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THE TARIFF ACT OF 1929

SEPTEMBER 4, 1929.—Ordered to be printed

Mr. SMOOT, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 2667]

The Committee on Finance, to whom was referred the bill (H. R. 2667) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes, having had the same under consideration, reports favorably thereon with amendments and, as amended, recommends that the bill do pass.

SCHEDULE 1.—CHEMICALS, OILS, AND PAINTS

Schedule 1, as revised by the committee, represents a decided decrease in the bill as passed by the House of Representatives and a very small increase over the rates in the act of 1922.

The equivalent ad valorem rate on all chemicals and allied products entered for duty under Schedule 1, based on the imports during 1928, is 29.83 per cent in the Senate bill, as compared with 32.34 and 29.32 per cent, respectively, in the House bill and in the act of 1922. This is a decrease of 7.8 per cent in the equivalent ad valorem of the House bill and an increase of 1.7 per cent over the act of 1922. The ad valorem rate of the chemical schedule is substantially lower than that in most of the other dutiable schedules.

The calculated revenue from the chemical schedule as revised, based on imports during 1928, is $28,167,754, or $2,366,981 less than is shown in the House bill and $481,288 more than in the act of 1922.

The committee received requests for rate changes in 50 of the 98 paragraphs of the House bill. Rates were changed in 35 paragraphs, 6 commodities received specific mention, and a change in phraseology

was made in 5 paragraphs. A total of 74 rates were changed—56 representing decreases and 18 increases. Of the decreases, 19 were by transfer from the dutiable to the free list. The increases concern chiefly those industries in which competition from imports was particularly severe or existing rates of duty failed to equalize differences in domestic costs of production and foreign prices. Most of the decreases were on commodities in the manufacture of which the domestic industry is firmly established and foreign competition negligible. These commodities include nitric acid, calcium carbide, carbon tetrachloride, synthetic indigo, sulphur black, and ink and ink powders.

A departure from the course pursued by the Ways and Means Committee was the recommendation by the committee for decreases even though no requests had been received by either committee of Congress. It was the opinion of the committee that the rates on certain products in the act of 1922 were unnecessarily high because of changed conditions in the industry following the passage of that act.

Articles transferred from the dutiable list to the free list are:

Nitric acid.
Bleached shellac.
Crude chicle.
Tea waste.
Sarsaparilla root.
Gentian.
Belladonna.
Digitalis.
Henbane.
Stramonium.
Ergot.
London purple.
Kieserite.
Rapeseed oil, (when denatured).
Sesame oil, (when denatured).
Sunflower-seed oil, (when denatured).
Eucalyptus oil.
Arrowroot starch.
Tar and pitch of wood.

The above articles are in addition to the 12 items transferred to the free list in the House bill.

Synthetic Organic Chemicals

The outstanding development in the domestic chemical industry since the war is in the organic field which, in the main, divides itself into two groups—non-coal-tar and coal-tar chemicals

Paragraph 2.—Progress in the noncoal-tar organic chemical industry has probably equaled that in the coal-tar chemical industry. This is notably true in the development of hydrocarbon derivatives covered in paragraph 2, in solvents, fermentation chemicals, and other synthetic products. From acetylene, and from hydrocarbon gases derived from natural gas and other sources, an entirely new synthetic organic industry has been developed in the United States. Increased production of some of the derivatives has been extraordinary and accompanied with a pronounced decline in prices. One of the most important products is ethylene glycol, used as a partial substitute for glycerin in the manufacture of low-freezing dynamite and as an antifreeze in automobile radiators. Domestic consumption increased from 10,000 pounds in 1922 to nearly 12,000,000 pounds in 1927, while the price decline in that period was from $1 to 27 cents.

Paragraph 4. Alcohols.—The phrase "all the foregoing whether primary, secondary, or tertiary," has been added in order to eliminate doubt as to the inclusion of the various types of each alcohol mentioned by name in paragraph 4. For example, there are at least 2 types of propyl alcohol, 4 types of butyl alcohol, and 8 types of

amyl alcohol. The phrase "and mixtures in chief value of any one or more of the foregoing," has been added in order to prevent the evasion of duty by the addition of a small amount of another material which might result in the classification for the purposes of duty of this mixture in another paragraph at a lower rate.

The production of industrial alcohol, (ethyl alcohol), exceeds in quantity and value that of any organic chemical. About 40 per cent of the output is consumed as an antifreeze for automobile radiators. Other important uses are in the cellulose industry, (lacquers, pyroxylin, rayon, and films); as a solvent for shellac and varnish; in the preparation of pharmaceuticals, perfumes, and many other products. At the present time most of the alcohol is produced from blackstrap molasses, and smaller quantities from corn. That synthetic ethyl alcohol may become of commercial importance in the near future is indicated by a successful test of 30 days, (in May), by one of the leading chemical companies, using as raw material one of the constituents of natural gas. Synthetic methyl, amyl, and propyl alcohols are already produced commercially on a large scale in this country.

