Labor.
[2] Crop Report, vol. 14, No. 18; obviously receipts show for the year previous to distribution of same.

TABLE 6.—*Production of spring wheat, less macaroni (durum), in the United States, and the production of wheat in Canada.*

	Wheat.	Durum.	United States.	Canada.[1]
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*
1907	224,645,000	31,601,000	193,044,000	112,434,000
1908	226,694,000	32,755,000	193,939,000	166,744,000
1909	265,569,000	34,627,000	230,910,000	149,990,000
1910	200,979,000	19,668,000	181,311,000	215,851,000
1911	190,682,000	5,830,000	184,852,000	205,685,000

[1] Page 24, Circular No. 41, Department of Agriculture.

Table 6 shows the meager supply of spring wheat available in the United States with which to meet competition of flour from Canada, Canada's production of wheat being of the same kind, but not necessarily of the same grade. (See Table 1.) Note also that the production in Canada is increasing heavily and averages larger than the like kind of wheat in the United States.

It should be borne in mind that Canada is producing more northern wheat than the United States, and that the northern wheat is the wheat retained in the United States for flour for domestic consumption. If Canada, with 8,000,000 people, is producing more wheat for similar flour purposes than does the United States, with our 90,000,000 people, the injustice of a duty on wheat and free flour is apparent, as is also the serious economic question involved.

TABLE 7.—*Production for the previous year and exportation for the current year of wheat and wheat flour (figured at 4½ bushels to the barrel) from the United States.*

	Produced year previous.[1]	Exports of wheat and flour.[2]	Exports of wheat.[2]	Exports of flour in bushels at 4½.[3]
1908	634,087,000	163,043,669	100,371,057	62,672,612
1909	664,602,000	114,268,468	66,923,244	47,345,224
1910	737,189,000	87,364,318	46,679,876	40,684,442
1911	635,121,000	69,311,760	23,729,302	45,582,458
1912	621,338,000	79,689,404	30,160,212	49,529,192

[1] Table 297, Government statistical report.
[2] Page 541, Bureau of Statistics, Department of Commerce and Labor.
[3] Difference between third and fourth columns.

TABLE 8.—*Percentage figured on the basis of production and exportation as per Table 7.*

	Wheat and flour.[1]	Proportion of—	
		Wheat.[1]	Flour.
	Per cent.	*Per cent.*	*Per cent.*
1908	25.71	61.63	38.37
1909	17.19	58.57	41.43
1910	11.85	53.50	46.50
1911	10.91	34.24	65.79
1912	12.83	37.85	62.15

[1] Table 297, Government statistical report.

Particular attention is directed to these tables, as they have been quoted as indicating the percentage of increase of our exports of flour and have been used as a basis for the theory that, inasmuch as we are able to continuously increase our flour exports in the markets of the world, we are able to compete with free flour.

Table 8 does not show either the growth or decline of the export movement, but, on the contrary, shows the ratio of export movement to crop production in any given year. The increased ratio shows that a given quantity of flour is exported without reference to crop production and consequent price—the smaller the crop the larger the ratio. The trade explanation is that the flour largely exported is of a kind for which no satisfactory market is found in this country. (See Table 3.)

TABLE 9.[1]—*Exports of wheat flour from the United States and its distribution.*

	Europe.	North America.	South America.	Asia.	Oceania.	Africa.	Total.
	Barrels.	*Barrels.*	*Barrels.*	*Barrels.*	*Barrels.*	*Barrels.*	*Barrels.*
1908	8,167,752	2,319,501	736,513	3,492,665	86,473	94,343	15,927,247
1909	6,040,979	2,221,098	677,777	1,383,098	97,853	99,846	10,521,161
1910	4,770,719	2,132,716	844,506	960,453	270,721	61,842	9,040,987
1911	4,609,740	2,270,242	1,139,115	1,785,745	245,770	105,823	10,129,435
1912	3,878,520	2,532,677	1,202,778	2,953,092	332,609	106,211	11,006,487

[1] Page 512, Bureau of Statistics, Department of Commerce and Labor.

This table shows that our export flour trade as a whole, notwithstanding the substantial increases in South America and Oceania, has had a decline of about 20 per cent. This table also shows that our trade with Europe, where we meet the world's competition, has declined about 50 per cent in five years. Our trade in North America, Asia, and South Africa is without marked change. There is a satisfactory increase only to South America, where our opportunities should be large. The large percentage of increase in the Oceania trade is due almost entirely to our development of the Philippines, where we enjoy a preferential duty. American flour is free to enter the Philippines, while other flour pays 47 cents per 100 kilograms.

TABLE 10.[1]—*Imports of wheat flour into the United Kingdom, with countries of origin.*

From—	Germany.	France.	Austria-Hungary.	United States.	Argentina.	Australia.	Canada.	Other countries.
	Barrels.	*Barrels.*	*Barrels.*	*Barrels.*	*Barrels.*	*Barrels.*	*Barrels.*	*Barrels.*
1908	221,389	205,429	140,031	5,690,765	66,634	131,600	873,781	80,714
1909	335,234	305,531	61,542	3,959,435	48,800	297,715	1,176,800	130,690
1910	335,943	250,800	70,975	2,927,874	57,943	233,029	1,590,686	224,459
1911	161,157	228,400	60,600	2,923,663	50,286	254,514	1,867,867	205,016
1912	211,749	211,829	66,397	2,407,202	57,143	294,600	2,287,930	185,709

[1] Page 9, Circular 46, United States Department of Agriculture.

The decline in our total exports of flour for five years, as shown in Table No. 9, is 2,920,760 barrels. Table No. 10, above, shows that our exports to the United Kingdom in a like period declined 3,282,563 barrels, of which Canada, according to this table, has furnished 2,287,930 barrels. Canada's gain in exports of flour to the United Kingdom has been 161 per cent, while our loss has been 58 per cent.

TABLE 11.—*Imports of wheat flour into Germany.*

	1907	1908	1909	1910	1911	1912	Decrease.
							Per cent.
United States	53,620	38,371	40,856	42,171	55,554	34,347	36
Other countries	167,679	152,549	100,439	126,686	116,481	143,972	15

The foregoing shows that while the percentages of flour imported into Germany have substantially decreased, the decrease from the United States is more than twice that from other countries, again showing that where we have competition we are not holding our own on export flour.

TABLE 12.—*Exports of macaroni (durum) wheat compared to the receipts of durum wheat, and total exports of wheat.*

	Receipts durum wheat[1] principal primary markets.	Exports durum wheat.[1]	Per cent of durum.[2]
1908	31,600,604	27,053,478	82.25
1909	32,754,569	20,777,435	63.43
1910	34,627,025	18,344,972	52.83
1911	19,668,494	3,273,703	16.64
1912	5,829,622	1,851,988	31.76
	Exports of wheat.[3]	**([1])**	**([2])**
1908	100,371,067	27,053,478	26.95
1909	66,923,244	20,777,435	31.04
1910	46,679,876	18,344,972	39.29
1911	23,729,302	3,273,703	13.79
1912	30,160,212	1,851,988	6.14

[1] Page 58, Crop Report, vol. 14, No. 18.
[2] Figured from given data in Table No. 12.
[3] Page 541, Bureau Statistics, Department of Commerce and Labor.

The foregoing table shows that pretty much all of the macaroni (durum) wheat we raise is exported, and further it shows that about one-quarter of our total exports of wheat is durum wheat, for the reason that the demand for durum wheat in this country is small.

The Department of Agriculture, in relation to durum wheat, says:

> Production increased so rapidly that the development of the market did not keep pace with the increased production. For this reason the price, which had always been below that of common wheat, dropped to even lower levels, the difference sometimes amounting to 20 to 25 cents a bushel.

Sufficiently indicative of the lack of domestic demand and reason for the exportation of so large a portion of the total crop of this kind of wheat.

TABLE 13.[1]—*Exports of wheat flour (reduced to barrels) and distributed as to export districts.*

	Atlantic coast.	Northern district.	Gulf.	Mexican border.	Pacific coast.
1908	9,109,621	456,608	1,311,724	14,877	3,034,327
1909	7,088,994	358,948	1,246,973	10,627	1,815,549
1910	5,773,750	309,971	1,250,797	6,474	1,699,986
1911	5,961,708	193,350	1,450,280	11,403	2,522,694
1912	5,612,664	97,593	1,488,029	6,421	3,802,780

[1] Courtesy of Mr. C. M. Dougherty, Bureau of Statistics, Department of Agriculture.

Table No. 13 is interesting in that it shows that almost half of our exports of wheat flour are from the Pacific coast and the Gulf and Mexican border. In other words, our exports of wheat flour maintain themselves where we have little foreign competition, and they are markedly less and declining from the Atlantic coast and on

the northern border, where we meet Canadian and European competition.

Inasmuch as wheat raised in the Southwest is of the same character as that raised in the Argentine, there is an economical question raised as to what will be the effect of possible free flour from the Argentine.

CONCLUSIONS.

Tables No. 1 and 2 indicate that there are economical questions in the Underwood bill underlying the general terms "wheat" and "flour."

Table No. 3 indicates that our exports of flour are largely of inferior grades.

Tables No. 5 and 12 indicate that almost the total crop of macaroni (durum) wheat is exported and that such exportation constitutes a large proportion of our total exports of wheat, and that durum wheat is not largely used in this country for any purpose.

Table No. 6 indicates that our production of northern spring wheat (total production less macaroni or durum) is less than the available supply in Canada for the same grade of wheat, and that Canada's supply is constantly increasing.

Tables No. 7 and 8 have been heretofore wrongfully construed as showing the percentage of increase of our exports of flour, whereas they simply show the ratio of exports to our yearly crop production.

Table No. 9 indicates that our export trade in flour is falling off in Europe where we meet competition.

Table No. 10 indicates that the falling off in our European exportation is largely in the United Kingdom and that Canada has supplanted us in the trade, supplying about our actual total loss.

Table No. 11 indicates that in Germany our loss of trade is double the loss and more of all other countries put together.

Finally, attention is directed to the fact that wheat (to a somewhat less extent flour, also), is the most liquid commodity dealt in the world over. Its price and consequent movement is influenced by many conditions and from many angles. These influences may be purely local, transitory, or ephemeral in character. They may be sufficiently important to influence price and movement, covering months at a time, or only for minutes. They may be substantial in character, or quite otherwise. The important thing, however, is that they all do influence price and consequent movement, and are sufficient in themselves to be considered in connection with any statistics that may be compiled in relation to wheat movement.

Par. 199.—BISCUITS, BREAD, ETC.

WILLIAM A. HAZARD & CO., 29 BROADWAY, NEW YORK.

NEW YORK, *May 14, 1913.*

Hon. F. McL. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: We respectfully call your attention to paragraphs 199 and 426 of the Underwood tariff bill, covering biscuits, bread, and

similar articles. These two paragraphs propose to admit the plainer kinds of biscuits free; and the fancy kinds, containing chocolate, nuts, fruits, etc., at 25 per cent ad valorem. This is a reduction from the Payne tariff, and is unquestionably in line with Democratic policy. If any change is made it should be as a reduction in the 25 per cent rate. In the Dingley tariff, which was enacted before the organization of the National Biscuit Co., the rate was 20 per cent ad valorem.

Reducing cost of living.—These articles are foodstuffs, and those made by Huntley & Palmers (Ltd.), Reading, England, for whom we are agents, are pure and wholesome, some of them being plain, nutritious food belonging to the class of necessities, and others more fancy but still valuable as food, being composed chiefly of flour with sugar and natural fruit flavors, chocolate, etc. We can positively assure you that the consumer will get the benefit of any reduction in duty on Huntley & Palmers' biscuits.

Control of domestic manufacture.—The biscuit business in the United States is mainly in the hands of a combination. In the report of the Ways and Means Committee on the tariff bill, the National Biscuit Co. is listed as controlling 20 plants, with a capital of $54,000,000. P. 6 of report.)

Revenue.—The subject is not of great importance from a revenue standpoint, the amount collected under the Payne law in 1910 having been about $60,000 and in 1912 about $47,000. The increased duty in the Payne law reduced the importations of Huntley & Palmers' biscuits about 46 per cent from the Dingley law (comparing 1912 with 1908). We therefore venture the prediction that the estimate of revenue from paragraph 199, as made by the Ways and Means Committee, $25,000 per annum (report, top of p. 162), is ultra conservative, as the committee places the expected importations at about the same amount as in 1912, whereas the importations should be considerably increased.

Protection.—It is not conceivable that any considerable proportion of the tremendous total of biscuits consumed in the United States will ever be imported, even if entirely free. Domestic biscuits are sold mostly in paper packages, whereas the imported biscuits must be packed in tins, which are much more expensive. The freight rates are also considerable as the packages are bulky. The competition from abroad, therefore, can not drive any American manufacturer out of business and can not be anything more than a reasonable competition.

We trust you will use your best efforts to either reduce the rate in paragraph 199, or if that is not practicable, to prevent any increase in said rate, and also to prevent any restriction of the free-list paragraph (426).

THE GEORGE H. STRIETMANN'S SONS CO., 1116 TO 1122 PLUM STREET AND 227 TO 235 WEST TWELFTH STREET, CINCINNATI, OHIO, BY A. P. STRIETMANN, PRESIDENT AND GENERAL MANAGER.

CINCINNATI, *May 7, 1913.*

HON. ALFRED G. ALLEN, M. C.,
Washington, D. C.

DEAR SIR: We desire to enter our protest against scheduling biscuits, bread, and wafers, covered by item No. 430, on the free list in

the new tariff bill about to be adopted. We urge, however, that these commodities come under the same ruling as Schedule G, item 203, of the same tariff bill.

We say this for the reason that placing these items on the free list would be equivalent to opening a market to foreigners, and particularly Canadians, that they have not enjoyed before and in which they would have an advantage not possessed by American manufacturers of similar biscuit products. The English, German, French, Dutch, and Canadian biscuit manufacturers manufacture a line of biscuits which Americans know as "hard sweet biscuits" and "sugar wafers." These products at the present time are being imported into the United States and command prices per pound ranging from 25 to 100 per cent more than American-made goods, similar in taste and quality but not equal in point of finish, design, and uniformity.

The superior finish, design, and uniformity are gained by the foreigners through more expert help, help that has been brought to the highest state of efficiency by having one particular duty to perform, year in and year out, for generations. Sons succeed fathers in such work, and a lifetime is devoted by each to the particular task assigned. Expertness is gained thus impossible of duplication except through the same procedure, a procedure not practical or possible in the United States.

The class of goods made by foreigners, including Canadian manufacturers, is made with machines and ovens entirely different from those employed by Americans. These machines are manufactured exclusively by Europeans. The imported goods at present are being consumed by our wealthier classes because of the high price they command. The demand for these foreign-made goods is growing slowly and would grow much faster if the duty would be removed and prices reduced proportionately. Up to this time the call for goods of this foreign character in this country has never been such as to justify more than two or three of the hundred-odd American manufacturers to install foreign machines and ovens with which to produce them, for to make them successfully foreign equipment is absolutely necessary. Removing the duty entirely, consequently, will bring about an increased demand for such products, a demand that American manufacturers must be able to supply if they mean to remain in business.

To do this would require the purchase of equipment made in Great Britain and Europe, for American biscuit-machinery manufacturers are not able to supply such equipment, since there has been no demand for it up to this. This, then, would compel large investments in new equipment, all purchased abroad, and mean the loss or disposal of old equipment, which would bring no more than junk prices, in order to meet foreign competition. It would require years for the American manufacturers to acquire the same degree of perfection in the manufacture of such goods as foreigners possess, and a heavy loss of business would quite naturally result.

To sum up the proposition, by putting biscuits and sugar wafers on the free list you would give the foreigner, and particularly the Canadian, an advantage which we could not hope to lessen much under several years, and this only at a cost to Americans of thousands of dollars of new, foreign-made equipment and the loss of 90 per

cent of the cost of that part of American-made equipment replaced by such machinery, etc., all to gain absolutely nothing for Americans. Foreign-made hard sweet biscuits, and among these the Canadian product particularly, are more attractive looking than American-made biscuits, but not one bit more wholesome. They sell at higher prices per pound in Canada than we sell goods of a similar nature in this country.

Taking off the tariff in this instance would not in any way tend to reduce the cost of living, but would work a hardship to American manufacturers and American labor. England, Canada, and Holland would be the greatest gainers if the tariff is removed. Their biscuit manufacturers and manufacturers of machines for making such goods would be most benefited; American labor would be thrown out of employment and their employers made to suffer a loss. All the allied trades would feel the loss of business in the same ratio affected.

For these reasons, therefore, we again urge you to use your influence to have the House reconsider this matter, and instead of placing item No. 430 on the free list place it under the same ruling as Schedule G, item 203.

LOOSE-WILES BISCUIT CO., PORTLAND, ME.

PORTLAND, ME., *May 3, 1913.*

Hon. CHAS. F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SIR: You are, of course, aware that the present tariff duties on imported biscuits are as follows:

Biscuits, bread, wafers, cakes, and other baked articles when sweetened with sugar, honey, molasses, or other similar material, the selling price of which biscuit is based at 15 cents per pound or less, the present duty is 3 cents per pound and 15 per cent ad valorem.

Same articles valued at more than 15 cents per pound, the present duty is 50 per cent ad valorem.

Biscuits, wafers, cakes, etc., not otherwise mentioned, the present duty is 20 per cent ad valorem.

This indicates that every kind of sweetened biscuit imported from a foreign country pays a duty based upon its valuation.

Under the new tariff bill now being considered for revision at Washington Schedule G. item 203, reads "Biscuits, wafers, etc., combined with chocolate, nuts, fruit, or confectionery of any kind, and without regard to the component material of chief value, 25 per cent ad valorem." Item No. 430, "Biscuits, cakes, etc., not specially provided for in this section will be admitted free of duty."

This practically means that Schedule G, item 203, will result in a decrease in the duty of more than 25 per cent.

Item No. 430 will involve a decrease in duty of over 20 per cent.

We have it upon reliable authority that the most skilled bakers in foreign countries do not receive on an average over $7.50 per week and that a great many bakers are working at a wage from $5 to $6 per week.

Compared with this wage schedule the best bakers in this country, as you know, receive from $15 to $30 per week, and this enormous

difference in the wages would impose a severe handicap upon any American manufacturer.

Should this reduction in tariff come about it will make it comparatively easy for a foreign manufacturer to come in and compete with us, particularly since they have a very much lower wage schedule than we have.

As you perhaps know, we have large manufacturing establishments in each of the following cities: Boston, Mass.; Chicago, Ill.; Kansas City, Mo.; Omaha, Nebr.; Chelsea, Mass.; St. Louis, Mo.; Minneapolis, Minn.; and Dallas, Tex., employing many thousand people, and should the proposed reduction come about it would naturally throw a great many of these people out of employment, or in any event, of course, would force very heavy reductions in salaries paid, in order to meet such competition.

We particularly bring your attention to the fact that the value of imported biscuit consumed in the United States is very small, and the effect of the reduction in tariff would be but of little benefit to the general public, while, on the other hand, American biscuit manufacturers are placing goods on the market annually to the value of about $100,000,000.

We feel that the existing schedule of tariff on biscuit products is entirely satisfactory, and we sincerely hope that the present schedule be maintained, and we earnestly solicit your cooperation and efforts to see that no change is made.

LOOSE-WILES BISCUIT CO., BOSTON, MASS., BY FRANK H. WILES, VICE PRESIDENT.

BOSTON, MASS., *May 29, 1913.*

HON. JOHN SHARP WILLIAMS,
United States Senator, Washington, D. C.

DEAR SENATOR WILLIAMS: I desire to present to you, as chairman of Finance Subcommittee No. 2 and your associate committeemen, Senators Shively and Gore, the following features in connection with the tariff legislation now pending in the Senate:

PROPOSED TARIFF CHANGES AFFECTING BISCUITS, BREAD, WAFERS, CAKES, AND OTHER BAKED ARTICLES.

Schedule G, item 203, relating to above, when combined with chocolate, nuts, fruit, or confections, are to pay duty of 25 per cent.

Item 430, covering same articles not specially provided for, are to be admitted free of duty.

Under our present and existing tariff schedule duty is as follows:

Biscuits, bread, wafers, cakes, and other baked articles when sweetened with sugar, honey, molasses, or other similar material, and when such biscuits, etc., are valued at 15 cents per pound or less, the duty is 3 cents per pound and 15 per cent ad valorem.

Biscuits, bread, wafers, etc., over 15 cents per pound, 50 per cent.

Biscuits, bread, wafers, etc., not otherwise mentioned, 20 per cent.

The contemplated changes in the tariff therefore involve a reduction of 25 per cent on the class of biscuit that now carry 50 per cent duty; all other biscuits of whatsoever nature would, under the proposed new tariff, be admitted free.

The articles described in Schedule G, item 203, practically comprise not more than 6 or 8 kinds of biscuits out of a possible variety exceeding 100. This practically means that almost the entire line of biscuits would come in under the free clause as provided for in item No. 430.

When this schedule was drawn doubtless the thought was prominent to reduce the duties on articles that would affect the most of our population and in a measure would tend to reduce the general cost of living, and I want to point out to you gentlemen that biscuits, crackers, cakes, etc., as made and sold by American manufacturers now represent about the cheapest and lowest-priced kind of food product on the market. To illustrate: Our company and others have upon the market a package of soda crackers which retails throughout the country at 5 cents. This package contains on an average of 24 biscuits made of first-class material and representing a food value equal to 1½ loaves of bread. These biscuits are packed in a paraffin-paper carton, which was first lined with waxed paper, the latter being so interlocked with the carton as to effectively protect the contents and keep them fresh and crisp. The carton is then labeled with an outer wrapper, sealed on the ends, and when you consider the quality, quantity, and cost of the 24 biscuits, the cost and labor of preparing the carton, the inner paraffin lining, and the outer label or wrapper, I am sure you will see that to retail this package in the open market at 5 cents is giving the public unusual value for the money. There are other packages of biscuits and cakes of higher grade and greater value, which are put up in similar packages and which retail at 10 cents: then, again, there are packages that retail at 15 cents—and all of these goods have been designed with a view of selling the consumer a fixed quantity of biscuits for an established and reasonable price.

American biscuit manufacturers are giving employment to hundreds of thousands of men, boys, women, and girls, and they provide an avenue for the employment of a great deal of what is known as "unskilled" labor. We take into our establishments many girls and young women who are obliged to go into the world and contribute to the support of themselves and families, and all of whom are employed in various departments, but principally in that of packing. The wage of such unskilled female labor ranges from $6 per week to $10 per week, according to the experience and dexterity of the operator. Among our male employees we have boys and young men, who start in at $1.50 per day and range from that point to $5 and $6 per day, the latter being the skilled workmen in charge of departments.

In contrast with the wages paid in America, our foreign competitors in England, Scotland, France, and Germany pay skilled bakers equal to 30s. per week, or $7.50. There are many bakers employed in these foreign establishments whose weekly wages do not exceed $5 or $6, and it is only those who have been long employed and who are rated as extra skillful who receive the maximum above referred to of $7.50.

Raw materials used by our foreign competitors are obtainable upon as favorable a basis as they are in this country. Much of their soft winter wheat comes from the Argentine Republic, from France, and other countries in which it is raised. There is very little of what is

known as "biscuit flour" exported from the United States. Foreign bakers use practically no other kinds of raw material that comes from this country. The administration and other expenses of doing business in the foreign establishments is considerably less than in the United States, due entirely to the difference in wages. The ocean freights on foreign shipments are very low; and while we have no thought of contending that these last-named features should be considered, yet we do maintain that the difference in the wage scale of bakers and other operators entitle the American manufacturers to the consideration of a substantial duty on foreign-made bakery products, and we can perceive of no good reason why biscuits or wafers of any character should be admitted free so long as the present difference exists in the wages paid.

The biscuit industry in the United States has been developed to a wonderful extent during the past 15 years. Each of you gentlemen will recall when all of the crackers and biscuits used were purchased out of a barrel or wooden box, while in contrast with this to-day nearly all of the biscuit are packed in sanitary sealed cartons or are displayed from glass-front cans, and this development in the business has not only had the effect of greatly increasing the number of operators but it has provided an economical, nourishing food product at the very minimum cost.

American manufacturers have an investment representing many, many millions of dollars, and inasmuch as our industry provides an outlet for the winter-wheat raisers in the States of Ohio, Indiana, Illinois, Missouri, and Oklahoma, and also consumes many, many thousand pounds of lard made from the hogs raised in those States and of butter produced on the farm, of sugar and molasses raised in this country, we feel that, in addition to the handicap and injury to the industry itself which would result from the change in the tariff, there would be a direct injury to the wheat raisers, the hog producers, the butter makers, and all other similar industries along the line.

In passing, I would like to explain that biscuits, wafers, and cakes as manufactured in the American establishments are produced entirely from what is termed "soft winter-wheat" flour, and such wheat is raised only in the States of Ohio, Indiana, Illinois, Missouri, and Oklahoma. If you will consult the customs statistics, you will observe that a very limited quantity of foreign biscuits have been imported into this country during the past number of years. Therefore in asking for a continuance of the present tariff schedules there will be no perceptible effect upon the revenues to be derived by the Government.

Along this same line I want to quote the following paragraph from a recent letter issued by an English biscuit manufacturer, which letter was written to a prospective customer in this country:

> If the tariff is taken off of commodities we are now selling, it is our intention to flood your country with our products and to have our name a household word in every village, hamlet, and city in the United States.

Along the same line I learned a few days ago while in New York that four prominent foreign manufacturers from Dublin, Ireland; Glasgow, Scotland; Edinburgh, Scotland; and London, England, now have complete sample outfits of their biscuits in this country ready to begin active selling operations just as soon as the tariff bill

is enacted into law, all of which will serve to indicate just how the contemplated tariff is viewed from abroad.

The competition in the biscuit business in America is quite active, and, inasmuch as it is localized to a great extent, this competition has served to keep the price of biscuit down to a very low level, and a great many of these manufacturers are struggling to make ends meet. Because of this and other conditions a reduction in the tariff at this time would impose a great hardship and cause widespread injury to many employees through depriving them of their employment.

American manufacturers do no export business whatever, but their operations are confined exclusively to the United States. The Dominion of Canada on the north, where the wage scale rules low, would be greatly benefited by a reduction of the tariff, and this same reduction would stimulate foreign manufacturers, who would come into this country and reap the benefit of the past 15 years of exploitation and improvement.

The biscuit business is entirely different from that of most any other class of manufacturing; it might be regarded as solely an American institution selling its goods entirely within our own confines, and because of this we sincerely trust that after giving the subject careful consideration and investigation your committee will conclude to eliminate from Schedule G item 203 and item 430 and keep the biscuit tariff on the present basis.

Our company has its principal manufacturing plant at Kansas City, Mo., with branches at Oklahoma City and Muskogee, Okla. We also have a manufacturing plant at St. Louis, from which branches are conducted at Nashville, Tenn., Birmingham, Ala., Vicksburg, Miss., and other southern points. We also maintain establishments at Indianapolis and South Bend, Ind., as well as a large manufacturing plant in Boston. Our purpose in establishing the branch depots is so that we may quickly supply local trade with freshly baked goods.

I have attempted to give you all of the salient points in this letter, and previous to this presentation I wrote Senators James A. Reed and W. J. Stone, of Missouri, each of whom is personally acquainted with the writer and will personally vouch for my integrity as a business man. If there is further information desired on this subject, I shall be very glad to present it upon receipt of communications addressed to me at 811 Commerce Building, Kansas City, Mo., at which point our general office is maintained.

I very much hope that the points presented are of sufficient weight to warrant the retention of the present biscuit tariff and that no change will be made in the same.

THE BISCUIT AND CRACKER MANUFACTURERS' ASSOCIATION, BY W. W. BROWNELL, SECRETARY.

To the honorable Committee on Finance of the Senate of the United States and the subcommittee on the free list of the proposed tariff bill:

The undersigned, on behalf of a large number of biscuit and cracker companies (the independents) in the manufacture of biscuits, bread, and wafers, with leave of the honorable members of the sub-

committee above mentioned, desires to call their attention to various matters in connection with the business aforesaid and principally to the effect upon that business of proposed section No. 425 of the proposed bill now pending in the Senate, designated in the House as H. R. 3321 and commonly spoken of as the Underwood tariff bill, which section places upon the free list—

Biscuits, bread, and wafers not specially provided for in this section.

At the outset we desire most respectfully to call the attention of the subcommittee to section No. 244 of the tariff act of August 5, 1909, the present tariff law, which section reads as follows:

Biscuits, bread, wafers, and similar articles not specially provided for in this section, 20 per cent ad valorem; biscuits, wafers, cakes, and other baked articles, by whatever name known, composed in whole or part of eggs, or any kind of flour or meal, or other material, when sweetened with sugar, honey, molasses, or other material, or combined with chocolate, nuts, fruits, or confectionery of any kind, or both so sweetened or combined and without regard to the component material of chief value, valued at 15 cents per pound or less, 3 cents per pound and 15 per cent ad valorem; valued at more than 15 cents per pound, 50 per cent ad valorem.

Proposed section No. 199 of the proposed tariff bill under discussion provides as follows:

Biscuits, bread, wafers, cakes, and other baked articles, and puddings, by whatever name known, containing chocolate, nuts, fruit, or confectionery of any kind and without regard to the component material of chief value, 25 per cent ad valorem.

It therefore appears that although such biscuits and crackers as contain chocolate, nuts, fruit, or confectionery are to be subject to a duty of 25 per cent ad valorem, yet plain biscuits, bread, and wafers—that is to say, biscuits, bread, and wafers that do not contain chocolate, nuts, fruit, or confectionery—are to come in free.

The independent biscuit and cracker manufacturers aforesaid are principally interested in the class of biscuits, bread, and wafers proposed to be put on the free list, and they desire through the undersigned to present to your committee certain facts with respect thereto.

The proposed change will not mean a reduction in price to the consumer but will mean that a good portion of the business will be diverted to foreign concerns. The foreign workmen, through years of training, can produce a better-finished product at a far less cost than American manufacturers. This, however, does not mean that the product is a better one, but has a better finish and appearance and will bring a higher price.

Further, the proposed tariff, paragraph No. 425, admits biscuits, bread, and wafers not especially provided for in this section, free, which is a direct discrimination against our manufacturers, especially along the Canadian border and to such points where freight rates are less from Canadian points than from inland points. The cost of production is a large item with the biscuit manufacturers. As an instance of this, we may suppose the case of an American manufacturer producing $1,000,000 worth of biscuits, crackers, and the like annually at a total expense of $950,000. A Canadian plant with the same volume can produce its wares at a total cost of, possibly, $700,000, the difference in price being due to the lower cost of labor in Canada, whereas it is well known, particularly in the eastern Provinces, that French-Canadian labor can be obtained at an average

of 50 per cent less than the cost of similar skilled labor in the United States. The duty being removed, Canadian goods will immediately seek markets in this country. This means for the American manufacturers—

First, the reduction of wages to a rate at which no skilled labor can be obtained in this country; second, the reduction of his pay roll, which means the throwing out of work quantities of skilled laborers, and which will increase expenses in other respects; or, third, the cessation of his business.

The manufacturers have adjusted their business to the present tariff and are able to conduct it at a reasonable profit on that basis, but the doing away with all duties means such a flood of Canadian and English made biscuits and crackers at a price at which the American manufacturers are unable to compete that they feel like drowning men with no ship in sight.

If they are forced to equip their plants to manufacture what is termed English hard sweets this will mean the throwing out of their present equipment, and as we have no American manufacturers of machinery of this kind they will be forced to go to foreign markets for their equipment.

We desire particularly to call the attention of your honorable committee and subcommittee to the fact that this brief is not put in on behalf of the National Biscuit Co., or the Loose-Wiles Biscuit Co.—the two largest and most extensive enterprises in the industry—but on behalf of upward of 100 independent biscuit and cracker manufacturers scattered throughout the country, and including local plants in Denver, Colo.; Cincinnati, Ohio; New Orleans, La.; Philadelphia, Pa.; St. Louis, Mo.; Detroit, Mich.; Los Angeles, Cal.; Sioux Falls, S. Dak.; Fort Wayne, Ind.; Buffalo, N. Y.; Washington, D. C.; Atlanta, Ga.; Boston, Mass.; Baltimore Md.; Milwaukee, Wis.; San Francisco, Cal.; Portland, Oreg.; Indianapolis, Ind.; Oklahoma City, Okla.; Chicago, Ill.: and a large number of smaller towns and cities.

They are not affiliated in business, but are independent plants, manufactories, and businesses, operated by their owner or owners, and whose community of interest is in their common desire to increase the market for biscuits and crackers in their different localities and their membership in this association, which meets once a year to discuss matters of interest in connection with the common trade. Few of them are in competition with each other, owing to the fact that the selling field of few of them overlaps that of others.

In this respect this brief is on behalf of a large number of different classes of persons, employers and employees alike, who from their experience in business are convinced that the sudden transition from a protective duty, to which their business has been adjusted, to free trade on the class of goods which they produce, will mean immediate disruption and probably ruin.

As already indicated, the English and Canadian manufacturers—principally the former—who by reason of their greater experience in the industry have perhaps reached a higher stage than the majority of American manufacturers, are at this moment preparing to largely increase their output and to throw into the United States a large number of their various products in the biscuit and cracker line—in many instances at price with which the American manufacturers will be wholly unable to compete.

In this respect we most respectfully call the attention of the subcommittee to the following facts:

The consumption of biscuits and crackers is an acquired taste. Experience has shown that the amount of consumption increases in proportion to the age of civilization. The consumption in the old countries of Europe is much higher than in America. It has been estimated by the experts that the rate in the United States is about 85 cents per capita annually, whereas in England it is between $3.50 and $4 per capita annually. The industry is considerably older in England than it is in this country, and this fact, combined with the lower cost of labor in England, and more particularly in Canada, gives the English and Canadian manufacturers a larger advantage than can be compensated for by the difference in freight rates.

Furthermore, the result of placing these goods on the free list will doubtless be the survival of the fittest, and in consequence the smaller and poorer independents will be thrown out of business, while the two largest enterprises, namely, the National Biscuit Co. and Loose Wiles Biscuit Co., will survive, and the field of this industry will be occupied by them and the foreign concerns to the complete exclusion of local industry.

We therefore most respectfully request that the present duty on biscuits and the like be maintained.

Par. 201.—CHEESE.

T. S. TODD & CO., FOR THE CHEESE TRADE.

[Paragraph 240, Schedule G, tariff 1909; paragraph 201, Schedule G, H. R. 3321; 1883, 4 cents; 1890, 6 cents; 1894, 4 cents; 1897, 6 cents; 1909, 6 cents.]

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

The duty on cheese should be specific to prevent fraud and to enable a full, uniform, and equitable collection of the revenue.

All tariff, including and since 1883, has been specific, undoubtedly because the Congress recognized the difficulty of an equitable administration of an ad valorem rate.

This difficulty is manifest when it is trade knowledge that almost any type of cheese, as Roman, Gorgonzola, Roquefort, Swiss, bought and invoiced under these trade names, may, and frequently does, have a wide range of price, based on manufacturer and brand, as well as, in some types, as to whether it is made from sheep or cows' milk.

The imports are about 41,000,000 pounds and domestic production 311,000,000 pounds.

The principal of these imports is the Roman, and next in volume is the Swiss; the first has a fair average value of 21 cents and the latter a value of 18 cents per pound.

Under H. R. 3321 Swiss pays 0.036 cent and Roman 0.042 cent per pound, and both of these are almost wholly consumed by the working and middle classes, while Camembert, valued at 17 cents and consumed in the highest class restaurants, pays duty of 0.034 cent.

The application of an ad valorem rate would work an extreme hardship on the business, as nearly all of the Swiss and most of the

Roman is purchased on contract covering periods of from six to nine months, and it would be extremely difficult to establish a fixed and fair market value from week to week at the date of exportation.

It not infrequently happens that two or more shipments, arriving by the same steamer, may have a wide range of price by reason of different dates of packing and whether the merchandise shows delivery on a contract or a purchase at time of shipment, and while they each represent purchase price they can not both represent market value.

Whatever protection is intended to be given the domestic manufacturer or whatever revenue is desired to be raised should be well fixed and as far removed from the practice of fraud as possible.

Unless the duty is specific we fear advantage will be taken of the necessarily uncertain conditions of the business to defeat either or both of these intentions.

Your petitioners are manufacturers as well as importers of cheese, and earnestly ask that you apply a specific rate.

Butter is provided for in paragraph 20 of House bill 3321 at 0.03 cent per pound, and as cheese is the same character of dairy product and having in this bill a dutiable range of from 0.032 to 0.042 cent per pound, we beg to suggest that you establish either 0.03, 0.03½, or 0.04 cent per pound as the applying rate for this commodity.

S. GALLE & CO. AND OTHERS, NEW YORK, N. Y.

NEW YORK, *April 19, 1913.*

The CHAIRMAN OF THE SENATE FINANCE COMMITTEE,
Washington, D. C.

DEAR SIR: The Committee on Ways and Means has decided very wisely to reduce the duty on foreign cheese in the proposed new tariff, but we, the undersigned importers, believe that the proposed ad valorem duty should be changed to a specific duty, for reasons which we consider to be for the best protection of the Government and the importers, viz:

An ad valorem duty will mean a great deal of trouble to the Government and to importers, the value being based on the fluctuation of the foreign markets, making it very difficult for importers to make contracts and sales for future delivery.

An ad valorem duty also gives opportunity to unscrupulous merchants to gain an advantage over the honest importer, in that it is very hard for even expert Government examiners to determine accurate values on such a variation of quality and grades.

We would therefore prefer to have a specific duty, as is proposed on butter, say, of 3, or at the utmost 4, cents per pound.

Hope the honorable committee over which you preside will see a way and the advisability of making such a change when it comes before you for discussion, as such decision would certainly be very much appreciated by all importers of foreign cheese.

Most respectfully,

S. GALLE & CO.
(And 30 others).

Par. 208.—EGGS, ETC.

THE JOHN LAYTON CO., 90 WEST STREET, NEW YORK, N. Y. BY J. G. KAMMERLOHR, ATTORNEY, NO. 1 BROADWAY, NEW YORK, N. Y.

NEW YORK, N. Y., *May 22, 1913.*

Hon. JOHN SHARP WILLIAMS,
Chairman Subcommittee No. 2,
Senate Finance Committee, Washington, D. C.

DEAR SIR: Concerning the importation of eggs, frozen or in the shell, thanks to your courtesy, it was my pleasure yesterday to appear before your committee. During the hearing I formed the opinion that the committee leaned to the view that the duty on shell and frozen eggs, egg yolk, and egg white, or albumen, ought to be entirely removed.

I therefore take the liberty of urging upon you, from a baker's viewpoint, the soundness of such legislation. The pending bill, H. R. 3321, paragraph 199, provides for bakers' products as follows:

Biscuits, bread, wafers, cakes, and other baked articles, and puddings, by whatever name known, containing chocolate, nuts, fruit, or confectionery of any kind and without regard to the component material of chief value, 25 per cent ad valorem.

This is cutting the duty provided in the act of 1909 in half.

It also provides in the free list, paragraph 425, as follows:

Biscuits, bread, and wafers, not specially provided for in this section.

The latter pay 20 per cent ad valorem under the present act.

These reductions and abolition of duties will affect materially the bakers of this country on their finished products. To offset, the baker should be able to obtain his materials to the best possible advantage.

As you know, eggs are essential to nearly all bake stuffs and at the same time the most costly ingredient.

In considering the proposed law, I respectfully ask that you also have in mind the point I here urge, which, we believe, justifies your placing upon the free list shell eggs, frozen eggs, egg white, and yolks.

P. S.—Should the committee decide to place the shell and frozen eggs, now in paragraph 208, H. R. 3321, upon the free list, we beg to offer a suggestion that possibly might avoid a misinterpretation of the intent of Congress by customs officials, i. e., that "frozen eggs" be specifically mentioned as such. The officials might take the view that a provision reading "eggs" would not include the liquid or frozen eggs taken from the shell, upon the theory that it has lost its identity as eggs and become a nonenumerated manufactured article, and therefore dutiable under that clause, namely, paragraph 395.

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

GENTLEMEN: We are concerned with the following provisions of H. R. 3321, now pending before your honorable committee.

(1) 4. Egg albumen, 3 cents per pound.
(2) 208. Eggs not specially provided for in this section, 2 cents per dozen; eggs frozen or otherwise prepared or preserved in tins or other packages, not

specially provided for in this section, including the weight of the immediate coverings or containers, 2½ cents per pound.

Adding to our brief to the Ways and Means Committee, as contained in the published hearings, page 2755, we desire to comment upon and urge certain changes in the House bill by your committee. This will, in our opinion, remove inconsistencies and injustice that will result if the bill become law as it now stands.

EGG ALBUMEN.

We import separated whites of eggs; that is, the whites of eggs separated from the yolks and placed in containers of 5 gallons each, frozen to a solid and sold exclusively to the baking trade.

Egg white is technically known as egg albumen. Egg albumen is imported in two conditions:

(1) In a dried condition; that is, in a flaky or powdered form, which is the egg white separated from the yolk with the water extracted. The water extracted represents 75 per cent of egg white in its natural condition. About 95 per cent of the dried-egg albumen is sold for chemical and manufacturing purposes, such as photography, tanning, etc. The balance may find its way into the confectionery or baking trade, but is not generally approved of for this use for the reason that it has lost its natural form and consistency, a condition not satisfactorily obviated by the addition of water to the dried substance.

(2) Egg white or albumen is also imported in a frozen condition. This is the egg white separated from the yolk as taken from the shell. The freezing process renders it a solid without losing its quality or strength. No preservative whatsoever is added. It is a food product and an essential one to the bakers. The bakers thaw it out and immediately use.

Under the tariff act of 1909, as well as in several previous tariffs, egg white or albumen was contained in the agricultural schedule, and therefore undoubtedly the view of Congress that it was a food product. The rate of duty in the tariff act of 1909, paragraph 257, was 3 cents per pound, the same rate in paragraph 4 of H. R. 3321.

The article has been shifted from the agricultural schedule to the chemical schedule, and we understand this was done in the belief that egg albumen was principally if not entirely imported in a dried form for chemical purposes.

The inconsistency arises in the fact that dried-egg albumen is four times as valuable as a pound of frozen-egg albumen without the water extracted, still, under the proposed classification, frozen-egg albumen will pay the same rate of duty.

We respectfully ask that the word "dried" be inserted in paragraph 4, and that provision be made for frozen-egg albumen or egg white in paragraph 208 at an equitably lower rate, say three-fourths of 1 cent per pound.

EGGS.

Paragraph 208 provides a rate of 2 cents per dozen on eggs. This clearly means shell eggs, while it also provides a rate of duty of 2½ cents per pound for frozen eggs. Shell eggs have many uses while frozen eggs have a limited use and that for baking purposes only.

Inasmuch as the recognized number of eggs to the pound is 10, it its clear that the rate per pound of 2½ cents on frozen eggs is in effect much higher as compared with shell eggs. Further, the House has not placed a duty on the cartons or crates containing shell eggs, but it has added a clause that frozen eggs for duty purposes shall include the weight of immediate coverings or containers, which greatly increases the difference. While the cartons containing shell eggs may be of no further use, certainly the crates are of further use, while on the other hand the containers which hold frozen eggs are chopped away from the substance and thus completely destroyed. The inclusion of the containers makes a difference of 8 per cent in the duties, which together with the higher rate on frozen eggs makes practically a duty of 3 cents per dozen for the frozen product as against 2 cents per dozen for shell eggs.

We urge, inasmuch as frozen eggs are strictly a recognized food product with a limited market, that if there be any preference the frozen product is clearly entitled to the lower rate. It is a product which is much more expensive to handle in that it must be imported in refrigerator vessels, and kept at a freezing point in cold storage until consumed, in the same manner as meat, fish, etc. This must be done at all times of the year, while shell eggs when placed in cold store obtain a lower storage rate, and this cold storing is done only at times unless for speculative purposes.

We would respectfully ask that rate of duty for frozen eggs be made 1 cent per pound including the container or 1¼ cents per pound excluding the containers.

Par. 212.—HOPS, ETC.

BRIEF OF IMPORTERS OF HOPS AND LUPULIN, BY FRANCIS E. HAMILTON, COUNSEL, 32 BROADWAY, NEW YORK, N. Y.

NEW YORK, N. Y., *June 2, 1913.*

Hon. JOHN SHARP WILLIAMS,
Hon. B. F. SHIVELY,
Hon. T. P. GORE,
Subcommittee of the Senate Finance Committee.

GENTLEMEN: On behalf of the importers of hops and lupulin, and as well the brewers of ale and beer, I desire to briefly submit for your consideration certain important facts relative to the above products in their relation to the proposed tariff act, paragraph 212 (H. R. 3321).

The quantity of hops annually consumed in this country exceeds 50,000,000 pounds, and the average importations are 4,000,000 pounds, so that the market for American hops can not be affected and requires no protection against the foreign product, although the hops imported from Germany and Austria are of a better grade than any raised in the United States, and therefore a duty of 16 cents per pound is more than protection for the American product.

A suggestion was recently made that foreign hops and lupulin should be required to be marked on the bale or case with the country of origin and the hop district where grown, the name of the grower or packer, and the year of growth, in order to be entitled to admission to this country. While these suggested limitations do not properly

relate to a tariff act, but are distinctly covered by the marking requirements of the food and drugs act, yet it may be well to state that under the present regulations hops and lupulin—a hop extract in granulated or powdered form—are required to be branded upon the outside of the package, box, or bale with the name of the country of origin and the year of growth, as well as with the name of the packer, and that to attempt further labeling would be absolutely impossible for the following reasons:

Hops are grown abroad by the small farmers. As is well known, the farm of less than a quarter of an acre is considered large in the countries of Europe, and thousands of these small agriculturists raise little crops of hops which they sell. The hop market is in the nearest town or city, and when the time of harvest has arrived each small farmer carries his crop in a bag or loose bale to the nearest place where he can sell it. Hops thus bought are afterwards sent with other hops to a central market and there sold to different buyers in larger quantities. Often it happens that individuals produce and sell quantities of less than 100 pounds, and the buyer or packer of these various lots unites them, so that when the bale or case is finally packed it may contain hops supplied by three or four or more growers from as many different sections of the country, or hop districts, although the hops are all of the same grade.

It would be as impossible to mark upon the bale or case the special hop district where the contents were grown as it would be to mark upon each barrel of apples, collected from different farmers and packed in a general packing house in this country, the particular farm where the contents of any particular barrel was grown.

The present requirements make it necessary that the country, the name of the packer, and the year shall all appear upon the bales when imported, and to add any further requirements would be to destroy all importations, as such requirements are impossible of fulfillment. In the United States where thousands of pounds of hops are raised upon a single estate by a single grower and always packed upon his land it would not be the impossibility—although not done—which it is in Europe to determine the district where grown, because of the large percentage of very small raisers of hops on the other side.

Imported hops in this country are generally bought by samples and purchased only by men who are experts and buy only for their own use. They are all satisfied with the protection of the present marking as it exists.

The only result of additional demands would be to absolutely strangle all hop and lupulin importations. That result will not benefit the American grower since the imported quantity is so small, but it would seriously lower the grade of ales and beers, now improved by the use of even the small quantity of high-grade foreign hops, to the detriment of the product, the injury of the consumer, and decidedly of the loss of revenue to the Government, which at present approximates $1,000,000.

It may therefore be asserted beyond contradiction that any effort to require a statement as to the district where grown in the matter of hops or lupulin would be not only to enter the field now fully covered by the food and drugs act, but would result disastrously to the importer, the brewer, the consumer, and the Government.

All of which is respectfully submitted.

Par. 213.—ONIONS.

THE HORR-WARNER CO., WELLINGTON, OHIO, BY E. F. WEBSTER, PRESIDENT.

WELLINGTON, OHIO, *April 3, 1913.*

Senator JOHNSON,
Member Senate Finance Committee, Washington, D. C.

DEAR SIR: Learning from the public press that your committee will not give hearings relative to the new tariff bill proposed, we respectfully beg to submit the following considerations, which, to our mind, clearly demonstrate the fact that the existing tariff of 40 cents per bushel on onions should not be disturbed.

First. In 1912 the crop of onions demonstrates beyond a doubt the fact that this country can henceforth easily produce all the onions that this country can possibly consume. In 1912 there were produced in this country at least 1,000,000 bushels more than the legitimate demand for them. As a result onions at this date are being sold in all the American markets at a price far below the actual cost of production. There is therefore no occasion to open the door wider for larger importations than we are now receiving.

Second. The onion growing in this country is in the hands of farmers from 1 acre up, from Massachusetts, Texas, and California. The bulk of the onions in this country are grown by small farmers, and they being so widely separated, there is a sharp competition all along the line, and no combination to fix, regulate, or control prices is possible. Absolutely the supply and demand must fix the prices.

Third. Prices paid for labor in the foreign onion-growing countries is so far below prices prevailing in this country, and the freight rates from these countries to our Atlantic seaboard are so nearly our rates, that if the tariff should be removed the foreign onion grower could lay his onions down in New York City, and with a profit to himself, at a decidedly lower price than the American grower could do it even if he moved his crop at cost. To illustrate: We are informed by a reliable gentleman who has visited the onion fields of Spain and Egypt that labor in the Spanish fields can be procured at about 20 cents a day and in Egyptian fields for even a lower price. We in Ohio pay from $1.50 to $2 per day to men for 10 hours in the field, and women and children proportionately.

The freight from Spain to New York City direct is 36 cents per 100 pounds, and from Egypt 40 cents. Freights from Ohio and Indiana are from 22 to 25 cents per 100 pounds. Inasmuch as we pay from seven to ten times as much for labor as Spain and Egypt, with a slight advantage in freight in our favor as above shown, it is evident that with the onion tariff removed the American grower would be absolutely unable to compete with the foreign grower.

The freight rate from Bermuda to New York is 14 cents per 100 pounds, and the cost of labor there is lower than in this country. Mexico recently began the development of the onion industry, and promises to be a very important factor in the future, and if the existing onion tariff be removed, or materially reduced, it is our opinion that Mexico, Bermuda, Egypt, and Spain will very soon drive Texas onions from the market and ruin the important and rapidly

growing onion industry of that State, as well as to seriously, if not fatally, cripple the onion industry of the North.

Fourth. Removal of or reduction in the onion tariff would strike a deadly blow at the American onion industry that has grown from small beginnings to its present large proportions, an industry that will continue to grow as fast as the needs of the country demand it, if the present tariff be maintained. Vast tracts of land now of but little value will be developed into onion farms if prices secured will warrant such development.

The intensive farming required in growing onions makes necessary a large investment of capital in developing the land, the erection of suitable buildings and storages, and the necessary equipment to properly conduct the business, and also the employment of many thousands of men, women, and children who depend upon this industry for their livelihood. Women and children so employed in the country could not secure employment elsewhere.

The serious crippling of this industry would mean the practical loss of a very large capital invested as above described through the country, as in such case the property would be greatly reduced in value and suitable returns for labor and investment could not be secured.

Fifth. The removal of the tariff on onions would cut off all revenue from this source for the Government and would benefit no one except the foreign grower, and that at the expense of the American grower. The revenue from this source last year amounted to nearly $575,000. Why deprive the Government of this revenue?

Sixth. We do not contend that with the onion tariff removed the foreign grower could at once fully supply the American market, but the removal of the tariff, or a material reduction in the same, would cause the foreign production to be rapidly and enormously increased, and enough foreign onions would soon be thrown upon our markets to drive the price down to a point below the American cost of production.

New York fixes the prices on onions for all eastern markets, and with low prices prevailing on the seaboard, onions in western New York, Pennsylvania, and Ohio that usually go East would naturally go to western and southern markets that are usually supplied by onion States west of Ohio, so that eventually prices West and South would be practically the same as those on the seaboard; so that in the last analysis, with the tariff removed, the foreign grower would practically control the American market.

Seventh. If it be urged that the low prices herein suggested will be for the benefit of the consumer, the obvious reply is that with the recent large increase in onion acreage in this country, and with the large tracts of land that will be developed and devoted to onion farming in the future, if prices secured for onions will warrant it, makes it certain that as low prices will rule in the future as the American grower can stand, and that if prices be forced below cost of production, the American grower will quit the business. In such a case the foreigner will have the market, and prices will eventually be much higher than they are now and much higher to the consumer than they would be if the American industry were preserved. The only way to secure and permanently maintain low prices to the con-

sumer is to encourage the American onion grower to continue in the business.