Other noncoal-tar organic chemicals.—Products showing great progress in recent years include citric and formic acids, and synthetic acetic acid and acetone. Domestic production of citric acid by fermentation of cane sugar, with the output of the California by-product citrus industry, has rendered the United States independent of foreign sources for acid and for raw materials. Under the act of 1922 the increase in imports of citric acid, chiefly in the form of duty-free lemon juice, was significant until 1927 and 1928, when the small lemon crop in Italy caused a shortage in Europe and a price for citric acid higher than in the United States. With a normal lemon crop in Italy indicated for this year, imports of citric acid either in the form of citrous materials or as a finished product, will probably again increase. The committee concurred in the House transfer of citrous juices to the dutiable list.

Late in 1928 the domestic production of formic acid was commenced by two manufacturers and marked the first output since 1923. A duty of 4 cents per pound on formic acid should permit the new industry to continue.

Paragraph 7.—Fixed Nitrogen

The increase in world production of fixed nitrogen is one of the nost remarkable postwar achievements of the chemical industry. Consumption of atmospheric nitrogen now exceeds that of Chilean nitrate of soda, formerly the chief source of supply. Although the United States entered this field somewhat later than European nations, the $50,000,000 thus far invested ranks synthetic nitrogen as one of the important chemical industries, with a capacity that will render us independent of Chilean nitrate of soda for nitric-acid manufacture. The availability of cheap nitrates and nitric acid is of great economic value to industry, to agriculture, and to national defense.

Request was made for a transfer to the free list of the ammonium compounds in paragraph 7 for fertilizer purposes. Such transfer was not made, however, for the following reasons: (1) Mixed fertilizers, including those containing ammonium compounds, are duty

free, as for example, nitrophoska. (2) For the 4-year period ending in 1928, 98.4 per cent of all fertilizer imports were entered duty free. (3) Urea, which has the highest nitrogen content of any commercial fertilizer material and is consumed in increasing amounts, had been transferred from the dutiable list to the free list.

Paragraph 11.—Synthetic Resins

The only synthetic resins mentioned in the act of 1922 are those of coal-tar origin provided for in paragraph 28.

A specific provision for synthetic gums and resins not specially provided for has been made in this paragraph in order to cover a number of new synthetic gums and resins recently developed and now assuming commercial importance.

Paragraph 19.—Casein

Provision has been made for "mixtures of which casein or lactarene is the component material of chief value not specially provided for," in order to prevent the evasion of the duty on casein by the importation of a mixture of casein and another ingredient under other paragraphs, as, for example, under paragraph 1459 (act of 1922) at 20 per cent ad valorem. The committee recommended an increase in the duty on casein from 2½ to 3½ cents per pound, in order that the dairy interests might derive some gain. Each year over 10,000,000,000 pounds of skimmed milk goes to waste, a portion of which might be converted into casein. Over half of the domestic consumption is supplied by imports. In granting an increase of no more than 1 cent per pound, the committee considered the pronounced trend toward substitution of supercalendered for coated paper, in the production of which over 75 per cent of domestic consumption of casein was formerly used.

Paragraphs 27–28.—Coal-Tar Chemicals

During the war and under the protection afforded by the present tariff act the growth of the coal-tar chemical industry was phenomenal. In 1913, a small quantity of domestic dyes had been produced almost exclusively from imported intermediates. In 1927, about 94 per cent by quantity and about 80 per cent by value of all dyes consumed in the United States were of domestic manufacture, and there was an exportable surplus of indigo and sulphur black.

Recent years have been characterized by sharp competition among domestic dye producers and by declining price levels for dyes—in fact, many now sell for less than in 1913. There has been a highly creditable development in the domestic output of vat and other fast dyes which hold a popular interest because of high fastness and ultimate economy in use.

Under the provisions of the tariff act of 1922 the original ad valorem rates in paragraphs 27 and 28 of 55 and 60 per cent, respectively, were reduced on September 22, 1924, to 40 and 45 per cent.

After careful consideration of the status of the coal-tar chemical industry and of the increase in imports of dyes, the committee recommended the retention of the provision for assessment of duties on the

basis of American selling price on those products made in the United States, and of United States value, (the selling price of the imported articles less certain statutory deductions), on those products not made in the United States.

Paragraph 27.—Subparagraph (b) makes provision for carbolic acid, refined cresylic acid, meeting the prescribed tests, and phenol, at 20 per cent ad valorem and 3½ cents per pound, confirming the presidential proclamation on these products which reduced the rates from 40 per cent ad valorem and 7 cents to 20 per cent and 3½ cents per pound. In addition, three derivatives of cresol, namely, metacresol, orthocresol, and paracresol, were provided for at 20 per cent ad valorem and 3½ cents per pound.

Paragraph 28.—The rates on synthetic indigo and sulphur black, the two important low-priced bulk colors, were reduced from 7 cents per pound and 45 per cent ad valorem to 3 cents and 20 per cent. For the 5-year period ending with 1928, these two dyes represented nearly 48 per cent by quantity and over 16 per cent by value of the total dye production, and the greater part of our export of dyes now consists of the two colors.