Eighth. A shrinkage in 1911 of 20 per cent from a normal onion crop resulted in onions going to over $2 per bushel before the end of the 1911 season. That short crop and those high prices resulted in a heavy increase in onion acreage, and an increase of 20 per cent above a normal crop in 1912 compels onion growers now to sell their product at far below the cost of growing. This shows the immense difference in prices caused by 20 per cent variation from a normal crop.

The importations for the last two fiscal years, 1910–11 and 1911–12, were about 1,500,000 bushels each year. With the tariff removed the importations would soon be doubled and later further increased, and this would drive the prices down to a point below the cost of production in this country and the American industry would soon be tremendously depressed if not practically ruined.

Ninth. With the present tariff maintained a danger that the onion growers of this country now faces is that of overproduction. We shall soon be earnestly seeking opportunities to export onions, as with the recent increase in the onion acreage and with a prospect of further increase we shall soon be producing more onions in this country, even with only a normal crop, than this country can consume. This evident necessity for relief for the American onion grower by exporting a portion of his product makes it, in our judgment, wholly unreasonable to encourage further or larger importations by removing or materially reducing the present onion tariff. The onion growers of this country need exports, not imports.

Tenth. If with the reduction of the existing tariff to a point where the cost of growing foreign onions plus freight and tariff would be equal to the absolute cost to the American grower plus freight, the American grower would be compelled to retire from the business or scale his style of living down to the level of the Spaniard, Egyptian, and Mexican, and surely that can neither be expected or desired. The American grower would not do that; in such a case he would retire from the business and surrender the market to the foreign onion grower, which must eventually result in decidedly higher prices to the consumer.

Eleventh. The onion industry is not now and can never be placed in the category of articles or products that are so controlled by trusts or monopolies as to make artificial prices possible. This is purely an agricultural question, and this appeal is made in behalf of the thousands of onion farmers in every portion of our country—North, East, South, and West—who will be vitally affected by the action of Congress on this question. We do not ask for anything that shall result in large profits to the onion growers. They are not growing rich. This year they are losing money heavily, but with tariff maintained they will be encouraged to go on, expecting fair returns in normal years. We ask that this important industry be preserved, so that the onion farmers in over 20 States in the Union may be enabled to make a living for their families out of the business.

Twelfth. The onion growing in this country is so geographically distributed that all large cities in the United States can, in the season, procure their supplies of onions with comparatively short

hauls and with reasonably low freight rates, which benefits both the grower and consumer.

Why take the risk of strangling or seriously crippling this important and growing industry by removing or materially reducing the tariff on onions, when the only person in the world that will be benefited by it will be the foreign grower, unless it be the transportation companies? In case the foreign onion growers get control of our markets and onions must be transported from the seaboard to the interior, heavy freight rates will be charged which will still further increase the cost to the consumer.

Par. 214.—CHICK-PEAS.

FRANCIS E. HAMILTON, 32 BROADWAY, NEW YORK, N. Y.

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: Chick-peas or "Mexican garbanzos" should be placed upon the free list, as it is one of the very cheapest and best of food products.

The article has been imported for some years and classified under the pea paragraph at 25 cents per bushel.

The Standard Dictionary says that the chick-pea is a plant of the bean family.

Evidently the customs authorities sought to avoid the bean paragraph in the old tariff, which imposed a duty of 2½ cents per pound, and which would have been from 80 cents to $1 a bushel, and classified this article, being an exceedingly cheap food product, in accordance with its name as above set forth.

The handling of these goods practicaly costs more than the 15 cents per bushel duty under paragraph 218 of H. R. 10. Last year the total importation was less than 30,000 bags, and under the proposed rate of 15 cents per bushel this would produce less than $10,000 revenue, which would hardly pay for the handling of the article.

These chick-peas sell at a price of from 2½ to 5 cents per pound retail, and are used chiefly, if not entirely, by the very poorest classes in our country as a food.

Unless they are placed in the free list the duty of 15 cents per bushel will still limit the importation and materially affect the selling price.

If the same came in free, they would probably constitute the very cheapest nutritious food obtainable in the United States.

I submit that in the effort of the committee to arrive at free foodstuffs, chick-peas should be named specifically in the free list.

Pars. 215 and 216.—GREENHOUSE PLANTS AND NURSERY STOCK.

SOCIETY OF AMERICAN FLORISTS AND ORNAMENTAL HORTICULTURISTS, BY WILLIAM F. GUDE, 1214 F STREET, WASHINGTON, D. C.

MAY 5, 1913.

Hon. C. F. JOHNSON,
United States Senate, City.

DEAR SIR: The new tariff bill contains exactly the same errors in classification as the Payne-Aldrich law, which took years to rectify and is still open to much dispute. There can not be any good reason why this tariff bill should go through filled with errors and ambiguities which only serve to enrich lawyers, puzzle importers, and allow openings for fraudulent entries. The wording should be clear and specific and not an incentive to fraud and litigation, as it at present reads.

Sections 215 and 216, Schedule G, covers horticultural products. On such items accuracy of classification is of vastly more importance than the rates of duty, because the duty depends upon the definition. I respectfully call your attention to some of these errors and request that they be corrected.

Section 215 rates "greenhouse plants 25 per cent ad valorem." Section 216 rates "greenhouse stock 15 per cent ad valorem." These terms mean the same. The words "or greenhouse" should be erased from section 216, as nursery stock is quite distinct from greenhouse stock.

The word "azaleas," section 215, is too vague. Some varieties of azaleas are greenhouse stock, while others are nursery stock. The word "Indica" should be added after azalea, as azalea indica is the only greenhouse plant, all other varieties come under the heading of nursery stock.

Section 216 rates "Myrobolan plum seedlings $1 per 1,000." Section 558 rates "Myrobolans" free of duty. It should be specifically stated whether section 558 refers to "Myrobolan" seedlings, seeds, or fruits.

Section 600 rates "evergreen seedlings" free, but places them under the classification of "seeds." This should read "Evergreen seedlings 4 years old or less," otherwise nothing could prevent large evergreen trees grown from seed coming in free of duty instead of paying 15 per cent under section 216 as nursery stock; besides it would pave the way for all kinds of fraudulent entries.

Section 216 rates "seedlings of briar rose 3 years old and less $1 per 1,000"; also "rose plants, budded, grafted, or on own roots, 4 cents each." After the words "briar rose" should be added and "Rosa rugosa." This is the principal briar rose in commerce. There are many Treasury decisions on file to prove it is a briar rose—not a rose. It is always a seedling, and sold as low as $3–$3.50 per 1,000, and is properly dutiable at $1 per 1,000 as a briar rose, and not at 4 cents each as a rose.

Section 215 rates "hyacinths" as "clumps" instead of "bulbs." After the word "hyacinth" should be added the word "bulbs" to avoid further litigation.

Inasmuch as our four trade organizations do not ask for any changes of duty in the new tariff bill, but only for correct classifica-

tion, I earnestly urge that you use your influence to have the schedule corrected as outlined above.

M'HUTCHISON & CO., 17 MURRAY STREET, NEW YORK, N. Y.

NEW YORK, N. Y., *May 28, 1913.*

Hon. JOHN SHARP WILLIAMS,
United States Senator, Washington, D. C.

DEAR SIR: At the invitation of Hon. Benjamin I. Taylor, of the House of Representatives, we forwarded some amendments to the horticultural paragraphs of the new tariff, which had the approval of the United States examiner of plants at the port of New York. Owing to the necessity for haste, the suggestions were telegraphed, and while most of them were carried out, two seem to have gone wrong, which no doubt was caused through errors in transmission.

These changes are entirely in accord with the spirit of the bill and have reference only to its successful operation. As the bill now stands, the changes necessary are as follows:

H. R. 3321, page 54, paragraph 215, line 15. Omit the words "and all other decorative greenhouse plants"; and on page 55, paragraph 216, line 10, insert the words "or greenhouse" immediately after the word "nursery."

Reasons: This will harmonize the bill by bringing nursery and greenhouse stock into the same paragraph at the same rate of duty, which is essential because the line of distinction between nursery and greenhouse stock is so ill-defined that it is impossible to distinguish the two classes of stock; for instance, nursery stock grown outdoors in southern United States would be greenhouse stock in the North. This would necessitate the different rate of duty for different parts of the United States or the arbitrary application of a rate not in accordance with provisions of the bill. Again, such plants as bay trees are hardy outdoors eight months of the year, but during winter must be kept in greenhouses; then there are other plants grown out-of-doors as nursery stock, also used for forcing in greenhouses, such as lilacs, hydrangeas, rhododendrons, and many others.

These conflicting conditions would lead to endless confusion and litigation in the classification of this merchandise, so the above changes are absolutely necessary to insure the smooth working of the bill, also to protect the honest importer and prevent the unscrupulous from making false customs entries. In addition to this, much of the greenhouse stock consists of cheap plants which are used by the masses and might very properly come under the lower rate of paragraph 216.

H. R. 3321, page 125, line 1, paragraph 599, insert the words "four years old or less," after the word "seedlings." This change is important; otherwise nothing could prevent large valuable evergreen trees coming in free of duty. It is also the exact intent of the law and will avoid the endless litigation which prevailed under former tariff.

These changes have the indorsement, as before stated, of the United States examiner of plants at the port of New York, also of the American Association of Nurserymen and three other trade

organizations who handle these goods, so we ask that you please use your influence to have these important corrections made.

[Inclosures.]

Proposed amendment to section 599, H. R. 3321.

In line 1, page 12[illegible] after the word "seedlings," insert the following words, "four years old or less," so as to read:

"599. Seeds: Cardamom, cauliflower, celery, coriander, cotton, cummin, fennel, fenugreek, hemp, hoarhound, mangelwurzel, mustard, rape, Saint John's bread or bean, sorghum, sugar beet, and sugar cane for seed; bulbs and bulbous roots, not edible and not otherwise provided for in this section; all flower and grass seeds; coniferous evergreen seedlings, four years old or less; all the foregoing not specially provided for in this section."

Proposed amendment to section 216, H. R. 3321.

In line 10, page 55, after the word "nursery," insert the following words, "or greenhouse," so as to read:

"216. Stocks, cuttings, or seedlings of Myrobolan plum, Mahaleb or Mazzard cherry, Manetti multiflora and briar rose, Rosa Rugosa, three years old or less, $10 per thousand plants; stocks, cuttings, or seedlings of pear, apple, quince, and the Saint Julien plum, three years old or less, $1 per thousand plants; rose plants, budded, grafted, or grown on their own roots, 4 cents each; stocks, cuttings, seedlings, of all fruit and ornamental trees, deciduous and evergreen shrubs and vines, and all trees, shrubs, plants, and vines commonly known as nursery or greenhouse stock, not specially provided for in this section, 15 per centum ad valorem."

Proposed amendment to section 215, H. R. 3321.

In line 15, page 54, strike out the words "and all other decorative greenhouse plants," so as to read:

"215. Orchids, palms, azalea indica, and cut flowers, preserved or fresh, 25 per centum ad valorem; lily of the valley pips, tulips, narcissus, begonia, and gloxinia bulbs, $1 per thousand; hyacinth bulbs, astilbe, dielytra, and lily of the valley clumps, $2.50 per thousand; lily bulbs and calla bulbs or corms, $5 per thousand; herbaceous peony, Iris Kaempferi or Germanica, canna, dahlia, and amaryllis bulbs, $10 per thousand; all other bulbs, roots, root stocks, corms, and tubers, which are cultivated for their flowers or foliage, 50 cents per thousand."

Par. 217.—LINSEED, ETC.

THE LINSEED ASSOCIATION, 91 WALL STREET, NEW YORK, N. Y., BY ANDREW A. MURDOCH, SECRETARY.

NEW YORK, *May 28, 1913.*

Hon. J. SHARP WILLIAMS,
United States Senator from Mississippi, Washington, D. C.

SIR: In accordance with a resolution passed at a meeting of this association, I now inclose herewith for your guidance copy of a letter addressed by the association to the chairman of the Ways and Means Committee on the subject of the proposed change in the duties on linseed and linseed oil, explaining the relative connection between the raw linseed, the chief product (linseed oil), and the subsidiary product (linseed-oil cake), and asking that said duties be reconsidered in the light of all the facts in the case.

THE LINSEED ASSOCIATION,
91 Wall Street, New York, May 28, 1913.

Hon. OSCAR W. UNDERWOOD,
Chairman of the Ways and Means Committee, Washington, D. C.

SIR: As the representative association in America of the linseed interests of this and other countries, composed of shippers, crushers, and brokers, which has been in existence since 1807 for the purpose of supervising the business of importing foreign linseed and providing for accurate sampling and analysis, we beg to submit the following memorandum regarding the proposed reduction of duties from 25 to 20 cents on linseed and from 15 to 12 cents on linseed oil.

In arriving at these new duties we presume your experts concluded that the proportion already existing between the present duties of 25 cents on linseed and 15 cents on linseed oil is an equitable one, and that a reduction of 20 per cent from each would meet the case, with the result that the new duties proposed are 20 and 12 cents, respectively. There are, however, no provisions in the new bill for any allowance in respect of impurities in the linseed or for drawback on oil cake exported, and we shall proceed to show that the absence of these provisions has the effect of increasing the duty on linseed by about 13½ per cent instead of reducing it, as was evidently intended.

In the first place, with regard to the allowance for impurities, duties have hitherto been levied on the weight of the commercially pure linseed only, the percentage of impurities having been ascertained by this association's analysis, duly authorized and accepted by the Treasury Department, and deducted from the gross weight, the Government charging duty only on the resulting net amount of pure linseed. Should the Underwood bill go through as it stands, without any allowance for impurities, which range from 4 to 6 per cent in commercial linseed, the result will be a duty of 21 cents per bushel on pure linseed.

Secondly, with regard to the drawback now allowed on cake exported, under the present law the actual net duty on linseed, of which the main product (linseed oil) is consumed in the United States, is affected by the exportation of the cake product in all cases, when the amount of drawback allowed is determined by the relative market value of the cake product to the value of the oil product. The drawback thus actually received has been equivalent to an approximate average allowance of 6½ cents per bushel of pure linseed, which has reduced the duty to 18½ cents per bushel.

The effective duty under the present tariff, after allowing for drawback, being 18½ cents per bushel, as above, and the proposed new 20-cent duty being equivalent to about 21 cents per bushel on the basis of pure linseed, it follows, therefore, that instead of reducing the duty on linseed the new bill will really have the effect of increasing it by about 13½ per cent. The present duty, after allowing for impurities and drawback, works out as a tax on the quantity of pure linseed imported into this country and eventually consumed in this country, whereas the proposed new duty would levy tax on the valueless impurities as well as on the pure linseed and allow no drawback on cake unless the chief product (linseed oil) is exported, which is not practicable for the linseed industry of this country.

We do not believe it is the intention of your committee to thus increase the duty on the raw linseed by 13½ per cent while reducing the duty on manufactured linseed oil by 20 per cent, and we have therefore given you the facts in the case as above, with the view of so framing our request that any further revision of the import duties on linseed and linseed oil may be made with due regard to their relative proportion.

In conclusion, may we submit that in order to arrive at the most equitable basis for any such further revision of said duties—first, an allowance should be made for dirt and impurities in the linseed imported; second, the drawback on oil cake exported should be continued, or, if it is essential on principle that there shall be no drawback allowance in respect of such oil cake, considering it as a by-product, then in strict conformity with section 14, subsection O, of the Underwood bill linseed-oil cake should be transferred from the free list to the dutiable list at 18 cents per 100 pounds, which figure is the approximate equivalent of 6½ cents duty per bushel of pure linseed required for the production of 1 pound of oil cake.

Copies of this letter are being sent to the Hon. Woodrow Wilson, President of the United States; the Hon. John Sharp Williams, United States Senator from Mississippi; and the Hon. William Hughes, United States Senator from New Jersey.

Respectfully, THE LINSEED ASSOCIATION OF NEW YORK.

Par. 217.—SEEDS.

CHARLES JOHNSON, MARIETTA, PA.

MARIETTA, PA., *June 4, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee, United States Senate,
Washington, D. C.

DEAR SIR: I beg to ask that your honorable committee shall amend the tariff bill and place upon the free list spinach, beet, carrot, corn salad, parsley, parsnip, radish, turnip, rutabaga, cabbage, kale, kohl rabi seeds, and all other seeds not specially provided for in section 217, Schedule G.

Fully 90 per cent in all cases and 100 per cent in many cases of the varieties of garden seeds above named and specified are grown in Europe and imported into this country for use here, and any tariff, however trifling, bears onerously upon the American farmer or upon that class of farming which is termed market gardening or trucking, for the simple reason that every small merchant in America who sells garden seeds, as well as every American consumer of same—garden seeds—on a large or small scale, is debarred or shut out of making his purchases (which is not the intent of any tariff law) direct from European dealers in garden seeds because of the excessive customhouse brokerage charges which are exacted on every importation subject to duty, which brokerage on the average amounts to $2 to $3 on each single shipment, and which brokerage, of course, would be practically eliminated if such seeds were put upon the free list.

In other words, as heretofore, if a tariff is put upon garden seeds, varieties above enumerated and specified, the actual consumer, as well as the small merchant dealer in garden seeds, will be necessitated to make their pur[illegible] second or third hand instead of first hand—that is, through [illegible]ng importer of garden seeds, who must have his percentage of profit; and not being in it for his health, his percentage of profit is excessive, as your honorable committee may determine by investigation and examination, by comparison of American selling prices for garden seeds with original cost purchase price in Europe.

The few garden seeds, comparatively speaking, of above named and specified kinds which are being grown in America at present are being grown in California under Japanese labor and Japanese supervision—at Japanese methods of living, not American methods of living.

I would call special attention to the fact that [illegible] agricultural seeds under the present tariff bill are admitted free of duty, and I believe they have always been from time immemorial—as was formerly also the case with garden seeds for many years—on the free list.

It is of just as much importance to protect the welfare of the American farmer by giving him his garden seeds free of tariff as it is to furnish him his agricultural seeds free of tariff, especially when, as I have endeavored to show above (and which may be verified by proper investigation), that the final price to the actual consumer—the farmer himself—is enormously increased or increased out of all proportion by the various manipulations of a tariff.

Par. 221.—AMERICAN SARDINES.

BRIEF OF W. R. PATTANGALL, OF WATERVILLE, ME., ATTORNEY FOR CERTAIN STATE OF MAINE SARDINE PACKERS.

The American sardine industry is endangered by the proposed change in the tariff. The duty suggested is 20 per cent ad valorem in place of a specific duty of 1¼ cents a can upward.

So far as French sardines are concerned, the change is not extreme. Neither is it so very marked in regard to the higher grade of Norwegian goods. But it is so when the new duty is applied to the lower grade of Norwegian goods and to the New Brunswick pack. These latter classes of goods are entered for import at about $2 a case, each case containing 100 cans of sardines, or more properly speaking, "sardine herring," for neither the American, New Brunswick, nor Norwegian fish are really sardines. They are small herring put up in the style of sardines.

Under the old tariff these goods paid a duty of $1.50 per case, or approximately 75 per cent. This has been practically prohibitive so far as Canadian goods are concerned, although even with that duty many Norwegian fish have been imported, as these goods sell for nearly double the price of American goods, being somewhat superior in quality.

To reduce the duty to 20 per cent or approximately 40 cents per case would enable the New Brunswick packer, now entirely in control of the Canadian market, to drive the American packer out of business, hard pressed as the latter already is by his Norwegian competitor. In fact, many American packers see great danger in any change in duties, but the more conservative believe that with a 30 per cent duty the industry can be saved.

American sardines are wholly canned in Maine and very largely in Eastport and Lubec, the two most easterly towns of that State. The business is conducted in about 100 factories, large and small, representing an investment of probably three or four million dollars, employing in the busy season 10,000 people, and producing goods to the value of about $6,000,000 per year.

The American sardine is an exceedingly cheap food product. It is sold at the factory at from 2 to 2½ cents per can, to the consumer for never more than 5 cents per can. It does not compete in any way with the French sardine, which retails at from four to five times the price of the American product and is really a luxury, nor with the higher grade of Norwegian goods. No change in duty can reduce the price of these goods to a point where workingmen can afford to use them for food. No change in duty can prevent the wealthy from purchasing them. Their importation has proceeded freely on a basis of a duty of 1¼ cents per case and would go freely on with a duty of 30 per cent.

Recently there has been erected at St. Andrews, New Brunswick, with the financial assistance of the Canadian Pacific Railroad, under the management of Frank McCall, of Chicago and Eastport, a sardine business in which is invested $500,000, which will monopolize the packing of Canadian sardines, and which, with others like it, will take the American market away from the Maine packers unless a duty of at least 30 per cent is maintained.

The American packer can not compete with the New Brunswick packer—

First. Because their sources of supply of fish are practically the same, three-fourths of the American pack being caught in Canadian weirs or seined in Canadian waters, and those sources of supply are much nearer the Canadian factory, so that in cost of transportation and waste in transporting the American packer is at a disadvantage amounting to at least one-third the cost of the fish packed.

Second. Because the 20 per cent duty retained by the Underwood bill on tin plate forces the American to buy his tin in our country, while the Canadian can buy his here when our market suits him, and in Wales when that is the cheaper place to buy it.

Third. Because the laws of Maine forbid canning factories running more than seven months in the year, in order not to entirely exhaust our local fisheries, while the Canadian canner can pack the year round if he likes. As a matter of fact he does pack a large portion of his year's business in December and April (the American season being from May 1 to December 1), when, for lack of American competition, the fish are very cheap.

Fourth. Because Maine has strict and well-enforced child-labor laws and New Brunswick none at all, which enables the Canadian packer to hire children, by the case, to cut, flake, and assist in packing his fish at a price much less than that paid to adult labor. Also, the price of adult labor on Deer Island and at St. Andrews is less than at Eastport and Lubec.

These various advantages give the Canadian at least 60 cents a case the advantage of the American packer. He can undersell us on a 20 per cent basis and on that basis can force the business out of eastern Maine and into western New Brunswick.

If the change could by any possibility benefit the consumer, there would be an argument in favor of it; but it can not. The consumer is buying the American fish at 5 cents per can now. A 30 per cent duty means 6 mills on a can. A 20 per cent duty is conceded. That is 4 mills on a can, or a difference of 2 mills. There is no way to get that 2 mills to the consumer. The change means nothing to him. It does mean 20 cents a case to the manufacturer, and that is more than his net profit. The difference of that 2 mills on a can of fish is the difference between a fair manufacturing profit and operating at a loss.

If paragraph 221 is amended by changing 20 per cent to 30 per cent in the third line, the revenue derived from the importation of French and Norwegian sardines will not be decreased, but probably increased, and the American industry will be preserved. It is a highly competitive industry. The American sardine is not exported. It is wholly sold in this country, largely in the inland West and Southwest. It is the only profitable industry in eastern Maine. It is the sole dependence of the coast towns of Washington County. There can be no object in transferring it to Canada, and a duty of less than 30 per cent will almost certainly transfer it there.

Par. 223.—CURRANTS.

STATEMENT ABOUT GREEK CURRANTS, BY ATLANTIS, DAILY GREEK NEWSPAPER, 113-115-117 WEST THIRTY-FIRST STREET, NEW YORK, N. Y.

Is it fair to charge the poor man's cake 90 per cent ad valorem?

In calling your attention to the Greek currants, which are imported exclusively from Greece, we aim to come to the assistance of the working classes in the United States, and to prevent, if possible, an injustice which may be done to an important food article. We refer to a duty of 90 per cent ad valorem as an injustice for that little, black, seedless currant which was forgotten and left to its fate by the Commitee on Ways and Means in the present tariff revision, whose object primarily has been the reduction in the cost of living.

A little more than 20 years ago, when the tariff had been revised, it had been proved that these Greek currants were an exclusive product of Greece and consequently were placed on the free list.

A few years later when the tariff bill was again revised certain California fruit growers, who had been experimenting and were anxious to produce seedless currants on the Pacific coast, believed that their efforts would be crowned with success. As a matter of fact, during the first year seedless currants very near in quality and character to the Greek currants were obtained in California. But the second year the nature of the vine changed, seedless currants could not be produced, and since that time the duty which the Californians demanded and obtained as a protection—that is, 2 cents per pound, equivalent to 90 per cent ad valorem—remains to this day.

It is an undeniable and well-established fact that Greek currants are indisputably an exclusive product of Greece; that their production is likewise confined only to the Peloponnesus and the lower Ionian Isles of Greece.

In the present revision of tariff it is claimed by the administration that the paramount issue is the reduction in the cost of living; therefore, is it fair that a food article should continue to be unjustly taxed 90 per cent ad valorem when only a few days ago Consul A. B. Cooke, at Patras, Greece, in the Daily Consular and Trade Reports. No. 81, dated April 8, 1913, states that Greek currants are an exclusive article of Greece?

We inclose herewith a copy of this consular report and beg to inform you that immediately upon the publication of the proposed new tariff bill, as publishers of Atlantis, a daily Greek newspaper, established for 20 years and having a national circulation in the United States, we called the attention of our readers to an injustice which was intended to be done to a Greek article, an injustice due to the fact that none had taken an interest in preparing and framing some argument in favor of these Greek currants. We called the attention of the Hon. Oscar W. Underwood, chairman of the Committee on Ways and Means, and in reply to our protest we were informed that this matter is now out of the jurisdiction of the committee and is before Congress.

In calling your attention to the Greek currants we hope that you will realize the importance of placing them on the free list. Would you please or displease your constituents by casting your vote in favor of free currants? Unless you consider that the poor workingman in America is not entitled to have good cake at a low price,

unless you think he must pay dearly for his plum pudding, then the 90 per cent duty should remain.

Ninety per cent duty ad valorem on those little, black, seedless Greek currants which are to be used for making the workman's cake, means that the bakers in the United States must not use the necessary quantity. At the same time in England there is no home, no matter how modest, which is not generously supplied with that very same nutritive and wholesome cake and that delicious and tasty plum pudding which is the workman's dessert. In England it is within the reach of every one; in America the baker uses Greek currants by sprinkling as few as possible for the sake of his conscience. In England Greek currants are cheap, because only a nominal duty is imposed. In America those very same little currants must carry the heavy load of a 90 per cent duty. In England the lord mayor of London offered prizes to the housekeepers who could make the best cakes with the Greek currants, because the lord mayor knew that there is nothing as pure, as nutritive, as wholesome as the cake and the plum pudding which is made principally with Greek currants. The lord mayor knew that there is no food which could benefit more every man, woman, and child, the same as the Greek Government knew the value of currants and supplied them freely to all the Greek soldiers in the battlefields. The Greek Government knows that currants produce muscle and brawn and blood, realizing at the same time that the hardships of those men who were doing their duty were in a great measure alleviated, as the hardships of every workman in America will be lessened in the future by the reduction in the cost of the necessaries of life.

If Greek currants are placed on the free list now—if you will help to relieve an important nutritive article of an exorbitant duty of 90 per cent, you will find 400,000 Greek-American workmen throughout the United States who will become 400,000 messengers of good cheer. At lunch time when people in every American home will enjoy a tasty, wholesome cake, which will cost them as much as in England, you will be giving them the opportunity and the satisfaction to say that the Democratic administration is sincere and consistent in its policy in reducing the cost of living in America.

[Extracts from Daily Consular and Trade Reports, No. 18, Apr. 8, 1913.]

GREEK CURRANT CULTURE AND CROP.

Greece has practically a world monopoly in the cultivation of currants. Efforts have been made to grow the currant in other countries, but thus far without appreciable success. The Greek currant belongs to the grape family, being a sort of small, seedless, and very sweet grape, growing upon a vine like the ordinary grape. Its cultivation is confined to the Peloponnesus and the lower Ionian Isles and constitutes the chief agricultural industry of those sections.

Currant culture is not different essentially from vine culture in general. The currant stocks are set in the field in rows about 4 feet apart, the stocks being the same distance apart in the rows. A currant stock begins to bear fruit in quantities after four years, and its life is indefinite. The stock is pruned back every year, almost the entire new growth being cut away.

An interesting and common practice among currant growers is what is termed "ringing"—that is, a sharp knife is passed about the stock a few inches above the ground, severing the bark entirely around the stock. According to the vine growers this "ringing" has the effect of greatly increasing the yield.

It is claimed that a vineyard which in an "unringed" state produces 800 pounds per stremma (0.2471 acre) can be made to produce 1,000 pounds by "ringing." This, however, is at the sacrifice of the quality of the fruit, the currant of the "unringed" stock being smaller, much sweeter, and more aromatic, commanding a fancy price on the market.

SOIL AND FOLIAGE TREATMENT—CURING.

Practically all soil treatment is carried on by manual labor, both on account of the nature of the treatment and the difficulty of using machinery among the vines. In January and February of each year the soil is pulled away from the root of the vine to a depth of 6 inches. This serves a threefold purpose, according to the growers: It catches and holds in the earth the later rains—an important item in a country where rain rarely falls from April to September; again, it lets in the air and sun to the roots of the vine and aerates the soil; thirdly, it tends to kill any disease of the root by exposure. The soil is left in this condition through the early spring, being gradually worked back to the root of the vine by culture. All soil culture is usually finished in May, by which time the young shoots have begun to put on fruit.

It is necessary to give the vines a foliage treatment in order to combat the great enemy of the currant, peronospora. This disease is a fungous growth which appears as a whitish mold on the underside of the leaf and eats through. Hot, damp weather encourages the disease, and when the rains are late in spring the crop suffers. In order to keep down the disease the growers spray the vines two or three times during the season with a 2 per cent solution of sulphate of copper, using hand sprays. Later, in the spring and early summer, when the rains are past, they also sprinkle dry sulphur upon the leaves.

All treatment is finished in June. Then the vineyards are left to lie in the sun during the cloudless months of July and August. During these days every stock becomes a sugar refinery. By the end of August the currants are ripe. They are then spread upon drying floors to cure, preparatory to shipment. The "drying floors" are no more than patches of earth that have been cleared and swept. On these the fruit is placed and stirred from time to time until entirely dried. It is then put in sacks and shipped to market. By the first days of September all the crop has been harvested, dried, and made ready for market.

The crop of currants for 1912-13 was, upon the whole, an average good one. Though less in bulk than had been anticipated the fruit was solid and of good weight and quality. Growers and shippers have found the season satisfactory in general. The market opened, according to law, on August 23, but the harvest was somewhat backward and little fruit was moved until the first week in September. The market opened at a fair price and continued firm throughout the remainder of the calendar year. Unusually large orders were placed for early delivery, especially by London and Liverpool buyers. The following table indicates the movement of fruit to the several export markets for the fractional season of 1912-13 and 1911-12, as also for the entire season 1911-12, expressed in tons of 2,240 pounds:

Exported to—	Season 1912-13, to Feb. 28.	Season 1911-12—	
		To Feb. 28.	To end of season.
	Tons.	*Tons.*	*Tons.*
London	25,941	24,187	27,394
Liverpool	29,454	29,239	34,042
Out ports	8,863	7,486	7,541
Total United Kingdom	64,258	60,912	68,977
United States and Canada	11,800	12,802	15,896
Canada (direct)	2,801	2,550	2,530
Netherlands	17,892	18,361	23,296
Germany	7,479	8,663	9,316
Austria	3,082	3,341	3,827
Belgium	1,181	1,572	1,922
Australia	1,125	1,616	1,822
France	482	748	1,660
Other countries	236	307	415
Total	110,348	110,972	129,661

To secure the net shipments deduct 10 per cent from the foregoing figures. It will be seen from the above tabulation that by far greatest part of the crop moves outward in the first half of the current year.

ESTIMATE OF TOTAL CROP—PRICES.

The latest estimates of the crop of 1912-13 place the entire crop at some 160,000 tons. The stock brought over from 1911-12 was about 5,000 tons, making a total of fruit in sight at the beginning of the season of 165,000 tons. Of this amount about 130,000 tons were available for export. The estimated stock now (Mar. 8) on hand is about 30,000 tons of fruit. Responsible firms of Patras are to-day (Mar. 8) quoting fruit as follows per hundredweight (112 pounds) c. and f. New York:

Grade of fruit:	Price per hundredweight.
Calamata, in barrels	$4.75-4.80
Pyrgos, in barrels	4.75-4.85
Amalias, in barrels	5.00-5.05
Amalias, in cases	5.05-5.11
Patras, in cases	5.35-5.50
Gulf, in cases	7.60
Vostitza, in cases	7.70-8.25

Of the last two grades, there is but a small quantity left on the local markets. There has been slight fluctuation in the prices on the local market despite disturbed conditions, and even this fluctuation has been due chiefly to changing quotations on the market of the retention warrants, with which shippers pay to the local customs the required 35 per cent retention tax.

SOTERIOS NICHOLSON, UNION TRUST BUILDING, WASHINGTON, D. C.

April 28, 1913.

Hon. F. M. Simmons,
Chairman Senate Finance Committee,
Washington, D. C.

Sir: Any grocer, baker, or housewife will tell us that currants are a food product extensively used by all classes of our people in making bread, pastry, and in various other ways. They form a cheap and wholesome article of food. Under the Democratic tariff bill of 1894 they were on the free list. The present duty of more than 60 per cent ad valorem is equal to that on silks and other luxuries.

Now, in common with hosts of retailers, importers, and consumers, the writer would respectfully urge that this necessary food article be again placed on the free list.

One of the chief purposes of the pending Underwood bill is in response to the mandate of the people given last November to aid in reducing the high cost of living. This is to be practically accomplished by reduction of duties on necessaries of life.

Now, currants are a necessity and not a luxury. They are used by all classes, and especially by the middle and poorer classes of the American people. For example, it is well known that an important source of demand for this staple is in the railroad centers and in mining regions where laboring men and their families are congregated. This latter fact alone is evidence of their being a necessity of life, as the laboring classes do not indulge themselves in much luxuries.

Again, currants, imported principally from Greece, do not to any extent compete with domestic production. About 33,000,000 pounds

are annually imported. The United States, or rather California, the only section of the country which cultivates them, produces annually only some 800,000 pounds. The domestic production is thus entirely inadequate to supply the demand for this valuable food. Nor can the California output be said to have materially increased after many years, and with a duty of 2 cents a pound since 1903 on the imported article.

It is also a well-known fact that the imported currants are much superior in quality to the California variety. The former are seedless and much sweeter. Let our toiling masses have the best of this product, and that not at an onerous price.

It may be further pointed out that the revenue which the Government derives from the importation of currants is relatively insignificant. Of the total revenue duties last year, approaching the billion mark, only some $660,000 was from duty on currants.

It is a matter of record that President McKinley, the stanch advocate of protection, in his message to Congress December 5, 1898, recommended that this article be placed upon the free list. This fact ought to have some weight even with high-tariff Republicans and Progressives, not to speak of the members of the now dominant party.

Other food products not produced in the United States are in the pending bill being put on the free list. Bananas, which are certainly not so valuable a food product, have been for years on the free list.

Now, let the interest of the great middle and laboring classes as well as that of the rich be considered by placing this product on the free list, and thus in a practical way aid in reducing the present high cost of living. If Congress does not deem it advisable to put this article on the free list we would respectfully submit that it should at least reduce the present onerous duty from that of more than 60 per cent to 25 per cent and thus give us some relief.

Par. 223.—ZANTE CURRANTS.

THE HILLES BRO. CO. (L. R. EASTMAN, PRESIDENT) AND OTHERS, BY WILLIAM W. BRIDE AND GEORGE T. THOMAIDES, WASHINGTON, D. C.

WASHINGTON, D. C., *May 26, 1913.*

To the honorable the Committee on Finance of the United States Senate:

Brief submitted on behalf of importers of currants.

It is respectfully submitted that the duty contemplated upon "Zante or other currants" in the Underwood bill is excessive and should be reduced. In support of this contention it is urged that the facts herein stated be given careful consideration by your honorable committee.

THE CURRANT IS ENTIRELY A GREEK PRODUCT.

The currant is a product of Greece almost exclusively, and constitutes the leading export of that country. It has an economic history that is distinct in industry. The successful cultivation of the

fruit is limited to a very small area confining itself to the Peloponnesus and the outlying islands. Serious attempts have been made to cultivate it in other parts of the world, notably in California, but without success. The product there reaches too large a development without the rich sweetness or seedless character of the Greek fruit. It has been found absolutely impossible to acclimate the plant there. Botanists are ready to admit that it is the peculiar character of the Peloponnesian soil that gives to the currant the qualities above enumerated. We are, therefore, safe in stating that there is no competition in the production of this fruit.

Greece—

says our consul, A. B. Cooke, at Patras, Greece, in the heart of the currant industry—

has practically a world monopoly in the cultivation of currants. Efforts have been made to grow the currant in other places, but without appreciable success. (See Daily Consular and Trade Reports No. 81, p. 137, Apr. 8, 1913.)

CURRANTS AS A FOOD.

The currant is an article of considerable importance as a food. It is consumed almost exclusively by the poorer classes of our people, who make use of it in their daily bread because of its sustaining and nutritive qualities. This statement is proven by the fact that its consumption is greater in the industrial centers and in localities where large forces of laborers are gathered. It is also a fact of general information that the nourishment contained in the currant closely approaches that of beef, and that in laboring centers importers have learned that it is used largely as a substitute for meat. It contains all the food qualities of wine without the alcoholic ingredient, and when used in bread or cake trebles their food value.

Abroad it is considered as a primal necessity of life, and no better argument need be adduced in support of this statement than the fact that in practically all of the armies of continental Europe a daily ration of currants is served.

This use, according to well-known chemists, is based upon the fact that the currant because of its extreme saccharic qualities contains more nourishment compared with its weight and size than any other food article of general use. It enters very largely into the workaday ration of the worker of this country. According to the attached statement of importers of this article, by far the greater quantity is consumed in the hives of our industry. The currant is a necessity in the making of a good cake. Among our foreign-born citizens, and indeed among our own people, it is a most useful staple. It is used by every housewife in her bread and cakes. It is used in her pies, in her mincemeat, and her jellies. Its food value is unquestioned.

CURRANTS ARE NOT COMPETITIVE.

If, then, this article, which is universally admitted to be of great food value, entered into active competition with any American industry there might be reason for keeping a duty upon it. It is not competitive in any way, however. The California raisin is erroneously considered as competitive with the Greek product, but to people who

have made a study of this particular phase of the question such a position is untenable.

The history of foreign commerce shows that competition has never existed between currants and raisins. In Greece, where both articles are grown, it is acknowledged that in no way are they able to compete. Currants are characterized by a very great nutritive force; there is an enormous quantity of glucose in them and a minimum of cellulose. In this regard they differ materially from raisins. They are not a fruit for the table; they are not a luxury. They are eaten only when they have been cooked.

In 1897, when the first duty was placed upon them, the essential difference between currants and raisins was not realized. In the tariff hearings of 1908 (see p. 657) the representative of the Fresno (Cal.) Chamber of Commerce insisted that "dry raisins," known as Sultana, or Thompson's, seedless raisins, and currants, which he calls "the black and white currants," are competitive.

From this it is evident that "white currants" are considered as most competitive, but no "white currants" are produced. If by any chance such a variety could be produced, they would not be currants. It is interesting to note that he stated that currants filled a place distinctly different from that occupied by raisins and that they were not raisins. (See Tariff Hearings, p. 661, line 7.)

Dealers in both articles, men who are familiar with the consumption of the two staples, and are therefore best qualified to speak, are almost unanimous in differentiating between their character and uses. William A. Higgins, of New York, who is a large importer of dried fruits and currants, but whose business consists in the main in handling California products, takes a positive position in the matter. In his statement to the Committee on Ways and Means of the House of Representatives, under date of December 3, 1908, he says, in part:

> Notwithstanding the fact that during the past three years Greek currants, commercially known as Zante currants, have ruled higher in price than California seedless Muscatels, seedless Sultana, and occasionally of Thompson's seedless raisins, the consumption of Zante currants has not diminished, so that we, as distributors, have become convinced that Zante currants do not compete with any variety of seedless raisins. * * * Further than this, the decided improvement in the process of bleaching Thompson's seedless raisins has enhanced the average value that variety that growers net a handsome profit on each year's crop, and the character of the raisins is so changed that it is simply ridiculous to say that Zante currants could be sold and used as a substitute. (See tariff hearings, 60th Cong., p. 4581.)

Again, the W. H. Marvin Co., of Urbana, Ohio, large cleaners of currants and packers of mincemeat, in a statement addressed to the same Congress, under date of November 26, 1908, contended that—

> * * * dried currants are used almost entirely by people of small means, and that the duty upon them is a hardship, and that this duty is levied upon an article which has never been and will never be raised in this country. * * * Finally, we ask the members of this committee to recommend the importation of dried currants free of duty. (See Tariff Hearings, 60th Cong., p. 4585.)

Such well-known importers, cleaners, and packers of currants as Hills Bros. Co., Austin, Nichols & Co., Arguimbau & Ramee, Jaburg Bros., and others, of New York, as will be seen from the attached statement herewith filed, are unanimous in stating that—

> It is acknowledged and well recognized that there is no direct competition between "currants, Zante, or other" and California fruits most similar

thereto—the dried grape or seedless raisin—that the commercial imported currants are grown nowhere else in the world than in certain parts of the Grecian Archipelago. The difference between the California fruit and the Greek currant is clearly recognized by the trade and by the consumers, *the two being used for different purposes.* (The italic is ours.)

Indeed it may be stated that the currant is an article that stands absolutely alone. No other fruit can be substituted for it. The contention of the Californians that currants are in competition with their products is shown to be absolutely untenable by the fact that in their own State of California, where the native products are very cheap, and where they are not burdened by tariffs and freight charges, the direct importation of currants constitutes a distinct percentage of the total quantity imported into the United States each year. The records of the San Francisco and neighboring customhouses conclusively show this to be true. (See "Foreign Commerce and Navigation of the United States" for 1912, p. 432.) In fact, our information is that the consumption of currants in California is several times as large per capita as in any other State in the Union. This fact clearly means that the consumption of currants is entirely independent of the California products, and it is therefore easily deduced that currants serve a special purpose that is not met by the raisin. In other words, they are distinct entities, serving different purposes and meeting different demands.

The Turkish Sultana and the Spanish Malaga raisin, which are counterparts of the California products, and which actually meet them in active competition, are singled out for a reduction of one-half cent per pound, while the Greek currant is left with the same high rate of import duty that was exacted under the Dingley and Payne tariffs; that is to say, with a duty of 2 cents per pound.

The purpose of the rate of duty, then, not being to protect an American industry, is levied solely to raise revenue. The object of the present tariff reduction, however, is to reduce the high cost of living as well. When all is said and done, the real object of the change in administrations was not that the people did not want to raise revenue but that they desired a wholesome reduction in the tariff rates to such an extent that the very high cost of living, particularly among the middle and lower classes, could be considerably reduced. One of the most effective arguments in the Democratic platform was that the hight tariff was resonsible for this high cost of living. Yet on this article of a pronounced food value, an article which is used almost entirely by the middle and lower classes, an article that is in no way competitive with an American industry, an article that is in no sense a luxury save as being the only one that the poor man can afford, the duty remains absolutely stationary and no attempt has been made to reduce it. The McKinley bill had no tax whatever upon currants. The Wilson bill had a tariff tax of 1½ cents per pound upon one variety of currants; all others were admitted free. (See Hills Bros. *v.* United States, 95 Fed., 264.) Under the Dingley bill, a high protective tariff, the rate was increased to 2 cents per pound on all classes of currants. This rate was retained in the Payne-Aldrich bill and is now sought to be continued in the Underwood bill.

We most respectfully represent that the projected rate of duty upon this important food product is too high and inconsistent with the pledge of the Democratic Party to reduce the duty upon foodstuffs.

Bananas, which like currants, are a noncompetitive product, and like the currants are not produced in the United States, have been on the free list for many years. This is so notwithstanding the fact that bananas are used only as a fruit and have little food value by comparison. It seems, then, more reasonable that an importation which is equally noncompetitive and which had the advantage of being a fruit of greater food value should certainly stand in as favorable a light. If bananas are free, then currants should be free. If the argument is correct that the duty is levied solely to provide revenue, then why should the burden not be shared by the banana importers? If, as is said by Mr. Underwood, referring to currants, "They all, or practically all, come from abroad and every cent of tax that falls on them goes into the Treasury of the United States to support the Government of the people," then why should not this argument apply with equal force to the banana? Yet this fruit, which has small nutritive value as compared with the currant, is still retained upon the free list, while the currant, with its acknowledged high food value, faces an import tax of increasing proportions. If it is proper to tax the currant, it is all the more reason to tax the banana, and, if only a certain amount of revenue is expected to be raised by the tax upon currants, then why not tax the currant and the banana as well, reducing the tax upon currants in proportion to the relative importation of bananas as compared with currants?

Figs, olives, raisins and other dried grapes, plums, orange and lemon peel, shelled and unshelled almonds, filberts, and walnuts, most of which are competitive, were reduced in duty from 20 to 50 per cent as compared with the Payne tariff bill, and yet currants met with no reduction.

The present duty upon currants is equivalent to an ad valorem duty in the higher grades of from 40 to 50 per cent and in the lower grades from 65 to 75 per cent, or an average of 57½ per cent. In their statement of ad valorem duties both Mr. Underwood and Mr. Rainey have not taken into consideration the original cost of the articles; that is to say, the price that it brings at the place of production, but have based their valuation upon it after the articles have been placed in boxes or barrels and with all the expenses incident to cleaning, transportation, commissions, insurance, etc., added to it. If their estimates had been based upon the original value it would have shown them what we contend to be true: that is to say, that the 2-cent duty upon it is equal to nearly 100 per cent ad valorem. As a matter of fact, the duty is even higher than the average above quoted, because the vast majority of the currants that are imported are of lower grades, which meet the demands of the workers of our country, who do not require and can not afford the better qualities.

The rate of duty projected is almost on a par with that charged upon such luxuries as silk, linens, and jewelry. And while the rate of duty upon silks was reduced from 60 per cent all the way from 15 to 45 per cent, and upon jewelry from 75 to 60 per cent; upon mineral waters from 40 to 26 per cent, and upon fancy cakes from 50 to 25 per cent, the duty upon currants, which, as above shown, are of a prime necessity and used almost exclusively by the laboring classes of our country, was left unchanged by the framers of the present bill. No one would seriously contend that currants should be placed alongside these luxuries, and yet they are placed in the same

position by the tariff framers, and they are not even receiving the same rate of reductions that were allowed on these luxuries.

RATES OF DUTY IN FOREIGN COUNTRIES.

Foreign Governments have considered the currant of such splendid food value and have recognized the demand for it among the lower classes to such an extent that the duties imposed upon it are insignificant as compared with the projected rate of duty in this country. In England, for instance, the rate of duty was reduced from 2.45 cents per pound to approximately one-fourth of a cent per pound. In Holland the tax is even lower than in England. At present the rate is but a trifle over one-eighth of a cent per pound. In Germany the rate is 9 mills per pound, and in France it is a trifle over 1¼ cents per pound, notwithstanding that this is one of the greatest of grape-growing countries. The rate of duty contemplated in this country is nearly twice as high as that exacted in France; over twice as high as the German duty; eight times as much as is collected in England; and sixteen times as high as is charged in Holland.

The reasons which operated in 1890 to remove the duty that existed upon currants are as potent to-day as they were at that time. It is our contention that they should be recognized by your honorable committee in the consideration of the present bill.

CONCLUSION.

The premises considered, we respectfully submit:

1. That the currant is an article of prime necessity and principally consumed in this country by the working classes.
2. The currant is preferred by those classes because of its nourishing and sustaining qualities and because of its pleasant flavor.
3. Zante or other currants are products of Greece almost exclusively and are entirely different from California raisins, as the report of the importers shows.
4. The currant can not be used as a substitute for any native product.
5. The rate of duty is too high as compared with that charged upon luxuries.
6. The rate of duty is onerous as compared with that charged by foreign countries.
7. The rate of duty projected works a hardship upon the working classes, the users of the currants.

We therefore respectfully petition that "Zante or other currants" be placed upon the free list and that section 223 of House bill 3321 be amended to read as follows:

Amend, page 57, lines 6 and 7, by striking out "2 cents per pound," and insert in lieu thereof the following: "Shall be admitted free of duty."

(Signed by William W. Bride and George T. Thomaides, attorneys for importers.)

BRIEF OF IMPORTERS.

NEW YORK, *May 22, 1913.*

The honorable Chairman and Members of the Finance Committee, Senate, Washington, D. C.:

We, the undersigned, importers, cleaners, and packers of currants, beg to respectfully submit to your honorable committee a change in the present tariff law relating to said product, which, based upon our experience, would seem to be advantageous both to the consumers of this article and to the trade.

The present law provides that there should be levied, collected, paid, etc. (sec. 275):

Currants, zante or other, 2 cents per pound.

We submit that this section, or its equivalent in the new law, should be eliminated and there should be inserted in the free list: "Currants, zante or other, free."

Currants to the uninformed may be confused with dried grapes or seedless raisins, but the different classification is one long established and universally recognized. (Compare The Hills Bros. Co. *v.* United States, U. S. Circuit Court of Appeals, 99 Fed. Rep., p. 264.)

It is to be noted that currants have been on the free list, and were apparently given a duty quite as much to protect certain fruit interests in this country as for the purpose of obtaining revenue.

It is acknowledged and well recognized that there is no direct competition between currants, zante and others, and California fruits most similar thereto—the dried grape or seedless raisin: that the commercial imported currants grow anywhere else in the world than in certain parts of the Grecian Archipelago. The difference between the California fruit and the Greek currant is clearly recognized by the trade and by the consumers, the two being used for different purposes.

The currant is consumed and used almost exclusively by the poorer classes of our people. It is sold in mining districts, railroad centers, etc.; in fact, wherever large forces of laborers are gathered. These classes demand currants because experience has taught them that it is the cheapest, most economical, and most nutritious food which they can obtain, and it is used by them in large quantities instead of meat.

It is to be further noted that records show that the direct importation of currants through the San Francisco and neighboring Pacific coast customhouses constitute a distinct percentage of the total quantity of the currants imported annually into the United States. This shows that the people right in the raisin district demand currants, and appear to consume larger quantities proportionately than any other State in the Union.

The present duty of 2 cents per pound is equivalent to an ad valorem duty of from 40 to 50 per cent. We submit that this is not a fair percentage when it is compared with the present tax upon such luxuries as silk, linen, and jewelry. Surely no one would contend for a moment that currants should be classified as a luxury. Such a duty upon an article which can not be raised in this country and does not directly compete with any American producer, which is used as a necessary almost exclusively by the poorer classes of our people,

which does not produce an appreciable revenue is clearly excessive, and we submit should be removed. It is for these reasons that we ask that currants be placed upon the free list.

(The above was signed by the following: The Hills Bros. Co., L. R. Eastman, president; Arguimbau & Ramee; Palmer & Pierce; Austin, Nichols & Co. (Inc.), per J. C. Mahean; R. C. Williams & Co., per G. W. Briges; Francis H. Leggett & Co., per H. G. Miller; Jabury Bros., per H. K. Jabury; The Grandall Pettee Co., per S. D. Cooper; Halbrut, Brauer & Co.; Wm. Hills, jr., per E. Dr. Foste.)

Par. 225.—LEMONS.

DAVIES, AUERBACH & CORNELL, BY HARRISON OSBORNE, MUTUAL LIFE BUILDING, 34 NASSAU STREET, NEW YORK.

NEW YORK, *May 7, 1913.*

MY DEAR SENATOR: * * * I desire to write you on behalf of the importers of lemons who feel that the testimony before the Ways and Means Committee would justify placing lemons on the free list. Inclosed you will find a reprint of the testimony, briefs, etc., in the hearings before the Committee on Ways and Means in favor of placing lemons on the free list.

I desire to call your attention to the testimony of Mr. Travis, of New York (p. 2939), representing the New York Fruit Exchange, which gives a clear idea as to the present business methods followed by the California lemon trust. Mr. Travis does not represent the importers, but is speaking for the New York Fruit Exchange, which includes in its membership all the jobbing houses in fruits and vegetables of any size in the country, and therefore his remarks represent the feeling of the fruit trade on this question.

I also desire to call your attention to the reply brief submitted by the importers (p. 3030). This reply brief shows the cost of landing lemons in New York from California and Sicily, respectively, and demonstrates that the California lemon producers have nothing to fear from free lemons and that the Ways and Means Committee would have been justified in placing lemons on the free list instead of assessing them at 35 cents a box.

Generally speaking, in considering this question it must be remembered that lemons are produced commercially in only two places in the world, in sections of about six counties of southern California and in Sicily and southern Italy. The United States is obliged to import approximately 50 per cent of the lemons it consumes, the present duty being so high that no lemons could be imported if the United States were able to produce lemons in sufficient quantities to supply the demand. At the present time the price of lemons in the United States fluctuates widely, ranging from about $3 to about $10 per box, the price depending upon the supply and demand, the present duty being so high ($1.17 a box, including 5 cents on shooks) that the importations are only brought in when there is a shortage in the supply.

The statement issued by the California citrus fruit growers to the lemon growers of California (p. 2997) in July, 1910, about a year

after the last increase in the tariff, contains the following paragraph (p. 2098):

Nearly a year has passed since this increased lemon duty became effective, and whether or not the full amount of the increase is going to the lemon growers they themselves are best able to judge. It is our opinion that the growers will get this increase in full, amounting on the present output to some $750,000 per year.

The only way the Californians could get this $750,000 additional was to increase by that much the price of their lemons, and if the increase of half a cent in the duty enabled them to increase the price $750,000, a total duty of a cent and a half enables them to increase the price $2,250,000 per annum; and as lemons constitute merely one-seventh of the business of the California Fruit Trust, the other six-sevenths being oranges, on which they have a prohibitive duty, it follows that the people of this country are paying several millions of dollars a year tax for the benefit of the inhabitants of certain sections of five or six counties in southern California.

The Californians have never at any hearing submitted extracts from their books as to the cost of producing lemons. They have invariably made general estimates, which vary widely. The estimate of 1893 was 75 cents a box f. o. b. California; the estimate of 1909 was $1.48 a box f. o. b. California: the estimate of 1910 was $1.88 a box f. o. b. California. On the other hand, complete figures of the cost of lemons to the importers were given in the hearing before the Ways and Means Committee on pages 3001 to 3014. These figures show that taking the highest estimate on the cost of California lemons, to wit, $1.88, the Sicilian lemons cost the importers during the periods covered by their statements, without the payment of any duty, only 13 cents a box ($0.133) less than it cost the Californians to land a box at New York. If you take the estimate of 1909, $1.48 f. o. b. California (this was the estimate given before the Ways and Means Committee and the Senate during the tariff hearings of 1908 and 1909), it cost the Sicilian lemon importers $0.275 more to lay down a box of Sicilian lemons at New York, without the payment of any duty, than it cost the Californians to land a box of lemons at New York. (See reply brief of importers, p. 3030.) The 1909 estimate of $1.48 f. o. b. California is high in our estimation, as is shown when compared with the cost of producing lemons given in the annual statement of the Limoneira Co., of California, which shows (p. 2098) a cost of $1.218 in 1907, $1.314 in 1908, and $1.277 in 1909. The Californians claim that the figures of the Limoneira Co.'s cost of production should not be considered, because the cost of this company is less than that of the average grower. I believe this statement is true, but as this is a tax on the mass of the people for the benefit of a small number of California lemon growers it seems that these growers can well be put to the same test of efficiency as is required of domestic manufacturing plants seeking tariff protection. It is conceded on all sides that the California box brings in the market from 25 cents to a dollar a box more than the Sicilian box, and in addition the Sicilian box must bear the burden of local freight rates when it moves inland from the seaboard. These two facts, when considered with the statement of costs of landing a box of California or Sicilian lemons at New York, show conclusively that the California fruit growers require no tariff protection whatever.

The sworn testimony of Mr. Teague, given in case 3000 before the Interstate Commerce Commission (p. 3020), is a striking illustration of the profits being made in growing lemons on a small acreage.

The testimony of Dr. Clover, superintendent of St. Luke's Hospital, New York City, given on pages 5942 and 5946, volume 6 of the hearings before the Ways and Means Committee in 1913, shows the great hardship that has been inflicted upon the American people, and particularly upon the sick, by the high price of lemons, caused by the thoroughly unjustified and unnecessary tariff on this necessity of life.

Should you desire any further information on this question I should be very glad to have the importers call on you, or if you prefer, I can arrange to have the fruit dealers of New York, who handle both California and imported fruit, call. I also wish to offer to submit to you for your inspection the books of the importers, invoices, etc., so that you can see for yourself from the original papers the correctness of the statement of cost of Sicilian lemons to the importers made above.

HARRISON OSBORNE, 34 NASSAU STREET, NEW YORK, N. Y.

NEW YORK, *April 29, 1913.*

Hon. JOHN SHARP WILLIAMS,
United States Senate, Washington, D. C.

MY DEAR SENATOR: This letter is written on behalf of the importers of lemons, pursuant to your suggestion that you would prefer to receive communications in writing rather than to have personal conferences in reference to tariff matters.

Inclosed you will also find a reprint of the testimony, briefs, etc., in the hearings before the Committee on Ways and Means [not printed], in favor of placing lemons on the free list, and I desire to call your attention to the testimony of Mr. Travis, of New York (p. 2939), representing the New York Fruit Exchange, which gives a clear idea as to the present business methods followed by the California Lemon Trust. Mr. Travis does not represent the importers in any way, but is speaking for the New York Fruit Exchange, which includes in its membership all the jobbing houses in fruits and vegetables of any size in the country, and therefore his remarks represent the feeling of the fruit trade on this question.

I also desire to call your attention to the reply brief submitted by the importers, being page 3039. This reply brief shows the cost of landing lemons in New York from California and Sicily, and demonstrates that the California lemon producers have nothing to fear from free lemons, and that the Ways and Means Committee would have been justified in placing lemons on the free list, instead of assessing them at 35 cents a box. Generally speaking, in considering this question it must be remembered that lemons are produced commercially in only two places in the world, in about six counties of southern California and in Sicily and Southern Italy. The United States is obliged to import approximately 50 per cent of the lemons that it consumes, the present duty being so high that no lemons whatever could be imported if the United States were able to produce lemons in sufficient quantity to supply its demand. At the present time the

price of lemons in the United States fluctuates widely, ranging from about $3 to $10 per box, the price depending upon the supply and demand; the present duty being so high ($1.17 a box, including 5 cents on shooks) that the importations are only brought in when there is a shortage in supply.

The statement issued by the California citrus-fruit growers to the lemon growers (p. 2097) in July, 1910, about a year after the last increase in the tariff, contains the following paragraph (p. 2098):

> Nearly a year has passed since this increased lemon duty became effective, and whether or not the full amount of the increase is going to the lemon growers they themselves are best able to judge. It is our opinion that the growers will get this increase in full, amounting on the present output to some $750,000 per year.

The only way the Californians could get this $750,000 additional was to increase by that much the price of their lemons, and if the increase of a half a cent in the duty enabled them to increase the price $750,000, the total duty of a cent and a half enables them to increase the price $2,250,000 per annum; and as lemons constitute merely one-seventh of the business of the California Fruit Trust, the other six-sevenths being oranges, on which they have a prohibitive duty, it therefore follows that the people of this country are paying several million dollars a year tax for the benefit of the inhabitants of certain sections of five or six counties in southern California. The Californians have never at any hearing submitted extracts from their books as to cost in producing lemons. They have invariably made general estimates, which vary from 75 cents f. o. b. California, made in 1893, to $1.48 in 1909; and one at $1.83 in 1910 and one at $1.88 in 1913. The figures of the cost of the lemons to the importers given on pages 3001 to 3014 show conclusively that, taking the highest estimate on the cost of California lemons, to wit, $1.88, the Sicilian lemons cost the importers during the periods covered by their statements, without paying any duty, only 13 cents a box (0.133) less than it costs the Californians to land a box at New York.

When you consider that it is conceded on all sides that the California box brings in the market from 25 cents to $1 a box more than the Sicilian box, and in addition that the Sicilian box must bear the burden of local freight rates when it moves inland, it is readily seen that the California fruit growers require no protection whatever. If you take the estimate made before the Ways and Means Committee in 1909 of $1.48 per box f. o. b. California, California lands her box in New York 0.275 cents less than the actual cost of a box of Sicilian lemons laid down in New York, without the payment of duty. The report of the Limoneira Co. (p. 2998) shows the cost f. o. b. California per box was $1.277 in 1909, $1.314 in 1908, and $1.218 in 1907 (this does not include overhead charges, etc.). The Californians claim that the figures of the Limoneira Co.'s cost as to production should not be considered, because the cost of this company is less than that of the average grower. I believe that statement is true; but as this is a tax on the mass of the people for the benefit of a small number of California growers, it seems to me that they can be well put to the same test of efficiency as are domestic manufacturing plants.

Should you desire any further information, I shall be very glad to have the importers call on you, or, if you prefer, I believe I can

arrange to have the fruit dealers of New York, who handle both California and imported fruit, call on you. I also wish to offer to submit to you for your inspection the books of the importers, invoices, etc., so that you can see from the original papers the correctness of the statements of cost of Sicilian lemons made above.

NEW YORK, *May 6, 1913.*

HON. JOHN SHARP WILLIAMS,
United States Senate, Washington, D. C.

DEAR SENATOR: I find, on examining the copy of the letter mailed you on April 29, 1913, that, through a mistake, the difference in cost between a Sicilian box of lemons laid down in New York, as shown by the books of the importers, and the cost of a box of California lemons laid down in New York, taking the estimate of 1909 of $1.48 per box f. o. b. California, was, by mistake, given as 0.0275, when it should have read 0.275. This mistake occurred on page 4 of the letter of April 29.

Respectfully, HARRISON OSBORNE.

NEW YORK, *May 6, 1913.*

HON. JOHN SHARP WILLIAMS,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Permit me to call your attention to certain testimony before the Ways and Means Committee which I think very important in its bearing on the question of duty on lemons, which testimony I overlooked calling your attention to in the letter I wrote you on behalf of the importers of lemons on April 29. In volume 6 of the hearings before the Ways and Means Committee, pages 5942 and 5946, Dr. Clover, superintendent of St. Luke's Hospital, New York, was asked as to the amount of lemons used in the hospitals of the country and the cost of same, and his testimony, given on the pages above mentioned, shows that the hospitals are large users of lemons, but are not able to furnish the amount of lemons required by the physicians owing to their high prices. The testimony is short, and I would appreciate it very much if you would read it before deciding on the question of the lemon duty.

Respectfully, yours, HARRISON OSBORNE.

[Inclosures.]

NEW YORK FRUIT EXCHANGE,
81 Beach Street, New York, May 13, 1913.

MR. HARRISON OSBORNE,
32 Nassau Street, City.

DEAR MR. OSBORNE: Replying to your inquiry as to the measurement of lemon boxes, California fruit is packed in boxes of the following inside dimensions: Length, 26 inches; width, 14 inches; depth, 11 inches; making cubic contents 4,004 cubic inches, or 2.32 cubic feet.

Now please understand that the cubic contents of these boxes would be as given above—2.32 cubic feet—providing the sides and top of the boxes were rigid and packed without bulge; but, as a matter of fact, in packing California lemons the fruit is crowded tightly into the boxes, the sides bulge out more or less, and the top of the box is nailed only at each end and is allowed to bulge up over the board in the center, which divides the box into two compartments, as much as 1 inch, the top held in place by a metal strap drawn over the outside

of the cover with each end nailed to the center board, thus increasing the cubic contents of the space occupied by the fruit easily enough to make 2½ cubic feet.

It is true there are in the market some California boxes of dimensions slightly smaller than those given you above.

Hoping this information will be of service to you, we are,

Very truly, yours,

NEW YORK FRUIT EXCHANGE,
WM. A. CAMP, *President.*

TREASURY DEPARTMENT,
UNITED STATES CUSTOMS SERVICE,
DEPUTY SURVEYOR FOURTH DIVISION,
Port of New York, N. Y., May 7, 1913.

HARRISON OSBORNE, Esq.,
34 Nassau Street, New York.

DEAR SIR: Replying to your letter of recent date, in relation to the average net weight of boxes of lemons imported into the port of New York, I beg to advise you that I have caused an examination to be made of the weigher's returns for a number of consignments arriving within the past nine months, of Messina and Palermo lemons, which form the great bulk of the importations at this port, in contradistinction from Maiori and Sorrento lemons and find that while the weights per box vary substantially from 60 to 80 pounds net, I am of the opinion that 70 pounds may be regarded as a fair approximate average net weight per box.

In the case of Maiori and Sorrento lemons, the net weights of which are somewhat in excess of those just given, averaging more than 80 pounds net per box, the number of boxes of this description form a very inconsiderable part of the importations and therefore deserve little consideration in any discussion as to the average net weight of boxes of lemons, generally.

Yours, very truly,

RICHARD PAPR,
Acting Deputy Surveyor Fourth Division.

[From Glenn W. Herrick, professor of economic entomology, New York State College of Agriculture, at Cornell University.]

ITHACA, N. Y., *May 22, 1913.*

Mr. HARRISON OSBORNE,
34 Nassau Street, New York, N. Y.

MY DEAR MR. OSBORNE: In reply to your letter of May 19, I am submitting a report of the work done in the investigation of the importation of the Mediterranean fruit fly in lemons. I have addressed it to the Fruit Importers Union, New York, N. Y. If this is incorrect, I wish you would notify me and give me the correct title of the company. If you have any suggestions regarding changes in the report, I should be glad to hear from you.

The paragraph in the tariff bill which you quote is evidently simply an attempt to shut out the Sicilian lemons. The horticultural board has already decided that it is not necessary to quarantine against this fruit. We have never received an infestation of the Mediterranean fruit fly in this country, and lemons have been shipped in here for many years. It looks as though the California people wanted a monopoly of the market.

Very sincerely, yours,

GLENN W. HERRICK.

NEW YORK FRUIT EXCHANGE (INC.), BY WILLIAM A. CAMP, PRESIDENT, 81 BEACH STREET, NEW YORK, N. Y.

NEW YORK, *April 16, 1913.*

SIR: The New York Fruit Exchange respectfully calls your attention to the reduction made by the Ways and Means Committee in the duty on lemons to 35 cents a box, and earnestly urge that the Finance Committee report in favor of this reduction.

The New York Fruit Exchange comprises in its membership brokers who represent the fruit jobbing houses throughout the entire country, and they feel that the proposed reduction is a just one and should be made for the benefit of the people of this country.

About half of the lemons consumed in this country are imported and, as the testimony before the Ways and Means Committee showed, California lemons can be placed in New York for practically the same amount that it costs to land foreign lemons there, duty free; that California lemons bring on the average from 25 cents to $1 more per box than Italian lemons, and that the California lemon growers need no protection whatever. This is still more evident when it is remembered that the Californians had the additional protection of the freight rates from New York to the West, which the foreign lemons are obliged to pay the moment they leave New York.

It is a queer situation in this country that the farther you go from southern California, which is the only part of the country raising lemons commercially, the cheaper lemons are sold to the public. A report of the Californians, issued to the California lemon growers, a copy of which was filed in the hearing before the Ways and Means Committee, shows that the half-cent increase on lemons in 1909 netted $750,000 a year to the lemon growers of California. Therefore at the present moment, having a duty of a cent and a half, the lemon growers of southern California are receiving a bonus of $2,250,000 a year from the American people, and this in addition to the large bonus that they are receiving on their oranges, the duty on which is also prohibitive.

Our experience as the handlers of the fruit of the United States has convinced us that the prices of lemons are much higher than they should be, and that it is caused by the present duty, which is a prohibitive one: and that the only reason lemons are imported into this country is that the domestic supply is not equal to the demand and therefore importations are forced into the country at a rate so high that the American people are charged an excessive sum for a necessity of life.

CITRUS PROTECTIVE LEAGUE OF CALIFORNIA, BY G. HAROLD POWELL, CALIFORNIA.

APRIL 26, 1913.

The COMMITTEE ON FINANCE:

The Citrus Protective League of California, which represents the growers and shippers of oranges and lemons, desires to file the accompanying brief of facts relating to the California citrus industry, and Bulletin No. 10, of the Citrus Protective League, entitled "The Italian Lemon Industry," to show that the duties established in Schedule G, paragraph 277, of the tariff act of 1909, should be retained in place of the duties fixed by the Committee on Ways and Means, in paragraph 225, H. R. 3321. These facts were submitted to the Committee on Ways and Means during the hearings in January, 1913. The league desires also to submit the following supplemental statement:

THE POUND VERSUS THE BOX RATE OF DUTY.

In H. R. 3321 the duty is changed from a pound to a box basis, presumably under the assumption that the latter is easier to handle by the customs office and also that the Government will be relieved from making an allowance for decayed fruit as provided under subsection 22 of section 28, tariff act of 1909, by assessing the duty on a package basis rather than on the contents of the package. It has been held by the Board of Appraisers that no allowance would be made for decay where the duty is levied on capacity of the packages rather than on the contents. (G. A. 7310, T. D. 32108.) This decision, however, has been reversed by the United States Court of Customs Appeals, May 17, 1912. (T. D. 32570.) If the Committee on Ways and Means desires to relieve the Government of the large cost of determining the decay in imported citrus fruits by changing the duty from the pound to the package basis we would suggest that the tariff act be made to carry a provision definitely stating that fruit entering on a package rate of duty is not subject to refund for decay.

THE LEMON AND ORANGE SHOULD CARRY DIFFERENT RATES.

The condition surrounding the lemon and orange industries as regards the amount of labor required in producing and handling the fruit are entirely different. It costs more to produce the lemon, and this extra cost justifies a higher rate of duty on that product. The reasons follow.

The lemon is picked from the same grove every month in the year. Instead of shipping it immediately after harvesting, as the orange is shipped, the fruit is placed in houses, where it is held from two weeks to several months for the purpose of curing it. During the curing process the fruit colors, the water of the skin evaporates, the skin grows thinner, and takes on a fine velvety texture. The fruit that is injured in handling in the field or packing house decays during the curing process, and this necessitates the rehandling of the fruit once and sometimes twice to eliminate the decaying lemons. When ready for shipment the California lemon has therefore been handled in such manner as to give it the finest keeping quality. The orange does not require curing: it is less susceptible to decay, and therefore the handling operations are less expensive.

A box of lemons contains, on the average, 330 fruits; a box of oranges 150 fruits. The cost of handling the lemon from the tree to the car ready for shipment is greater on account of the larger number of lemons to be handled in making up a box.

The following data show the exact difference in cost, based upon the handling of 4,186,983 packed boxes of oranges and 1,391,711 boxes of lemons from the tree to the car in 1911:

Cost of handling a box of oranges and lemons from the tree to the car.

	Boxes shipped.	Cost of picking.	Cost of handling, orchard to packing house.	Cost of packing and loading on the car.	Total.
		Cents.	*Cents.*	*Cents.*	*Cents.*
Lemons	1,391,711	25.30	3.90	59.60	88.80
Oranges	4,186,983	7.71	2.87	32.46	43.04
Extra cost of handling a box of lemons, in cents		17.59	1.03	27.14	45.76

The cost of producing a box of lemons in the grove to the time of harvesting, including labor and material and exclusive of interest on the investment or depreciation on the property, is $1 per packed box; the cost of producing a box of oranges is 86.33 cents per box, making the f. o. b. cost of a box of lemons $1.888 and the f. o. b. cost of a box of oranges $1.29, a difference of $0.598 per box in favor of the orange, as compared with the lemon. A box of lemons contains 75 pounds of fruit; a box of oranges 64 pounds of fruit.

The cost, therefore, of producing 100 pounds of lemons and loading it ready for shipment is $2.517; of oranges $2.015.

It is this greater difference in the cost of producing the lemon that led to the difference in the rate of duty on these two products in the tariff act of 1909. The league submits that the lemon and orange should carry different rates of duty on account of the wide difference in cost of production, and respectfully urges the Finance Committee to maintain this difference in the rates and to reestablish the rates of the act of 1909 in the pending tariff bill.

EFFECT OF THE RATE ESTABLISHED BY THE COMMITTEE ON WAYS AND MEANS.

The rate of duty of less than one half of 1 cent per pound established by the Ways and Means Committee will prove disastrous to the American citrus-fruit industry, because the low rate of wages paid to peasant labor in the citrus-producing countries abroad and the low water freight rate under which the foreign fruit is shipped to the United States are larger handicaps than the American industry can overcome. It costs 30 cents a box to produce lemons in the orchards in Sicily and 60 cents a box to handle them from the field to the boat, making a difference of approximately $1 per box in favor of Italy in the cost of the labor and materials. It costs approximately 37 cents per box freight on lemons from Palermo to New York and 84 cents a box from California to any point east of the Rocky Mountains, a difference of 47 cents in favor of the Italian fruit to New York. The freight rate on foreign lemons includes a rebate of 6 cents per box on lots of 1,000 boxes or more, and in the past has included a rebate of 4 cents a box to be used by the exporters

of Italy and the American importers in an effort to remove the lemon duty.

The present duty of 1½ cents per pound equalizes the difference in the cost of production, but does not equalize the difference in the freight rate.

The reduction in the duty on lemons to the rates established in H. R. 3321 will reduce the revenues to the Government a million and a quarter dollars; it will prevent the extension of the American industry and will jeopardize the capital now invested in California and Florida, which amounts to $300,000,000, because it establishes a rate lower than a competitive rate; and it will place the eastern consumer in the hands of the foreign importers, 11 of whom control more than one-half of the total imports.

In eastern Canada, which is supplied exclusively with foreign lemons, duty free, the consumer pays the same or a higher price for a dozen lemons as the American consumer across the line. There are no conditions in the American fruit trade that would warrant an assumption that a reduction in the duty would benefit the American consumer any more than free lemons benefits the consumer in Canada. The direct benefit is to the lemon importer.

For these reasons the league respectfully urges that the duties established in the act of 1909 be reestablished in the act now being written.

CALIFORNIA FRUIT GROWERS' EXCHANGE, LOS ANGELES, CAL., BY G. HAROLD POWELL, REPRESENTING THE CITRUS PROTECTIVE LEAGUE OF CALIFORNIA.

THE NEW WILLARD,
Washington, D. C., May 29, 1913.

Hon. F. M. SIMMONS,
Chairman Committee on Finance, United States Senate.

DEAR SIR: I desire to file this supplemental statement in regard to the duty on citrus fruit, paragraph 225, H. R. 3321, and request that it be made part of the brief of facts relating to the California citrus industry presented to the Committee on Finance by the Citrus Protective League of California April 26, 1913.

The importers of lemons who appeared before the Committee on Ways and Means, through their attorney, Mr. Harrison Osborne, and requested that lemons be placed on the free list attempted to show that it cost more to lay down Sicily lemons in New York than California lemons. To prove this contention Mr. Osborne exhibited a detailed statement of the imports of four New York firms from July 1, 1911, to July 1, 1912, and two New Orleans firms from August 1, 1911, to August 1, 1912. There are about 50 firms of lemon importers in New York, 11 of which control more than half of the total imports, and in 1912 they imported 1,472,300 boxes. The data submitted by Mr. Osborne represent less than one-fifth of the total imports into New York for that period. He makes no showing of the remaining 80 per cent.

About one-half of the lemons received in New York are bought outright by New York firms on speculation. The other half is sent to New York on commission, on joint account with New York receivers, or under other systems of handling. Mr. Osborne has selected

four firms who speculate in lemons, not those who receive the fruit under other systems of handling. They imported 299 shipments and lost money on most of them.

The average duty on a box of lemons is $1.08½. The loss per box on the lemons arriving in 68 steamers (see exhibit of Osborne, Schedule G, hearings before the Committee on Ways and Means, pp. 3001–3010) out of the 299 exhibited by Mr. Osborne was more than the total duty per box, ranging in amounts from $1.09 to $2.13 per box. On this showing Mr. Osborne represented that it cost more to lay down the Sicily lemon in New York than California lemons, and asked that it be made free, in order that the profits of his clients may be better protected.

To show the unreliability of the figures for purposes of tariff making, your attention is called to the average value of all lemons leaving Italy for the United States during the fiscal year 1912, as declared by the importers. The value was $3,368,837.97, making a unit value of $0.023 per pound. (Tariff Handbook, 63d Cong., 1st sess., p. 177.) The average net weight of lemons per box is approximately 72 pounds, making an average declared value of $1.66 per box, this figure representing the prevailing wholesale values at the time of shipment, or the price the exporter would receive if the fruit was sold on the market at the time of shipment. It bears no relation to the cost of production or to the actual cost of the lemons. It includes the grower's profit, the various brokerages, and usually the profit of the exporter. Eighty per cent of the lemons of Italy are bought on the trees at a uniform price for all grades, including firsts, seconds, and by-product fruit. When the fruit is shipped a value is placed on the higher grades representing the market value of such lemons if they were to be bought as a separate transaction.

It costs 30 cents a box on an average for labor and materials to produce a box of lemons in the grove in Sicily; it costs 60 cents a box for labor and materials to handle the lemons from the grove to the ship, making a total labor and materials cost of 90 cents a box f. o. b. steamer. In the United States the corresponding costs are $1 per box in the grove and 88¾ cents between the grove and the cars, making a total of $1.88¾ per box f. o. b. California. It is a wrong economic theory to base a reduction in the duty on the showing made by four unsuccessful speculators in foreign lemons. A tariff should not be made to insure a profit to a speculator in foreign goods for the same reason that the profit of the American producer should not be considered in the rate of duty. The American lemon importer at any time can adopt modern mercantile business methods and purchase his fruit from the producer in Sicily at a reasonable cost. If he will eliminate speculation and put his business on a merchandizing basis, he could drive the American lemon out of the market under the rate of duty fixed by H. R. 3321.

Par. 225.—LEMONS AND ORANGES.

DE LUCCIA & CO. AND L. G. MARIANA.

NEW YORK, *May 21, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: The undersigned are importers of Italian lemons and oranges known as Maiori and Sorrento, the traffic in which, while considerably less than that in Sicilian lemons and oranges, is nevertheless quite important. We notice that in the proposed new tariff the duty on lemons and oranges is intended to be levied as follows: Eighteen cents per package not exceeding 1 foot 3 inches cubic; 35 cents per package exceeding 1 foot 3 inches and not exceeding 2 feet 6 inches; 70 cents per package exceeding 2 feet 6 inches and not exceeding 5 feet.

While these measurements are regulation or standard for Sicilian lemons, the Italian product requires a slightly larger package to cover the regular trade counts of 300 or 360 lemons to the box by reason of the fact that the Italian lemon is more elongated in shape than the Sicilian. Under the proposed new method of charging duty it will frequently happen that so-called half boxes of Italian lemons will measure up slightly in excess of 1¼ cubic feet, and boxes will similarly measure slightly in excess of 2½ cubic feet. It will certainly be a hardship if we have to pay duty of 35 cents on a package measuring 1 foot 4 inches, when we only pay 18 cents on a package measuring 1 foot 3 inches, and similarly be called upon to pay 70 cents for a package measuring 2 feet 7 inches, when a duty of 35 cents only is charged on a package measuring 2 feet 6 inches.

When arriving at these sizes on which to levy duty we do not suppose that the framers of the proposed new bill had the slightest intention to discriminate against Maiori and Sorrento shippers as compared with Palermo and Messina shippers, and we therefore venture to draw your attention to the matter of sizes and request that if the duty is to be levied at per package the rates be revised to read as follows: Eighteen cents per package not exceeding 1 foot 6 inches cubic; 26¼ cents per package exceeding 1 foot 6 inches and not exceeding 2 feet; 35 cents per package exceeding 2 feet and not exceeding 3 feet; 52½ cents per package exceeding 3 feet and not exceeding 3 feet 6 inches; 70 cents per package exceeding 3 feet 6 inches and not exceeding 5 feet.

We are of the opinion, however, that duty can be more equably levied by weight and would recommend that one-half cent per pound be charged on all packages.

We respectfully beg your consideration to our request.

Par. 226.—CITRON.

THE E. G. LYONS & RAAS CO. (NO ADDRESS GIVEN).

MAY 7, 1913.

Hon. OSCAR UNDERWOOD,
Washington, D. C.

DEAR SIR: We have been studying with much care the proposed legislation of the tariff—that portion relating to glacé fruits, Schedule G, agricultural products and provisions, paragraph 226, page 55, lines 16 to 21—and note that the proposed change will read 20 per cent ad valorem. The duty at the present time on this article is 35 per cent ad valorem plus 1 cent per pound, and it is to this particular item that we wish to call your attention, being manufacturers of glacé fruits. You will doubtless realize that while we are in a position to purchase our fruits, sugar, etc., as cheaply as the European manufacturer, at the same time we are not in a position to get our labor at the same cost to us as does our European friend.

We are paying at the present time to our women laborers from $1.25 to $1.75 per day; to men laborers, $2.25 to $3 per day. The European manufacturer is paying as follows:

In France: Female labor, $0.50 to $0.60 per day; male labor, $1 to $1.20 per day. In Italy: Female labor, $0.30 to $0.40 per day; male labor, $0.60 to $1 per day. Furthermore, the eight-hour law does not prevail in Europe.

You can readily understand, therefore, that with the proposed reduction in the tariff it would leave us no means of competing. The cost of production devolves mainly on the labor, as this particular class of work can be done only by hand labor.

This also applies to paragraph 230, page 56, lines 17 to 20, orange peel and lemon peel, as well as citron and citron peel, on which the tariff is to be reduced one-half—that is, at the present time orange peel and lemon peel are dutiable at 2 cents per pound and citron and citron peel at 4 cents per pound; in the proposed legislation it is to be reduced to 1 cent per pound on the orange and lemon peel and 2 cents per pound on the citron and citron peel.

The glacé fruit industry is now in its infancy in this country, there being but few manufacturers; on the Pacific coast there are but two, Townsend's and ourselves, and we are using all means to constantly increase our business and to make this industry a factor on the coast, and toward this end we should get the assistance of our Congressmen and Senators. You can readily understand that by increasing our business it means increased labor, but, as explained to you before, unless we are protected by the tariff we are not in a position to compete on account of labor, and naturally would compel us to discontinue the manufacture of this commodity.

We believe that if you will fully inform yourself regarding this proposed reduction you will agree with us that no material reduction in the tariff should be proposed.

We beg to thank you in advance for whatever you will do toward assisting us in this matter and using your influence in our behalf.

Par. 228.—ALMONDS.

ARGUMENT FOR PLACING CLEAR, SHELLED ALMONDS ON FREE LIST (NO SIGNATURE).

Reasons and a plea for the placing of clear, shelled almonds on the free list, proposed to be made dutiable at 4 cents per pound under bill H. R. 3321, Schedule G, section 228.

1. The demand for and importation of clear, shelled almonds has continuously increased, as is shown by the report accompanying H. R. 3321, page 197, as follows:

228. ALMONDS—CLEAR, SHELLED.

	Wilson tariff.	Dingley tariff, 1905.	Payne tariff. 1910	Payne tariff. 1912	Estimates for a 12-month period under H. R. 3321.
Imports, 1896:					
Quantity (pounds)	4,245,128.00	6,523,228.00	10,495,750.00	11,692,968.33	18,000,000
Value	$572,105.70	$1,135,144.00	$2,402,124.99	$2,680,615.00	$4,150,000
Average unit	0.13	0.174	0.229	0.230	0.231
Duties	$212,271.30	$391,393.68	$629,745.00	$701,579.30	$720,000
Rate	5c. per lb.	6c. per lb.	6c. per lb.	6c. per lb.	4c. per lb.
Equivalent ad valorem (per cent)	37.10	34.48	26.21	26.08	17.35

2. The price has been continually advancing from 24 cents per pound (1908) to 36 cents per pound (1913).

3. The production of almonds in the United States, which are marketed not shelled, is decreasing, as will appear by a comparison of the number of trees of bearing age in 1900 and 1910 and the production of almonds in 1899 and 1909 as reported by the Twelfth (1900) and Thirteenth (1910) United States Censuses.

Trees:	
1900	1,649,072
1910	1,186,049
Production, in pounds:	
1899	7,142,710
1909	6,784,397

As these almonds are not shelled, the weight of shells is included in the production, as above stated.

The importation of almonds not shelled (including apricot and peach kernels) according to the report accompanying H. R. 3321, page 179, is as follows:

228. ALMONDS, NOT SHELLED, APRICOT AND PEACH KERNELS.

	Wilson tariff.	Dingley tariff, 1905.	Payne tariff. 1910	Payne tariff. 1912	Estimates for a 12-month period under H. R. 3321.
Imports, 1896:					
Quantity (pounds)	3,202,681.16	5,542,216.00	6,837,906.10	5,250,501.50	6,000,000
Value	$210,020.15	$410,900.40	$507,892.50	$461,012.26	$515,000
Average unit	0.065	0.074	0.074	0.089	0.858 (?)
Duties	$96,080.53	$221,689.84	$273,516.39	$210,020.06	$180,000
Rate	3c. per lb.	4c. per lb.	4c. per lb.	4c. per lb.	3c. per lb.
Equivalent ad valorem (per cent)	45.60	53.94	53.85	45.26	31.95

It will therefore be seen that the production of domestic almonds not shelled and the importation of foreign almonds not shelled are approximately equal.

4. It is therefore plain that the production of almonds in the United States is not and can not be equal to the demand; that the proposed duty of 4 cents per pound on clear, shelled almonds is not necessary to, does not, and can not stimulate the production in the United States.

It will be noted that while the bill proposes to reduce tariff duties and to reduce the revenue produced by imports, the estimated amount of revenue under H. R. 3321 on clear, shelled almonds is an increase over that collected from the same source in any previous year (see report accompanying H. R. 3321, p. 179), which is not the case with other articles of import either in the same schedule or throughout the bill and is unjust to the user and consumer of clear, shelled almonds.

5. Almonds are largely and principally used by manufacturing confectioners and in combination with chocolate and chocolate products. In view of the proposed reduction of duties in H. R. 3321 on confectionery (Schedule E, sec. 182) and on prepared and manufactured chocolate (Schedule G, sec. 230), the manufacturing confectioner of the United States should be placed at least on an equal competitive basis with his foreign competitor, who, in Great Britain, Switzerland, Holland, has free admission of almonds, and in France and Germany is entitled to free admission of almonds when exported in an improved or manufactured state, the countries named being the principal countries which manufacture and export to the United States confectionery and manufactures of chocolate, either plain, sweetened, or in combination with nuts.

6. Therefore, on account of the increasing demand for clear, shelled almonds, the increased and still increasing price, the decreasing production of almonds in the United States, and the advantage which the foreign competitor of the manufacturing confectioner in the United States enjoys in having free almonds for his product, which will further enure to his advantage under the proposed reduction in duties on confectionery and chocolate, almonds, clear, shelled, should be admitted as a free raw material necessary for manufacture which is not produced in the United States.

Par. 231.—NUTS.

C. F. SIMONIN'S SONS, TRENTON AVENUE AND CLEARFIELD STREET, PHILADELPHIA, PA.

PHILADELPHIA, *April 25, 1913.*

Hon. F. M. SIMMONS,
Chairman Finance Committee,
United States Senate.

DEAR SIR: We respectfully call your attention to an oversight in article 235 on page 57 of the Underwood tariff bill. The importation of vegetable oils into this country for manufacturing purposes amounts to many million tons. These oils, under the present and

proposed tariff bills, are on the free list, but article 235 in the new bill places a duty of 1 cent a pound on the nuts from which these oils are made, although they are not and can not be grown in this country.

Naturally this article is legislation that will protect the foreign manufacturer from competition in this country. We are interested in having this bill as perfect as possible and would suggest that nuts be admitted free from wh̄ich commercial oils on the free list are produced.

Being interested in the production of vegetable oils in the Tropics as well as here, would say that labor there which costs 25 cents per day costs us here from $1.75 to $2 per day. In addition we have higher freights to pay.

The original Underwood bill, which we think carried a duty of one-quarter of a cent a pound on these oils and allowed the nuts to come in free, was an ideal bill. It will not only produce a large revenue, give a small protection to encourage the industry here, but would not have been a hardship to the trade using these oils. To illustrate, these oils at the present time are selling from 1¼ cents to 2 cents a pound higher than last year and there is no decrease in the demand for these oils.

Par. 236.—CHOCOLATE AND COCOA.

STEPHEN L. BARTLETT CO., BY M. R. BARTLETT, PRESIDENT, 68 INDIA STREET, BOSTON.

MAY 6, 1913.

Hon. F. M. SIMMONS,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Complying with your request of last Saturday that I write you briefly in the matter of the proposed rate on manufactured cocoas and chocolates, I send this.

The paragraph (236) as reported by the Ways and Means Committee fixing a rate of 8 per cent on manufactured cocoa and chocolate was, I think, right. For some reason unknown to me this paragraph was amended on the 2d instant as follows:

> Sweetened cocoa and chocolate, valued at not over 15 cents, 2 cents per pound; valued above 15 cents, 25 per cent.

I can but think this change was made by the Ways and Means Committee through some misunderstanding or wrong information, as the Treasury Department's reports for 1912 show that the average rate of duty on cocoas and chocolates was 21.50 per cent, and it certainly has not been the intention of the present Congress to advance rates that have proved during the last 16 years to be practically prohibitive.

I saw two members of the Ways and Means Committee, one of whom assured me that if this 25 per cent rate could not be corrected in the House he would make it a matter of special interest to, if possible, see that it was changed in the Finance Committee's bill. I hope change can be made before the bill passes the House and the Senate will concur in a rate not exceeding 8 per cent, which affords ample protection to an industry which now needs no protection, as the United States is the largest consumer of cocoa beans in the

world, and which rate will encourage importation and be the means of producing a larger revenue. For the past 16 years the rate of duty has been so high that, although the importations into this country of the duty-free raw material have increased from 25,000,000 pounds in 1898 to 145,000,000 pounds in 1912, or over 600 per cent, the importations of manufactured goods during the same time have decreased. Although I have stated reasons and figures proving conclusively the justice of a reduction in duty, which figures may already be in your hands, I accompany this with duplicates of same.

May I ask your committee to embody in your bill the paragraph as reported by the Ways and Means Committee; that is, 8 per cent on manufactured cocoas and chocolates, in which rate I feel the House would concur.

I believe I am stating to you facts without exaggeration. If I have not made the matter clear, and it is your pleasure, I will be very glad to answer any question or make any personal explanation you wish.

Thank you for the time granted me last Saturday when I saw you for a few moments.

[Inclosure.]

Imports into the United States, years ended June 30.

	Cocoa, prepared or manufactured.	Chocolate.	Cocoa beans (free of duty).
Act of 1883, 2 cents per pound:			
1883	311,882		9,030,724
1886	357,877		13,076,242
McKinley and Wilson bills, 2 cents per pound:			
1890	963,660		18,266,177
1894	1,308,000		17,584,760
Dingley bill, July, 1897, 5 cents per pound:			
1898	549,174	807,385	25,508,369
1902	834,207	525,221	53,361,404
1903	814,203	690,824	63,162,192
1904	853,459	1,784,064	72,162,378
1905	874,878	2,692,251	73,815,396
1906	1,055,031	2,954,594	80,117,402
1907	1,267,733	3,541,961	92,249,819
1908	1,016,900	2,756,452	82,831,242
Payne-Aldrich bill:			
1909	1,287,109	1,519,073	129,854,749
1910	1,107,203	1,294,300	108,668,070
1911	2,912,081	(1)	138,058,341
1912	1,256,067	1,415,651	145,853,953

[1] Cocoa and chocolate not separately stated.

H. W. GOWEN, HALIFAX, N. C.

STATEMENT.

Manufactured cocoa and, to a large extent, chocolate are food, not confections, with which they are too often confused. As food necessities they should be classed with tea and coffee, both duty free.

Cocoa powders are to-day in this country largely a by-product left after extracting from the cocoa bean the oil and butter for confectioners' and chocolate makers' use. Manufactured cocoa needs no protection; it is a surplus supply and offered by American manufacturers in foreign markets at prices lower than at home.

The present tariff is almost prohibitive; it not only affords an unnecessary and unasked-for protection (see attached extract from H. L. Pierce's letter), but deprives the Government of a much larger revenue assured under a lower duty. Foreign manufacturers have stated they do not care to try for business here under our present high rates.

The cost of manufacturing in the United States is to-day—largely by automatic machinery—but little if any more than in European countries; no duty is necessary as a labor protective measure.

The raw material from which all cocoa and chocolates are made is duty free into the United States; it is dutiable in most if not all other countries; on this basis the United States present duty is higher than that of England, France, or Germany. The present is the highest duty this country has ever known; as a revenue-producing measure it is a failure; as a protective measure it is wholly unnecessary.

Although the home consumption of cocoa and chocolate has very largely increased (note attached memorandum) during recent years and affording no revenue, the importation of manufactured goods in pounds or value do not equal those under the former and lower tariff and are now but little over 1 per cent of our consumption.

One of the leading American cocoa and chocolate manufacturers stated some years ago when this industry was much smaller that a tariff of 2 cents per pound was enough; a much less tariff is more than enough at present. (See attached extract from letter of H. L. Pierce.)

I am a buyer of goods in a foreign market, not a manufacturer's agent or commissioner.

An American manufacturer has stated that the total cost of manufacturing here is much less than one-fifth of the present tariff rate.

Do not confuse cocoa and bulk chocolate—family and manufacturers' necessities—with what is generally known as chocolate and which is amply provided for under the sugar schedule.

I shall be glad to see cocoa and chocolate on the free list.

By reference to the attached figures, taken from the United States Treasury Department reports, note that while the imports of cocoa beans (the manufacturer's raw material and duty free) have increased from 25,000,000 pounds in 1898 to 145,000,000 pounds in 1912 the importation of manufactured cocoa and chocolate have increased only from 1,356,000 pounds in 1898 to 2,680,000 pounds in 1912. These figures prove better than any statement that the present tariff is prohibitory—it produces practically no revenue and gives an unnecessary, unasked-for protection.

[Inclosure: Extract from letter written by Hon. Henry L. Pierce, chocolate manufacturer, to Hon. W. L. Wilson, chairman Ways and Means Committee, Washington, D. C., January, 1894.]

* * * * * * *

In view of the fact that there is a duty of one-half cent a pound (equivalent, say, 11 per cent ad valorem) on the sugar which I use in making sweetened chocolate and a duty of about 45 per cent ad valorem on foreign machinery required in my mills, and a duty of about 48 per cent on tin plate (of which I use a large quantity in putting up my goods), the present duty of 2 cents per pound on prepared cocoa and on chocolate, both plain and sweetened, is about

as near a "tariff for revenue only" as can be made. and with such a tariff I am entirely satisfied.

* * * * * * *

NOTE.—Tariff of 1883: Cocoa and chocolate, 2 cents per pound. Tariff of 1890: Cocoa and chocolate, 2 cents per pound. Tariff of 1894: Cocoa, 2 cents per pound; chocolate, 2 cents per pound; chocolate valued at over 35 cents per pound, 35 per cent. Tariff of 1897: Cocoa, unsweetened, 5 cents per pound; chocolate, from 2½ cents per pound to 50 per cent. Tariff of 1909: Same as tariff of 1897.

Par. 239.—POTATO STARCH.

BRIEF OF THE CHAMBER OF COMMERCE OF HOULTON, ME., SUBMITTED IN THE INTEREST OF THE POTATO-STARCH INDUSTRY.

APRIL 30, 1913.

The FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: We believe that the tariff should be such as to promote free, active, and open competition with products both in this country and those from abroad; that it should not permit any combination to control the prices of the product. It should, however, encourage home industries. Duties should not be levied such as would retard the use and development of this country's resources. We wish to urge that the present duty, fixed by the Wilson law, of 1½ cents per pound on potato starch be maintained.

At the outset we want to emphasize the distinction between potato starch and all other starches, whether corn, wheat, rice, tapioca, or any other starch. We respectfully submit the following in the interest of the potato-starch industry.

We earnestly request that you carefully consider this industry from four different standpoints, viz:

First. As to trusts and competition.

Second. As to exports.

Third. As to imports.

Fourth. As to revenue.

There is no trust or combinations.

The potato-starch industry in the United States is confined to 87 factories, 70 of which are located in the county of Aroostook, Me., and the remaining 17 in the States of Minnesota and Wisconsin.

The ownership of the Minnesota and Wisconsin factories is not so familiar to the writer, but of the 70 factories in Maine there are 49 different owners, some of the factories being owned by associations of farmers in cooperation with the local granges.

The largest number of factories owned by any one man, firm, corporation, or association is 8; the next largest, 7; and of the remaining 55, no more than 2 have the same ownership.

We would further say that there exists between all of these different manufacturers free and untrammeled competition. There is no "gentlemen's agreement" of any kind, either to control the price paid the farmers for potatoes or the price asked for the finished product.

There is no potato starch exported.

At all times within the last 10 years there has been a substantial importation of the foreign potato starch. These figures appear in the following table.

Potato-starch imports.

[All figures in these tables taken from Department of Commerce and Labor.]

Fiscal year.	Pounds.	Value.	Duty.	Duty collected.	Ad valorem rate of duty.
1903	4,888,341	$94,318.00	1½ cents per pound	$73,325.17	77.72
1904	4,458,038	101,575.61	do	66,570.65	63.66
1905	4,462,459	114,260.00	do	66,936.98	58.58
1906	3,825,387	93,811.00	do	57,380.88	61.17
1907	4,826,167	104,641.00	do	72,392.57	69.19
	[1] 22,440,392	....		336,606.25	....
1908	4,544,520	113,807.00	do	68,168.00	59.90
1909	15,418,259	351,256.00	do	231,274.00	65.84
1910	9,812,903	235,040.00	do	147,191.00	57.71
From Cuba	4,609	121.00	1½ cents per pound less 20 per cent.	55.00	....
1911	7,724,912	202,482.00	1½ cents per pound	115,874.00	57.23
From Cuba	4,672	147.00	1½ cents per pound less 20 per cent.	56.00	....
1912	14,010,532	405,135.00	1½ cents per pound	210,158.00	51.87
	[2] 51,520,409	....		772,779.00	....

[1] 11,220 tons. [2] 25,710 tons.

An analysis of these figures will show that although the quantity imported varies from year to year, according to the amount of potato starch manufactured either here or abroad, the total importations in the last five years exceed by over 100 per cent the total importations for the five years immediately preceding, viz, 25,710 tons were imported during the last five years, while only 11,220 tons were imported in the previous five years.

Considering the above figures, it is apparent that not only has there been during every year of the past ten a substantial importation of the foreign product, but also that the extent of the importation shows a remarkable increase.

During the fiscal year ending July 30, 1912, the total importation was 7,005 tons, which would show the amount considerably above the average for the last five years, but as these figures may be somewhat exceptional, we have here given the average instead of the figures for that year alone.

Reference to the above table will show that the amount of revenue contributed by potato starch under the present rate of duty is very considerable, as compared with the total annual consumption in the United States. It has, of course, increased in exactly the same ratio that the imports have increased, the total of the last five years being over 100 per cent greater than the preceding five years, viz, $772,779 being collected during the last five years and $336,606 during the five years immediately preceding.

The consumption of potato starch in this country in the last 10 years has been 136,930 tons, an average of 13,693 tons per year. Of this amount consumed the proportion of imported has gradually increased until it has reached, during the year 1912, the amount of 7,005 tons, paying a revenue of $210,158.

If the duty is reduced to 1 cent per pound, the imports must be increased to 10,507 tons to maintain the present revenue, leaving only 3,186 tons for the American production.

If any potato starch is to be produced in this country, it will be far in excess of 3,186 tons, necessarily reducing the importations of this article, with a corresponding reduction of revenue.

If the duty is reduced to three-fourths cent per pound, thereby forcing the American manufacturer entirely out of this industry, and the present consumption continues, the revenue from imports would be $205,395, or a loss in revenue of $4,763.

This industry is of peculiar value to the farmers of the sections where the factories are located, in that potato starch, being made from small and partly affected potatoes, in years when, by reason of adverse conditions, the quality of the crop is poor, the factories make use of large quantities of these potatoes. In such years the money paid for starch potatoes materially lessens the loss caused by the quality of the crop.

In conclusion we would urge that, inasmuch as there is no trust, combination, or monopoly of any kind in this industry; as there is already an active and growing importation; as none of the product is exported, substantially none is used for household purposes, and as potato starch already yields its fair proportion of revenue to the Government, no valid reason exists for the lowering of this duty, with the injurious results necessarily entailed to the manufacturers engaged therein and the farmers benefited thereby, especially as the only requests for a reduction in the duty come, not from consumers of the product, but from representatives of German factories and American dextrine manufacturers.

T. H. PHAIR, PRESQUE ISLE, ME.

IMPORTANT FACTS RELATING TO THE POTATO STARCH INDUSTRY.

Potato starch is made from small and partly affected potatoes which are valueless for any other purpose. Its use is almost exclusively in cotton mills for sizing and sometimes for finishing. Practically none of it is used for household or laundry purposes, and none of it is exported. The value of the industry to the farmer is that whenever by reason of adverse climatic conditions the quality of the potato crop is impaired, the starch factories utilize a large quantity of undersized and poor potatoes, thereby affording the farmer a market for that part of his crop (sometimes 50 per cent) which would otherwise be valueless. Recognizing this fact, the State of North Dakota at one time passed a law paying a bounty of 1 cent per pound for all potato starch made within that State. Even with the present duty potato starch can not be made at a profit from potatoes costing over 50 cents per barrel, and as the minimum cost of potato production is approximately $1 per barrel, or 34 cents per bushel, it is impossible in this country to raise potatoes exclusively for starch manufacture, such as are so used being the refuse stock of crops raised primarily for the table.

The industry is confined to 70 potato-starch factories in the county of Aroostook, Me., and 17 in the 2 States of Wisconsin and Minnesota, having an approximate value of $10,000 each, or a total investment of $870,000.

The following figures are offered as showing the necessity of maintaining the present duty if this industry is to continue. All averages given are based on the past 10 years exclusive of 1912, as the figures of that year are not yet available:

Total potato starch manufactured past 10 years .... pounds..	200,000,000
Total value at $0.038 per pound	$7,600,000.00
Total number of starch potatoes used .... barrels..	10,000,000
Paid for same at average price, 45 cents	$4,500,000.00

A ton of potato starch costs the manufacturer:	
100 barrels starch potatoes, at 45 cents	$45.00
Overhead charges	15.20
Operating expenses	10.00
Total	70.20
Or $0.0351 per pound.	
Average profit last 10 years:	
Selling price	$0.0380
Cost	.0351
Profit per pound	.0029
Or 29 cents per 100 pounds.	
Average price of foreign potato starch last 10 years	$0.0240
Duty	.0150
	.0390
Average price domestic potato starch last 10 years	.0380
Difference	.0010
Or 10 cents per 100 pounds.	

It is very evident if the potato-starch industry is to be maintained and continue to furnish a market for these otherwise valueless potatoes the present duty must be maintained.

We would further suggest that although the total of the above figures seems insignificant, and its value to the farmers of the country as a whole too slight to be of importance, nevertheless, the factories being practically all located in one county of one State, the preservation of the industry is of enormous importance to the farmers of that section.

Par. 240.—SPICES.

THE AMERICAN SPICE TRADE ASSOCIATION, BY E. W. DURKEE, CHAIRMAN, 124 FRONT STREET, NEW YORK, N. Y.

NEW YORK, *April 15, 1913.*

Hon. FURNIFOLD M. SIMMONS,
United States Senate, Washington, D. C.

DEAR SIR: In the bill just presented by the Committee on Ways and Means, whole spices are made dutiable by a small duty, which on the basis of the importations for the year ending June 30, 1912, would yield a revenue of $768,462. The duties collected under the existing tariff on ground spices amounted to $318,209.

Ground spices, heretofore subject to a duty of 3 cents per pound, are made subject under the new bill to the same duty as whole spices. The use of spices for food can not be increased except by growth in

population. Whether ground in this country or in Europe, no more will be used than the sense of taste requires. No one would be tempted by cheap price to use more pepper or any other spice than he liked on the food on which or in which it was required as a flavor.

Many persons would drink an extra cup of coffee when the price is low which he would go without if the price was high; but there is no one in this whole country who does not have all the pepper or any other spice he wants and could not be persuaded to use more than he likes if it were given to him.

It seems to the spice trade that the committee was in error in classifying spices as luxuries. Spices are part of the regular stock in trade of every grocer; they are uniformly in every kitchen; pepper is on every table as generally as salt or sugar. They are used in food in some form every day by every person in the country. There is not a mining or lumber camp, there is not a fishing smack or ship of any kind, not a farmhouse or tenement house, there is not a picnic party, not an exploring expedition, without spices to make the food palatable.

The poorer the person and the coarser the fare the greater the need of condiments to furnish flavor and variety.

It is claimed that food which is unpalatable is indigestible, and the use of spices is exactly to make food palatable. To tax spices is not to tax luxuries but to tax food, to tax what has become a necessity of life, to increase the cost of living.

To tax whole spices is to hurt our export trade, which shows a considerable extension, and turn it over to England, where spices are not taxed and where shipping opportunity is better.

To levy the same duty on ground and whole spices would greatly injure our domestic trade, because it costs more to grind and pack spices in this country than in England, because of dearer labor here, and because they are sold in small packages of tin or paper which when imported pay no duty when they come in as containers, but which when used by American grinders are subject to a protective duty on paper, labels, and tin plate.

The duty would be paid on the landed weight; there is shrinkage in weight in warehouse and loss in weight in grinding and packing. The American grinder would not sell the weight he paid duty on. This would mean that the rate of duty would be increased by the percentage of loss between the arrival and sale of the goods.

Further, it means to impair the protection afforded by our pure-food laws, because the American grinder uses better qualities of spices than the English grinder, due to the fact that wormy or damaged spices may not be imported here, while there is no restriction on the grinding of such abroad, and chemical analysis can not detect in the ground spice the character of the whole spice from which they were ground.

To reduce the duty or make free of duty large articles of everyday use like sugar, tea, coffee, and salt, and tax smaller articles like spices, which are just as necessary and fully as universally used, is inconsistent and unfair; it is hitting and injuring a small article simply because it is small.

Whole spices and mustard seed should be free and ground spices subject to a small duty, say, the duty now provided for whole spices

in the tariff bill just presented to Congress by the Ways and Means Committee.

No study, no ingenuity or skill can overcome the disadvantage of arbitrary higher raw material, cheaper labor, and protected accessories like labels, cans, and paper.

While there is no trust or combination in the spice trade, and while no one since the war became rich in the trade, but only the severest competition, a low duty on ground spices would permit importations of ground spices (a few come in even at 3 cents per pound) and check any exuberance of feeling or excessive price among the American trade.

This would not be fostering a trade exotic to this country, but only establishing equal facilities; a one-armed man is handicapped in standing off a man with two arms. All we want is equal opportunity.

E. R. DURKEE & CO., 534-540 WASHINGTON STREET, NEW YORK, N. Y., PER E. W. DURKEE.

NEW YORK, *April 29, 1913.*

Hon. CHARLES F. JOHNSON,
United States Senate, Washington, D. C.

DEAR SIR: In Mr. Underwood's report to the House in presenting the tariff bill of the Committee on Ways and Means, he quotes the tariff plank of the Democratic platform and summarizes the basic principles on which the committee founds its bill:

(1) The establishment of duties designed primarily to produce revenue for the Government and without thought of protection.

(2) The attainment of this end by legislation that will not injure or destroy legitimate industry.

Again he says:

> Where the tariff rates balance the difference in cost at home and abroad, including an allowance for the difference in freight rates, the tariff must be competitive, and from that point downward to the lowest tariff that can be levied it will continue to be competitive to a greater or less extent. Where competition is not interfered with by levying the tax above the highest competitive point, the profits of the manufacturer are not protected.

The Democratic platform of 1912 contains the following:

> We favor the immediate downward revision of the existing high and, in many cases, prohibitive tariff duties, insisting that material reductions be speedily made upon the necessaries of life.

If universal daily use by every person in the country of an article of food stamps the article as a necessity of life, then spices are necessaries of life, and whole spices have been on the free list since 1883.

The selling price in this country is based on the severest competition. There is not now, nor has there ever been, any combination or trust. Only so many spices may be sold as the sense of taste demands; lower prices can not increase sales, which can only be increased by growth in population. This means each grinder of spices competes with each other grinder to get his share of what is actually a fixed and definite trade. There are only so many customers, and each dealer tries to get all he can.

This severe competition cuts the profit—as there is no combination—to the lowest living point, and an increased cost of raw mate-

rial, due to a duty on crude spices, can not be absorbed by the dealer but must be paid by the customer.

Any duty imposed on whole spices would be collected on the landing weight; the dealer would not sell this weight, because there is shrinkage in warehouse, loss in weight in grinding, and a further loss in packing into the small packages in which spices are sold.

The rate of duty would practically be increased by whatever the total shrinkage amounts to and would vary in the case of each spice, some shrinking much more than others; also varying according to season of year—if hot and dry or cold and wet—the total shrinkage running from 5 to sometimes 25 per cent.

Spices are almost universally sold in small packages, because the essential principal, which is very volatile, is better preserved in sealed packages, free from contamination from surrounding articles, more sanitary, more convenient, and more certainly standard when bearing the name of a reputable dealer.

The cans, labels, and paper are subject to duty at some point or other. The present bill taxes the American dealers' raw material; the shrinkage increases this duty by from 5 to 25 per cent; the bill taxes his accessories of cans, labels, and paper.

The bill, however, is not satisfied with doing this. It proposes to annihilate the unfortunate dealer, and, as well, to increase the cost of living to every person in the country. It imposes the same rate of duty per pound on ground spices imported in small packages, on which there would be no shrinkage, because in tight packages, and no duty on the container.

Further, it would tend to lower the quality of the spice imported, because damaged or wormy whole spices are denied entry in this country; but such are not prohibited from being ground abroad, and chemical analysis can not determine when ground the character of the spices as to condition before grinding.

Mr. Underwood's second basic principle is certainly not exemplified in respect to spices.

The American dealer by this bill, ignoring the labor cost—which is higher—would pay a higher duty than his foreign competitor on the spices themselves by reason of shrinkage, on his accessories of cans, labels, and paper, and would have to use superior and higher cost qualities of spices. He has the severest home competition, which absolutely prevents excessive profits; he can not increase his business in spices except through the growth of population; and this bill would prevent his striving for foreign trade, and even kill what he now has. The export trade in spices has been growing and has taken a considerable extension in Canada, Mexico, the West Indies, and South America.

The American spice trade simply urge equality with their foreign competitors.

If it be necessary to tax spices as a revenue measure, at least there should be a greater duty on ground spices "to balance the difference in cost at home and abroad, including an allowance for freight rates." This would make the "tariff competitive" by Mr. Underwood's own statement, and every pound of spice imported would pay its quota of duty, so that the revenue features would be retained; but no good purpose would be served by destroying the American dealer, by giving his foreign competitor an advantage through the tariff

which Mr. Underwood deprecates as having in some instances in the past been secured for the American manufacturer as against the foreign.

This would be inverted protection, an upside-down tariff that would create for the foreign manufacturer the same advantage or protection that Mr. Underwood regards as having been in some cases in the past an unfair protection to the American manufacturer and oppression to the consumer.

All spices, except only a very small proportion, are ground before they are used in food. This bill would cause them to be ground abroad, just as paprika (a kind of red pepper) now is, which is dutiable by the same rate (2½ cents per pound), either whole or ground, and imported largely in the small packages in which they are now distributed, because the duty would be less when imported in this shape, due to saving in shrinkage, lower cost of container, and lower labor cost, and the percentage of saving would be direct protection to the foreign dealer and against the American grinder.

As the American grinder shrivels, so would the American importer of whole spices, who would have no customers, or only a very few. Since but little whole spice is sold, the place of both classes of trade would be taken by agents of European houses.

The spice trade would be ruined, to the benefit of the foreign trader, and the American public would pay more for an everyday necessity. Is this good American tariff doctrine or good political doctrine of any school or brand?

This presentation of the subject is not distorted or exaggerated, but is entirely truthful and exact, and will be corroborated by every dealer in spices in the country.

If there be any exception, it can only be a speculative interest for the momentary profit, always possible during tariff agitation. We urge, therefore, free whole spices as articles of everyday use and necessity and a duty on ground spices "equal to the difference in cost at home and abroad, including allowance for difference in freight rates."

If, however, it be necessary by reason of the reduction in duties under this bill to tax spices to help out the deficiency, then that the duty on ground spices be double the amount of the duty on whole spices provided in this bill.

BY W. J. GIBSON, NEW YORK, N. Y.

NEW YORK, *May 8, 1913.*

The COMMITTEE ON FINANCE,
United States Senate.

GENTLEMEN: I wish to add the following to what has already been submitted to your committee and to the Ways and Means Committee, House of Representatives, in respect to the duty on whole or unground spices:

Spices are luxuries. They are not necessaries. No doubt everyone would be better off without them. They belong in the same class with wines, liquors, and tobacco, and were so classified in the tariff act of 1846, in Schedule B.

The present bill, H. R. 3321, puts an average duty on spices, whole or unground, of about 13 per cent, and on women's and children's dress goods and ready-made clothing 35 per cent, and stockings 40 to 50 per cent; and yet this Congress declares—

It has kept in mind the distinction between the necessaries and the luxuries of life, reducing the tariff burdens on the former to the lowest point and making the luxuries of life bear their proper proportion of the tariff responsibilities.

But is this true in regard to spices at the rates put on them by the House? Can you consistently put a lower duty on them than you do on the necessaries of life? The Committee on Ways and Means, House of Representatives, estimates that 47,000,000 pounds of unground or whole spices, of the value of $5,190,000, will be imported during 12 months under H. R. 3321, and that duties amounting to $738,335 will be collected from them, which will be about a cent and a half a pound on an average. And you put a duty of $1.85 per pound on wrapper leaf tobacco if unstemmed and $2.50 per pound if stemmed, and in your model tariff act of 1846 you put the same rate of duty on spices that you did on tobacco.

These spices sell on an average at wholesale for about 11 cents a pound in the whole or unground state, and are largely sold by the retailers, who are grocers, druggists, and others, at from 5 to 10 cents an ounce, or at the rate of 80 cents to $1.60 per pound.

Very few householders buy more than an ounce of these unground spices at a time, and the great mass of the people, especially the poor, do not use them at all. This is so with all these spices, except black and white pepper, which is more generally used than any other. Leaving out black and white pepper, there is not more than a pound of all these others spices used by any one family of five persons on an average during a year.

A duty of 5 to 10 cents a pound on all of these spices, unground or whole, would yield an annual revenue to the Government of $2,350,000 to $4,700,000, and it would not be felt by anybody except the grinders and makers of toilet and perfumed soaps and perfumeries, grocers, and druggists who are now collecting the duty five times over from the consumer and putting it in their own pockets while the Government does not get any. Such a duty would not increase the price of these spices to the consumer because they would still be sold at 5 and 10 cents an ounce, at which they are sold under present conditions, and it is plain to be seen that either of these rates of duty would not increase the cost of living. The American Spice Trade states in its April letter to Congressmen:

No one would be tempted by cheap price to use more of any spice than he liked.

For instance, nutmegs, which are quoted in the wholesale market at 15 cents per pound, retail anywhere from 2 to 3 cents each, possibly 2 for 5 cents, and there is an average of 100 nutmegs per pound. This condition of the retail prices of spices has existed for the last 50 years, and during that time there have been tariffs imposing duties of 50 cents a pound on nutmegs, 20 cents a pound on cloves, and 15 cents a pound on black and white pepper and pimento, and again these articles have been on the free list for the last 20 years, but the retail prices have never changed.

In 1883 spices, whole or unground, were put on the free list, and if ground or powdered were on the dutiable list at 5 cents a pound. This was for the benefit of the grinders and other converters of spices. No special interest was to be benefited by a duty on whole or unground spices.

The Spice Trade, in order to convince the Congress that spices are necessaries, states:

There is not a mining or lumber camp. there is not a fishing smack or ship of any kind without spices.

I might add, "or without whisky and tobacco," and there is not a first-class bar or drinking place without its dish of whole or unground spices.

The grinders of spices, the makers of perfumeries out of the oils derived from the spices, manufacturers of perfumed soaps, grocers, and druggists are the persons who are interested in having these whole or unground spices admitted free of duty so that they may make large profits, and they are petitioning your committee in great numbers, and the grinders of spices are influencing the retail grocers to agitate the question of admitting whole or unground spices free of duty. These petitions all come from interested parties, and the same parties that when the Republican House of Representatives put these spices, whole and unground, in the dutiable list at 30 per cent ad valorem in the present tariff act, induced the Senate to take them off and relegate them to the free list again, but to keep their special interest, the ground spices, on the dutiable list at 3 cents a pound, which they have done for 40 years; but no duty is collected on ground spices.

These spices are a vegetable, produced annually, and can only be grown in tropical countries, and can not be produced in the United States except a small amount of red or cayenne pepper and some sage, and there is no greater stock on hand in this country to-day than is usual at this time of the year.

Whatever duty is put upon whole or unground spices goes directly into the Treasury. No duty has been derived from ground spices, showing that a duty of 3 cents a pound is absolutely prohibitive. However, it is perhaps only fair, all things considered, that the duty on ground or prepared spices should be a little higher than on the whole or unground; about a cent a pound would cover the loss in grinding and would leave the market open to competition if the grinders put up the price too high, and I would recommend that the duty on both be specific and by the pound.

JOHN CLARKE & CO., 135 FRONT STREET, NEW YORK, N. Y.

NEW YORK, *May 16, 1913.*

Hon. JOHN SHARP WILLIAMS,
United States Senate, Washington, D. C.

DEAR SIR: I spoke before yourself and Senator Gore on Tuesday, May 13, regarding spices. You will recollect, I am sure, that you suggested that I send to your subcommittee a memorandum of the

points I wanted to make, and this I now send herewith. I earnestly hope and believe it will get your attention.

I would not ask such attention if I thought for one moment that the subject was trivial. I am not a protectionist or a lobbyist—never have been—and I have been active in all reasonable reforms all my life in both politics and business; but in a case of this kind, where in my judgment, an honorable, though relatively small, branch of industry is threatened with unnecessary injury and, I believe, unintentional injustice, I must do all I can to make that injury and injustice clear, in order to insure the consideration of a remedy.

The tariff on spices, as proposed, would protect the European grinder and penalize the American. In all justness and fairness there should be an "even break."

May I thank you and Senator Gore for your patience and courtesy, which I entirely appreciate.

NEW YORK, *May 16, 1913.*

Hon. JOHN SHARP WILLIAMS,
United States Senate, Washington, D. C.

DEAR SIR: Referring to the spice schedule, you asked me last Tuesday what, in my estimation, would be a fair difference in the duties on whole and ground spices. Since then I have considered the matter closely; my judgment is:

A. If whole spices should be restored to the free list, ground spices, pepper, nutmegs, pimento, cassias, and gingers should carry a duty of five-eighths to three-fourths of a cent per pound; cloves, 1¼ to 1½ cents; and mace, 2 to 3 cents per pound.

B. If whole spices should be dutiable at the Underwood rates there should be a higher duty on ground spices, as follows: Pepper, nutmegs, pimento, cassias, and ginger, three-fourths to seven-eighths of a cent per pound; cloves, 1½ to 1¾ cents per pound; and mace, 3 to 3½ cents per pound.

I have based this on the outturns of very large totals of spices, and upon the approximate penalties attaching to American grinding, due to the losses in weights and the increased costs of American-made containers.

These are my own opinions—no others—the opinions of a free-trade or low-tariff Democrat.

Very respectfully, JOHN CLARKE.

[Inclosure.]

NEW YORK, *May 16, 1913.*

Memorandum for Hon. John Sharp Williams, Finance Committee, United States Senate, Washington, D. C.

SPICES.

Whole (unground) spices have been free of duty since 1883 (excepting red peppers), while ground spices have been dutiable at 3 cents per pound. In the proposed tariff whole spices are dutiable thus:

Black, white, and red peppers, nutmegs, cassias, and ginger, 1 cent per pound; pimento, three-fourths cent per pound; cloves, 2 cents per pound; mace, 8 cents per pound. Ground spices are dutiable in the proposed bill at the same rate as whole spices.

This is, in my judgment, unjust discrimination against the American spice grinder and in favor of the foreign grinder, instead of the even break, the equal

chance, that is, as I believe, justly, the principle on which the present tariff is intended to be based.

The reasons are these:

First. The American grinder would pay duty on the landing weight. He would have to stand the shrinkage between the date of landing and the date of grinding, say, an average of 5 per cent; the loss in weight in the mill when grinding, say, 5 per cent; and the loss in packing into small packages (in which form the vast bulk of ground spices are sold in America), say, 2 per cent; a total of, say, 12 per cent. In other words, he would pay duty on 100 pounds of spice and he would have only 88 pounds to sell, roughly speaking. The foreign grinder would pay duty on 100 pounds of ground spices and would have 100 pounds to sell.

Secondly. The cartons, boxes, cans, and bottles containing the foreign-ground spice are free of duty, whereas the American grinder would have to buy such containers here, the materials of which they are made being protected by duties of 12½ to 35 per cent on papers, 20 per cent on tin plate, and 30 per cent on bottles.

So that the losses in weight in storing, packing, and grinding would be stood by the American grinder, but not by the foreign grinder—they would amount to a bounty to the foreigner; so would the added cost of containers here to the American grinders, due to protection on the materials of which they are made.

In effect the proposed schedule affords a bounty to the foreign grinder.

The spice trade has been one of emphatically keen and almost destructive competition for many years, with the closest possible profits, and no trust or combination is possible in spices.

In my judgment, whole spices should be free, as food, distinctive from luxuries, and ground spices subject to duty covering the losses in weight and the added cost of containers. But if, in the judgment of Congress, spices should be regarded as a proper source of revenue, then, in fairness and common justice, there should be a higher duty on ground than on whole spices for the same reasons.

An important export trade on whole spices to South and Central America and the West Indies has been built up. This would be badly injured, if not destroyed, by duty on whole spices, because the spices have to be repacked here in small packages to suit transportation in the Tropics—in bags of 10 to 50 pounds each (whole spices average 100 pounds a package on arrival here from the East Indies). It is impossible to repack these in bond here, except at prohibitive cost, unless some provision for rebate or refund of duty be added to the tariff bill covering this situation.

There is the further factor that while damaged, rotten, or inferior whole spices are excluded from entry into the United States, yet foreign grinders can grind up and ship here these same deleterious spices, because such inferiority can not be detected by chemical analysis after they are ground.

Respectfully submitted.

JOHN CLARKE.

M'CORMICK & CO. (INC.), BALTIMORE, MD., BY JOHN M'CORMICK.

BALTIMORE, MD., *May 23, 1913.*

Hon. JOHN SHARP WILLIAMS,
Chairman Senate Subcommittee on Schedule G,
Washington, D. C.

DEAR SIR: In considering Schedule G, tariff, H. R. 3321, as finally presented from the House to the Senate, we ask your attention to section 240.

DIFFERENTIAL BETWEEN WHOLE AND GROUND SPICES.

We have opposed placing duties on spices before the Ways and Means Committee. We believe that changing spices from the free to the dutiable list indefensible, except on the one ground of the necessity of raising revenue, but if spices are made dutiable, we recommend

that section 240, page 60, line 4, be made to read, after the word "use," as follows:

80 per cent ad valorem in addition to any duty carried by the spices when unground.

Under the Payne tariff of 1909 unground spices were free, but ground spices carried a duty of 3 cents per pound.

The differential of 10 per cent ad valorem now provided for will be equal to, on an average, a specific duty of three-fourths to 1 cent per pound. The act of 1909, while admitting spices free of duty, protected the American importer, grinder, and consumer much more effectively than will those proposed in H. R. 3321, since many grades of whole spices that will be denied entry, and justly so, under the foods and drugs act, on account of inferior or damaged quality, could not be rejected if ground abroad and then imported.

It is doubtful if any figures of value can be given that will allow correct conclusions to be drawn as to the relative costs of grinding goods of the same class in Europe and the United States.

If the manipulation is one of manual labor, wholly or in any large part, it is obvious that it can be much more cheaply done in the country of origin, whether Europe, Africa, or the Far East; but most of the modern processes of manipulation and grinding are mechanical, and I believe that, given a like grade of raw material of equal laid-down cost at the mill, the properly equipped American manufacturer needs no protection to enable him to compete with the Europeans in any market. This is the result of my personal knowledge of the average competitive mechanical equipment of European and American plants in this line. In any event, it seems to us imperative that ample differentials be made between ground and unground spices, no more for the benefit of the manufacturer than the consumer.

Low-grade, worm-eaten, or damaged ginger root, turmeric root, cloves, nutmegs, mace, cayenne (the capsicum and red-pepper family), and many other goods can always be had in Europe or in the countries of origin which, when ground, will meet the requirements for standard laid down in Circular 19, United States Department of Agriculture. Such spices were imported in the unground state before the present system of inspection was inaugurated, but are now denied entry, and properly so.

An illustration on tariff proposed in H. R. 20182: At this date no good quality grinding nutmegs which can be imported without question can be brought in at an import cost of less than 13 to 14 cents per pound. (Import cost has fluctuated from 10 to 15½ cents per pound within the last two years.) Worm-eaten nutmegs that would be infallibly denied entry unground can be bought in London, or Holland, or Singapore, at 7 to 10 cents per pound; indeed, even as low as 5 cents per pound.

Assuming, to be liberal, the cost of grinding, in Europe and the United States to be the same, we have:

Import cost of first-class nutmegs to American grinder, per 100 pounds	$14.00
Duty at 1 cent per pound, as provided in H. R. 20182	1.00
Loss of weight in grinding (5 per cent of $14)	.70
Cost of grinding	2.00
Total cost ready for packing to the American grinder	17.70

If the foreign grinder cared to take advantage of the opportunity to foist upon the American public a poorer grade of goods, he could easily do so under rates proposed in H. R. 20182, as is shown by the following:

Cost of inferior nutmegs to foreign grinder per 100 pounds	$8.00
Grinding cost per 100 pounds	2.00
Loss in weight in grinding, 5 per cent	.40
Cost ready for packing and shipping to the United States	10.40
American import duty as adopted in tariff proposed in H. R. 20182	2.08
Freight, London to Atlantic seaboard	.20
Cost to London grinders laid down in Baltimore (against $17.70 cost of first-class goods to Americans—a difference of about 5 cents per pound)	12.68

Expressed in percentage, the English or Dutch grinder has the American handicapped to the extent of not less than 40 per cent, and the American consumer may be buncoed to a like extent in quality on a variety of spices.

You will ask, "Will the American dealer, jobber, and retailer handle the inferior imported product?" The answer is, "He won't know anything about the difference in grade and may not care." Since no chemical or physical examination will warrant its rejection, the mere fact that it is imported will be accepted as a guaranty of purity.

You will doubtless ask also, "If this can be done, why was and is it not done under the present tariff act?" Not longer than two years ago almost any grade of spices could be imported, regardless of quality. Inspections are now made more rigid, and properly so, and foreigners have simply not become alive to the possibilities of the situation, as is shown by the following figures under the tariff of 1909:

Under the act of 1909—

These inferior nutmegs will cost the foreign grinder per 100 pounds	$8.00
Grinding cost	2.00
Loss in weight in grinding, 5 per cent	.40
Cost ready for packing	10.40
Import duty, act of 1909, 3 cents per pound	3.00
Freight to Atlantic seaboard	.20
Cost to foreign grinder, duty paid under present tariff, laid down in Baltimore (against cost of first-class of $16.70 for a ground product, ground from duty-free imports of whole goods)	13.60

We present samples of sound and also unsound nutmegs, the latter of which if ground can not be refused entry but which would be denied entry in the unground state.

Mustard.—Section 240 provides for a reduction on the tariff from 10 cents per pound (sec. 208, tariff act 1909) to 6 cents per pound. We submit this is inadvisable, for the following reason:

Mustard flour is produced by separating the flour from the hulls or bran of the different varieties of mustard seed, a process similar to the separation of wheat flour from wheat bran. Though mustard seeds of fair quality have been grown for many years in California, the crop is small as compared with the foreign grown. Mustard flour is manufactured in this country and is also imported.

I believe I am correct in stating that practically all, if not all, the imported flour is manufactured by one firm in London, whose product is good, but not better than that manufactured by a number of grinders in this country. It has been on the market for more than a half century and has a well-deserved reputation. It reaches the consumer at prices far in advance of those fetched by the best American product. Its buyers are only those who are amply able and are willing to pay the large premium for name and also, possibly, because it is quite English.

Imports of mustard in 1911 were 1,360,000, at an invoice value of 8 to 10 cents per pound greater than the unit selling price of a like high-grade American product. The higher cost in addition to the 10 cents per pound tariff seems to be cheerfully paid by the consuming buyer.

Mustard flour imported in 1911 yielded a revenue of $136,000.

H. R. No. 20182 proposed a reduced duty of 6 cents per pound, thereby reducing the revenue to an estimated $69,000. I believe that the described duty will not increase the consumption of the imported product; on the other hand, it is doubtful if a duty of 20 cents per pound would materially curtail the imports and present sales. It stands in a class by itself.

I submit, therefore, if it be wise, under the peculiar trade conditions here existing, to reduce the tariff and consequent revenue you are devising means of creating. Certainly the American consumer will not be benefited, and if not he, then the only beneficiary of a reduced tariff will be the foreign manufacturer. Even if the selling price of the imported product was reduced 4 cents per pound, the amount of the reduction in tariff proposed in H. R. No. 20182, the selling price would still be above the selling price of the best grades of the competing American product, emphasizing the point that this product is, as a rule, sold not because of quality but because of reputation.

Please note that if this reduction of revenue of $67,000 be made, it benefits neither the American manufacturer nor the great body of buyers who are satisfied with American-made products, and that the only beneficiary will be the foreign manufacturer and the class who must have something from across the water and are amply able and should be made to pay for these trans-Atlantic predilections; and also that the $67,000 reduction in revenue must be made up in some other direction.

We recommend that the present tariff of 10 cents per pound be unchanged.

We further urge that section 240 be amended to read as follows, by inserting after the word "pound" in line 1, page 60, the following: "Bombay or wild mace, 18 cents per pound."

In order to understand the necessity of this amendment, we beg to present the following description of mace; and in order to show more clearly the difference described, we present sample of true mace, also sample of wild Bombay mace, the import cost of the former being 62 cents per pound, of the latter 15 to 18 cents per pound.

True mace is a part of the fruit of the cultivated nutmeg tree, the nutmeg being the kernel of the seed of the fruit.

Bombay mace is a wild product of very different growth and appearance in the unground state, but when ground so similar in appear-

ance to ground mace (true) as to be practically indistinguishable to the eye. It has, however, no taste, flavor, aroma, and consequently no seasoning value. Chemically and microscopically it is easily distinguishable from ground true mace.

The import cost of Bombay mace has advanced in the past two years from 10 to about 16 cents per pound, the price to-day. The import cost of true mace is from 50 to 63 cents per pound, depending upon variety and quality, whether dark Batavia or bright Penang.

Mace is used by housekeepers in preserving, but principally by the baking and meat-packing trade for seasoning.

Bombay mace has always and is now imported for the purpose of mixing, when ground, with true mace, and thereby reducing the cost of the latter.

Before the food and drugs act became operative it was a most annoying factor to the grinder, as one never knew what kind of a mixture was being quoted against. Under a very proper ruling of the board of food and drug inspection, if Bombay mace is now used it must be so stated on the label. If true mace is the larger in proportion in the mixture it may be labeled "Mace, Batavia and Bombay blended." If Bombay mace, however, preponderates, as, for instance, 60 per cent against 40 per cent true mace, then the above form of labeling will still be correct, except that the words "Batavia and Bombay" will be reversed in order.

Bombay mace is now used as practically an adulterant. The grinder packs as the baker's supply trade requests, gives a price based on the actual cost of the blend, and the baker's supply man or the jobber, counting on the unquestioned ignorance of his customers—usually having bought a blend—sells at a figure which would be right only for a true mace.

Illustration: Penang mace, costing 60 cents whole to import, costs ground, packed for sale, 64 cents. Bombay, costing 16 cents per pound to import, stands 20 cents per pound ground and packed. Mixed in equal parts, the cost will be 42 cents per pound. The jobber will probably sell to the retail dealer at a price right for pure mace, or if he does not the retail dealer will certainly sell to the consumer without any allowance for unquestioned inferiority, of which the consumer and possibly the retailer are ignorant, though the product be labeled to conform to requirements given.

All the foregoing facts can be substantiated by consulting the Board of Food and Drug Inspection.

If the duty of 8 cents per pound proposed in H. R. 3321 be decided upon, then we advise that the duty on Bombay be made at 18 cents per pound unground or ground.

There seems no method available of differentiating the records of imports of Bombay mace from those of other varieties, so that no definite information can be had as to the quantity of the former imported or as to the amount of revenues that would accrue.

We respectfully submit the foregoing for your consideration, assuring you that we are not advocating these changes from any personal interest. We will meet contingencies as they arise and at all times expect to be able to meet any competition that arises.

The changes advocated will benefit the trade less than the consumer. That the changes, if made, will be for the benefit of the consumer is beyond question.

Any statement made hereinbefore will be confirmed if you will confer with the chairman of the Board of Food and Drug Inspection or the United States Secretary of Agriculture.

M'LAUGHLIN GORMLEY KING CO., MINNEAPOLIS, MINN., BY A. W. M'LAUGHLIN, PRESIDENT.

MINNEAPOLIS, MINN., *May 14, 1913.*

Hon. J. S. WILLIAMS,
United States Senator, Washington, D. C.

DEAR SIR: We inclose herewith copy of letter sent to various Members of Congress in reference to the proposed tariff on spices. We entirely indorse the statements made in this letter in reference to this proposed duty and we think it no less than foolish proposition to place a tariff on an article of necessity and not a luxury, as spices are acknowledged to be. This would disturb the entire business all over the United States for the paltry amount of revenue derived from same. It would be an entirely different matter if there was any trust or combination in the sale or production of this article, but as any person knowing anything of this matter can advise you that there is the strongest kind of competition in this business, and the profits are cut to a very close margin. The writer of this is heartily in favor of a reduction of tariff rates, but as crude spices have been coming into this country on the free list since 1883, we think it is a very poor policy to now assess a duty on same. We understand that a subcommittee, composed of yourself as chairman and Senators Shively and Gore have been appointed to handle the agricultural schedule. Therefore we hope that your subcommittee will decide that it is entirely unnecessary to place a duty on spices, except the small duty which is to be placed on ground spices, as proposed in the bill. This duty would serve to equalize labor conditions as against European countries and our own, and the proposed duty on ground spices would also serve to keep out of this country a large amount of low-grade spices which would otherwise be permitted importation; that is, provided they pass the chemical requirements of the food law, there would be no other means of detecting whether they were ground from damaged or worm-eaten spices. Under the present food law, no such goods in the whole State are permitted importation.

[Inclosures.]

NEW YORK, *May 1, 1913.*

The HOUSE OF REPRESENTATIVES,
Washington, D. C.

DEAR SIRS: In Mr. Underwood's report to the House in presenting the tariff bill of the Committee on Ways and Means he quotes the tariff plank of the Democratic platform and summarizes the basic principles on which the committee founds its bill:

(1) The establishment of duties designed primarily to produce revenue for the Government and without thought of protection.

(2) The attainment of this end by legislation that will not injure or destroy legitimate industry.

Again he says:

"Where the tariff rates balance the difference in cost at home and abroad, including an allowance for the difference in freight rates, the tariff must be competitive, and from that point downward to the lowest tariff that can be

levied it will continue to be competitive to a greater or less extent. Where competition is not interfered with by levying the tax above the highest competitive point, the profits of the manufacturer are not protected."

The Democratic platform of 1912 contains the following:

"We favor the immediate downward revision of the existing high and in many cases prohibitive tariff duties, insisting that material reductions be speedily made upon the necessaries of life."

If universal daily use by every person in the country of an article of food stamps the article as a necessity of life, then spices are necessaries of life, and whole spices have been on the free list since 1883.

The selling price in this country is based on the severest competition. There is not now nor has there ever been any combination or trust. Only so many spices may be sold as the sense of taste demands; lower prices can not increase sales, which can only be increased by growth in population. This means each grinder of spices competes with each other grinder to get his share of what is actually a fixed and definite trade. There are only so many customers, and each dealer tries to get all he can.

This severe competition cuts the profit (as there is no combination) to the lowest living point, and an increased cost of raw material, due to a duty on crude spices, can not be absorbed by the dealer, but must be paid by the customer.

Any duty imposed on whole spices would be collected on the landing weight; the dealer would not sell this weight, because there is shrinkage in warehouse, loss in weight in grinding, and a further loss in packing into the small packages in which spices are sold.

The rate of duty would practically be increased by whatever the total shrinkage amounts to, and would vary in the case of each spice, some shrinking much more than others, also varying according to season of year—if hot and dry or cold and wet—the total shrinkage running from 5 to sometimes 25 per cent.

Spices are almost universally sold in small packages, because the essential principle which is very volatile is better preserved in sealed packages, free from contamination from surrounding articles, more sanitary, more convenient, and more certainly standard when bearing the name of a reputable dealer.

The cans, labels, and paper are subject to duty at some point or other. The present bill taxes the American dealers' raw material; the shrinkage increases this duty by from 5 to 25 per cent; the bill taxes his accessories of cans, labels, and paper.

The bill, however, is not satisfied with doing this; it proposes to annihilate the unfortunate dealer, and as well to increase the cost of living to every person in the country. It imposes the same rate of duty per pound on ground spices imported in small packages, on which there would be no shrinkage because in tight packages and no duty on the container.

Further, it would tend to lower the quality of the spice imported, because damaged or wormy whole spices are denied entry in this country, but such are not prohibited from being ground abroad, and chemical analysis can not determine when ground the character of the spice as to condition before grinding.

Mr. Underwood's second basic principle is certainly not exemplified in respect to spices.

The American dealer by this bill ignoring the labor cost, which is higher, would pay a higher duty than his foreign competitor on the spices themselves by reason of shrinkage, on his accessories of cans, labels, and paper, and would have to use superior and higher cost qualities of spices. He has the severest home competition, which absolutely prevents excessive profits; he can not increase his business in spices except through the growth of population; and this bill would prevent his striving for foreign trade and even kill what he now has. The export trade in spices has been growing, and has taken a considerable extension in Canada, Mexico, the West Indies, and South America.

The American spice trade simply urge equality with their foreign competitors.

If it be necessary to tax spices as a revenue measure, at least there should be a greater duty on ground spices "to balance the difference in cost at home and abroad, including an allowance for freight rates." This would make the "tariff competitive" by Mr. Underwood's own statement, and every pound of spice imported would pay its quota of duty, so that the revenue features would be retained; but no good purpose would be served by destroying the American dealer by giving his foreign competitor an advantage through the tariff which

Mr. Underwood deprecates as having in some instances in the past been secured for the American manufacturer as against the foreign.

This would be inverted protection, an upside-down tariff, that wolud create for the foreign manufacturer the same advantage or protection that Mr. Underwood regards as having been in some cases in the past an unfair protection to the American manufacturer and oppression to the consumer.

All spices, except only a very small proportion, are ground before they are used in food. This bill would cause them to be ground abroad, just as paprika (a kind of red pepper) now is, which is dutiable by the same rate (2½ cents per pound, either whole or ground), and imported largely in the small packages in which they are now distributed, because the duty would be less when imported in this shape, due to saving in shrinkage, lower cost of container, and lower labor cost, and the percentage of saving would be direct protection to the foreign dealer and against the American grinder.

As the American grinder shrivels, so would the American importer of whole spices, who would have no customers, or only a very few. Since but little whole spice is sold, the place of both classes of trade would be taken by agents of European houses.

The spice trade would be ruined, to the benefit of the foreign trader, and the American public would pay more for an everyday necessity. Is this good American tariff doctrine or good political doctrine of any school or brand?

This presentation of the subject is not distorted or exaggerated, but is entirely truthful and exact, and will be corroborated by every dealer in spices in the country.

If there be any exception, it can only be a speculative interest for the momentary profit always possible during tariff agitation. We urge, therefore, free whole spices as articles of everyday use and necessity and a duty on ground spices "equal to the difference in cost at home and abroad, including allowance for difference in freight rates."

If, however, it be necessary, by reason of the reduction in duties under this bill, to tax spices to help out the deficiency, then that the duty on ground spices be double the amount of the duty on whole spices provided in this bill.

Yours, truly,

E. W. DURKEE.

THE AMERICAN SPICE TRADE ASSOCIATION,
12½ Front Street, New York, April —, 1913.

Hon. ——— ———,
Washington, D. C.

DEAR SIR: In the bill just presented by the Committee on Ways and Means whole spices are made dutiable by a small duty, which on the basis of the importations for the year ending June 30, 1912, would yield a revenue of $768,462. The duties collected under the existing tariff on ground spices amounted to $318,209.

Ground spices heretofore subjected to a duty of 3 cents per pound are made subject under the new bill to the same duty as whole spices. The use of spices for food can not be increased except by growth in population, whether ground in this country or in Europe. No more will be used than the sense of taste requires. No one would be tempted by cheap price to use more pepper or any other spice than he liked on the food on which or in which it was required as a flavor.

Many persons would drink an extra cup of coffee when the price is low, which he would go without if the price was high, but there is no one in this whole country who does not have all the pepper or any other spice he wants and could not be persuaded to use more than he likes if it were given to him.

It seems to the spice trade that the committee was in error in classifying spices as luxuries. Spices are part of the regular stock in trade of every grocer; they are uniformly in every kitchen; pepper is on every table as generally as salt or sugar. They are used in food in some form every day by every person in the country. There is not a mining or lumber camp, there is not a fishing smack or ship of any kind, not a farmhouse or tenement house, there is not a picnic party, not an exploring expedition, without spices to make the food palatable.

The poorer the person and the coarser the fare the greater the need of condiments to furnish flavor and variety.

It is claimed that food which is unpalatable is indigestible, and the use of spices is exactly to make food palatable. To tax spices is not to tax luxuries,

but to tax food, to tax what has become a necessity of life, to increase the cost of living.

To tax whole spices is to hurt our export trade, which shows a considerable extension, and turn it over to England, where spices are not taxed, and where shipping opportunity is better.

To levy the same duty on ground and whole spices would greatly injure our domestic trade, because it costs more to grind and pack spices in this country than in England, because of dearer labor here and because they are sold in small packages of tin or paper, which when imported pay no duty when they come in as containers but which, when used by American grinders, are subject to a protective duty on paper, labels, and tinplate.

The duty would be paid on the landed weight; there is shrinkage in weight in warehouse and loss in weight in grinding and packing. The American grinder would not sell the weight he paid duty on; this would mean that the rate of duty would be increased by the percentage of loss between the arrival and sale of the goods.

Further, it means to impair the protection afforded by our pure-food laws, because the American grinder uses better qualities of spices than the English grinder, due to the fact that wormy or damaged spices may not be imported here, while there is no restriction on the grinding of such abroad, and chemical analysis can not detect in the ground spice the character of the whole spice from which they were ground.

To reduce the duty or make free of duty large articles of everyday use like sugar, tea, coffee, and salt, and tax smaller articles like spices, which are just as necessary and fully as universally used, is inconsistent and unfair—it is hitting and injuring a small article simply because it is small.

Whole spices and mustard seed should be free, and ground spices subject to a small duty, say, the duty now provided for whole spices in the tariff bill just presented to Congress by the Ways and Means Committee.

No study, no ingenuity or skill can overcome the disadvantage of arbitrary higher raw material, cheaper labor, and protected accessories like labels, cans, and paper.

While there is no trust or combination in the spice trade, and while no one since the war became rich in the trade, but only the severest competition, a low duty on ground spices would permit importations of ground spices (a few come in even at 3 cents per pound) and check any exuberance of feeling or excessive price among the American trade.

This would not be fostering a trade exotic to this country, but only establishing equal facilities; a one-armed man is handicapped in standing off a man with two arms. All we want is equal opportunity.

Very respectfully,

E. W. Durkee,
Chairman Tariff Committee.

STICKNEY & POOR SPICE CO., 182–184 STATE STREET, BOSTON, MASS., BY JAMES S. MURPHY, PRESIDENT.

Boston, *May 20, 1913.*

The Committee on Finance,
United States Senate, Washington, D. C.

Gentlemen: We desire to protest against section 214, Schedule G, agricultural section.

For over 40 years spices have been on the free list, being raw materials not grown in this country, and all of them being mainly used for food products. The original Wilson bill put a duty on red peppers, 2½ cents per pound, about 50 per cent ad valorem average. Since that day all the larger grinders of our country have not been able to grind paprika of any kind, which is a type of red peppers. All of us have imported the goods ground, because they were much cheaper. The duties collected under the existing tariff, red peppers and ground spices, during the past year, ending June 30, 1912, were $318,209. If the new section of the Underwood bill goes through,

which puts duties on all spices, the total collection will be only $768,402. Therefore the entire gain to the Government arising from taxing these materials which enter into all pure foods, particularly mincemeat, sausages, and the like, and into every kitchen in the land, will be $450,193. This is a small sum indeed, and not enough to justify the changes which will take place in the retail grocery business throughout the country. When you deduct the extra cost of collection it will be a much smaller sum. For this small sum of money, food products that never have paid duties for 40 years are all taxed.

Section 214 is somewhat obscure as to the duty to be imposed on manufactured spices. As we read it, the duty will be the same as that imposed on raw material, or it may be that it will be 20 per cent ad valorem because of the last clause, which reads: "All other spices not specifically provided for in this section, 20 per cent ad valorem." By "all other spices" we understand long pepper, Guinea grains, etc. Even if the duty on manufactured spices be interpreted as 20 per cent ad valorem, the American manufacturer is still at a great disadvantage. He would be at greater disadvantage if the price for crude goods and manufactured goods were the same price per pound. The American manufacturer pays local taxes, State taxes, United States taxes, income taxes, high prices of labor, all of which the foreigner escapes, and then you give the foreigner, in the articles mentioned, permission to send his manufactured goods into this country at a lower price than you charge the American manufacturer. Permit me to illustrate this point by a statement of facts: So-called goods grinding nutmegs can be bought in Europe at 10 to 11 cents per pound. These whole goods are sold in every market in the world but ours. They can not be brought into the United States under the rulings of the pure-food bureau of the Department of Agriculture. Our manufacturers are compelled to buy nutmegs at a cost of from 13 to 13½ cents per pound landed here. These goods are better looking nutmegs when whole than are ground in Europe, but they do not furnish any larger percentage of essential oil, and often they furnish even a smaller percentage of essential oil. No chemist can find fault with the "ground result" of the European goods.

	Cents.
Take the European nutmeg at a high cost	11.0
These goods will shrink 3 or 4 per cent before they are ground and 5 to 6 per cent in the milling—say 10 per cent—equals	1.1
The cost of grinding in Europe is less than 2 cents per pound, but call it	2.0
Cost European manufacturer	14.1
American manufacturers are obliged to use nutmegs that cost 13 to 13½ cents per pound, say	13.0
Shrinkage as above, 10 per cent	1.3
Cost of American grinding, per pound	3.0
Total cost	17.3

You will see from this what an advantage the English and German manufacturer has over us before there is any duty whatever collected. He could afford to pay 3 cents per pound duty instead of 1 cent on his manufactured goods, and then his cost would be below ours, even when our raw material is absolutely free, whereas we pay 1 cent per pound duty additional. The ground nutmegs of Europe can

never be rejected by our pure-food department, inasmuch as they analyze full strength and quality. Any slight damage or weevil holes do not show in "ground goods."

Permit me to give you another illustration: The writer once bought 500 bales of cloves in New York of Meyer Bros. & Co., and because he was afraid of the shrinkage in weight he made it a condition that the goods should not be weighed until they had been in store 60 days after arrival. He hoped to protect himself materially as to his weight. These goods were afterwards jobbed out over four or five months, and the actual shrinkage in weight of the "whole goods" was over 26 per cent. If the shrinkage for the first 60 days after arrival were added to this shrinkage, heaven knows what might have been the shrinkage. This is an extreme case, but of our own actual experience. Again, all cloves, no matter how dry, will shrink 5 or 6 per cent in the grinding; therefore, in the matter of cloves, based on this one lot, you will be charging the domestic manufacturer over 30 per cent more duty than you will be charging the foreigner. Only last year the writer was called to New York to decide a claim on a certain lot of cloves. The goods had been weighed on the dock as soon as landed. The next day they were weighed again and had shrunk 3½ pounds per bale; the next day they were weighed the third time and had shrunk 2¾ pounds more per bale, making a total shrinkage in two days of 6¼ pounds. The average net weight of this lot of cloves was 133¼ pounds. If they shrunk 6¼ pounds in two days, what must have been their shrinkage in 60 days, and what must have been the small net result of "ground goods" from such an invoice?

The present tariff charges 2 cents per pound on whole cloves. The average price of cloves in the local market over the last 10 years has been about 10 cents per pound. The average price for the preceding 10 years was 7 cents per pound, therefore 2 cents a pound means 20 per cent on cloves the last 10 years and about 26 per cent on cloves based on the previous 10 years; therefore these crude tariff goods of the Underwood tariff rate will cost the grinder from 20 to 26 per cent before the shrinkage begins, or labor, or any other expense. In addition, the new tariff bill pays a premium to the Germans and the Englishmen, inasmuch as they admit all his containers, labels, cartons, tin cans, etc., free, while the American manufacturer must pay duties, directly or indirectly, on the same articles. It is hard to believe that any man in business would be obliged to state these facts twice to any committee having any business experience. To-day cloves are very high, because the last crop was only 29,000 bales, the smallest crop for about 40 years. The previous crop was 180,000 bales and the average is about 125,000 bales per year.

The suffering to the American manufacturer in mace is almost as great as in cloves, so also in ginger. In other spices the suffering is more moderate, but it will be enough to kill off some of the small men, while the larger men with plenty of capital can have their goods manufactured for them abroad, just as they have done for years in the case of all paprikas.

We have built up considerable export business in Nova Scotia, New Brunswick, and Prince Edward Island. We have some business in the West Indies, Mexico, and South America. Some of our large western grinders have built up considerable business in British Co-

lumbia and in the northwestern Provinces of Canada because of their direct railroad facilities. All of this business will be lost under the new tariff. Of course, we will make several thousands of dollars in the first place if duties are imposed. Later on we may lost part of it, but the increased cost of manufactured spices will ultimately all be paid by the common people. Already in New York, Philadelphia, and the West the prices have been advanced, and the 5-cent packages instead of holding 2 ounces now only hold 1½ ounces, and the 10-cent packages instead of holding 4 ounces now only hold 3 ounces. Up to the present time in this section of the country we have only sold 2-ounce and 4-ounce net packages, but we can imitate our western competitors. Then every retail grocer and every ordinary kitchen of the country will have their grievances.

In section 221 canary seed one-half cent per pound, caraway seed 1 cent per pound (this is 20 per cent on caraway seed), and anise seed 2 cents per pound are all taken from the free list. The principal use of caraway seed is in bread through the western country. The descendants of Germans, Poles, Russians, etc., insist upon having caraway seed in their bread.

Mustard seed is on the free list. It always has been. Had they imposed a duty on this it would have been terrible for the American trade, because only 50 per cent mustard flour can be obtained from mustard seed; therefore any duty imposed must be multiplied by 2 for the cost of manufacture. Probably what influenced them in keeping the seed on the free list was the fact that all good mustard seed comes from Europe, and the English Mustard Seed Trust have a mortgage on the mustard growers, and they have almost a monopoly of the trade of the world because of their ability and great financial strength. Even in the United States the English Mustard Trust sells more than one-half of the manufactured mustard flour. All the American manufacturers together sell less than half. Moreover, every year the sales of English manufactured mustard increases. In no year have they ever diminished. The imports of ground mustard for the year ending June 30, 1899, were 586,489 pounds. For the year ending June 30, 1912, they were 1,400,049 pounds. These are the statistics of the United States Treasury Department.

Mr. Underwood in his talk deprecates that in the past advantages have been given our own citizens over the foreigners. It is more reprehensible, more sinful, to now give the foreigners advantages over our own citizens, who pay the United States taxes, the State taxes, the city taxes, the income taxes, and furnish employment to our laboring men. He says that the tariff would be competitive. It can not be competitive when you assist the foreigner by holding the arms of the spice manufacturers so that the foreigners have all the advantages.

Give us a chance to fight the battle of life on the same terms with the foreigners. Make crude spices free and put a small duty on manufactured ones.

Last, the Underwood bill really compels American manufacturers to pay indirectly 20 per cent more duty on pepper, cassia, cinnamon, etc., than the foreigner will pay. They compel the American to pay about 25 per cent more on white pepper and about 30 per cent more on cloves, nutmegs, and mace, and possibly ginger. The shrinkage on ginger varies very much according to the age of the ginger.

SCHEDULE H.

SPIRITS, WINES, AND OTHER BEVERAGES.

Schedule H.—SPIRITS, WINES, AND OTHER BEVERAGES.

Par. 254.—MINERAL WATER.

APOLLINARIS AGENCY CO., NEW YORK, N. Y., BY I. HALDENSTEIN.

[Memorandum asking for correction of error in House bill 3321.]

Prior to 1879, no duty on water or coverings; 1879 to 1890 we paid 6 cents per dozen quarts; under McKinley Act we paid 18 cents per dozen quarts; under Wilson Act we paid 13½ cents per dozen quarts.

Pending House bill rate is 20 cents per dozen quarts, and, in addition, one-third of the duty assessed on empty bottles.

We ask for the removal of this inconsistent one-third bottle duty.

Its removal would still leave the House rates higher than what we paid under the Wilson and McKinley Acts.

Like ginger ale in the preceding paragraph (253), mineral water should be exempted from any separate or additional bottle duty in the usual phraseology of the schedule. In the Dingley Act waters were exempted in exactly that way.

The one-third additional bottle duty was worked into the Payne bill when framed in the House. It was removed by the Senate, but found its way, through the conference, into the Payne Act. (See conference print, H. R. 1438, 61st Cong., 1st sess., pp. 115 and 116.)

The Underwood bill, in following the wording of the Payne mineral-water paragraph, did not notice the error we complain of and failed to correct it.

Attached is a form for redrafting paragraph 254 to correct this error without changing the general character of the paragraph and without lowering its "dozen" rates, which, beginning with 20 cents for quarts as a basis, are graduated to 15 cents for pints and 10 cents for half pints.

Mineral waters, Schedule H, paragraph 254, should be redrafted as follows:

254. All mineral waters and all imitations of natural mineral waters, and all artificial mineral waters not specially provided for in this section, in bottles or jugs, containing not more than one-half pint, 10 cents per dozen; if containing more than one-half pint and not more than one pint, 15 cents per dozen; if containing more than one pint and not more than one quart, 20 cents per dozen; but no separate or additional duty shall be levied on the bottles or jugs of the foregoing. If imported in bottles or jugs containing more than one quart, 18 cents per gallon; if imported otherwise than in bottles or jugs, 8 cents per gallon, and in addition thereto duty shall be collected on the bottles or other containers at one-third of the rates that would be charged thereon if imported empty or separately.

The House bill follows the Payne law in providing two duties for mineral waters, both being "specific"—but House Report No. 5 gives tables for only one. These show the ad valorem equivalent for pint bottles and half-pint bottles, lumped together, was 43.56 per cent in 1912. (See first table for par. 254, p. 195.) It omits to add the one-third of empty glass bottle duty assessed on waters imported in bottles. On empty pint bottles the entire duty, at 1½ cents per pound, is from 15¾ to 18 cents per dozen; hence from 5 to 6 cents per dozen if filled with water.

As 20 cents per dozen assessed on these small bottles is given as 43.56 per cent, the additional duty of, say, 5 cents per dozen is 10.89 per cent. Total of both on that basis is 54.45 per cent. But in fact it is much higher, as will be shown by separate memorandum.

Report No. 5, page 193, shows that less than 24 per cent is the ad valorem equivalent for compounded articles like ginger ale, which are expressly exempted from all additional bottle duty.

This report gives equivalents under the Dingley and Payne Acts for champagnes, still wines, and malt liquors, in bottles, as ranging from 25 to 58 per cent (pp. 189 to 193).

It is abvious that paying under the Payne act, 70 per cent (or even if 54.45 per cent based on report No. 5). mineral waters are taxed out of all proportion. (Please see verified table attached.)

As H. R. 3321 does not cut the Payne rates in half, it follows that the Underwood rates are higher even than 30 per cent. Nor will they be brought down to 30 per cent when the illogical and improper one-third bottle duty is eliminated.

The least that the Finance Committee should do is not to increase the House rates and to eliminate the additional bottle duty complained of.

The House dozen rates are based on 20 cents per dozen quarts and are graduated to 15 cents for pints and 10 cents for half pints.

Mineral waters—Schedule H, par. 254, H. R. 3321.

	Payne tariff.
Imports from Germany, 1911 ... dozen quarts	649,258
Value	$332,380
Unit of value per dozen	$0.5119
Rate of duty per dozen quarts	$0.20
Ad valorem equivalent ... per cent	58.60
Additional one-third bottle duty per dozen quarts (1 cent per pound if empty)[1]	$0.06
Ad valorem equivalent of one-third bottle duty ... per cent	11.72
Total of ad valorem equivalents ... do	70.32

[1] This is based on a quart weighing 1½ pounds. Mineral water quart bottles weigh slightly less.

O