Paragraph 31 (a) (1).—Cellulose Acetate Waste

The phrase "cellulose acetate rayon waste and other cellulose acetate waste" was stricken out of the House bill and "waste wholly or in chief value of cellulose acetate" inserted in lieu thereof. The new language is intended to cover the cellulose acetate waste resulting from the manufacture of blocks, sheets, rods, and other forms as well as from the manufacture of the above forms into finished articles. In addition, it is intended to cover the waste filaments, fibers, and yarns from cellulose acetate artificial silk.

Paragraph 31 (b) (1).—Pyroxylin Sheets for Safety Glass

A recent development of great promise in the pyroxylin industry is the production of transparent sheets of pyroxylin or celluloid for use in the manufacture of safety or nonshatterable glass for automobiles which consists of a sheet of transparent pyroxylin cemented between two layers of plate or sheet glass.

The duty on transparent sheets of pyroxylin (more than three one-thousandths of 1 inch in thickness and not more than thirty-two one-thousandths of 1 inch in thickness) was increased from 45 to 50 cents per pound. Other sheets of pyroxylin, whether transparent or not, will be dutiable under (b) (1) at 40 cents per pound.

Paragraph 31 (c).—Cellulose Sheets

Specific provision was given for sheets, bands, and strips, (exceeding 1 inch in width but not exceeding three one-thousandths of 1 inch in thickness), whether known as cellophane or by any other name whatsoever. This material made from cellulose by the viscose or other process was not specifically provided for in the act of 1922. It has been subject to duty at various rates, first at 25 per cent, later at 60 per cent, and recently by a court decision at 40 cents per pound under paragraph 31.

PARAGRAPH 38.—ESTERS

Development of the new lacquers for automobiles, furniture, and for other uses was accompanied with enormous increases in production of such necessary solvents as butyl acetate and ethyl acetate. Butyl acetate, the more important, is produced from butyl alcohol made from corn by a fermentation process developed during the war. In 1928 it was reported that about 8,000,000 bushels of corn were consumed in its manufacture. During that same year imports of butyl acetate, dutiable under the act of 1922 at a lower rate than butyl alcohol, displaced nearly 800,000 bushels of corn. For that reason the committee concurred with the House in its increased rate of duty on butyl acetate.

PARAGRAPHS 53, 54, AND 55.—VEGETABLE OILS

Two opposing interests in the vegetable-oil industry were represented before the committee—the agricultural, requesting a 45 per cent ad valorem duty or the equivalent specific rate on all fats and oils, to increase the price level; and the soap makers, other consumers of inedible oils, and laundry interests, requesting free inedible vegetable oils to afford an adequate supply of raw materials. Coconut oil is predominantly the most important of imported vegetable oils and constitutes 47 per cent of our total imports of fats and oils, (including the oil in copra). Over 99 per cent of the imported coconut oil enters free of duty from the Philippines, and the committee deemed it unwise to disturb existing relations with the islands by imposing a duty or by limiting imports. With this decision an increase in duty on other fats and oils was not considered advisable. Furthermore, drastic increases might reflect unfavorably on our large exportable surplus of edible fats, chiefly lard, which totals annually about 800,000,000 pounds, because of the transfer of foreign oils to markets now using domestic exported oil. Attention was called to the fact that there was also a deficit of more than 700,000,000 pounds of inedible oils used by the soap and inedible fat-consuming industries. In order to aid in supplying this deficit, without impairing the existing price level of edible oils and fats, the committee transferred sesame and sunflower-seed oils, when denatured so as to be unfit for edible purposes, from the dutiable list to the free list. A similar transfer was made of rapeseed oil, used chiefly in compounding lubricating oils, for which purpose it is not competitive with any oil produced in the United States.

The rate of duty on soy-bean oil was decreased from 5 cents per pound, as provided in the House bill, to 2.8 cents per pound but not less than 45 per cent ad valorem, which conforms with the request of the agricultural interests.

The rate of duty on linseed oil was decreased from 4.16 cents per pound in the House bill to 3.7 cents per pound to conform with the rate proclaimed by the President after investigation of production costs by the Tariff Commission. This rate allows a compensatory duty on flaxseed, the presidential proclamation rate for which was also recommended.

PARAGRAPH 58.—OIL MIXTURES

The phrase "but not less than the rate applicable to the component material subject to the highest rate of duty" inserted in H. R. 2667 was approved by the committee.

This will prevent the evasion of duty on an individual oil in paragraphs 53, 54, or 55, by importation of a mixture containing a small amount of another oil at the basket-clause rate of 25 per cent, as compared with the specific rate which, in many cases, is higher than the 25 per cent rate. An example is the importation of linseed oil containing a small amount of naphtha or soy-bean oil at 25 per cent, which is less than the specific rate on linseed oil. This mixture is suitable for practically the same uses as the pure linseed oil.

PARAGRAPH 62.—BATH SALTS AND TABLETS

Administrative difficulties in regard to the classification of bath salts and tablets under the act of 1922 have occurred. Medicinal salts and tablets have been classed under paragraph 5 at 25 per cent ad valorem, whereas perfumed bath salts and tablets have been classified under paragraph 62 at 75 per cent. The medicinal are ordinarily not perfumed. Specific provision has been given in the Senate bill for unperfumed at 25 per cent ad valorem and for the perfumed, whether or not having medicinal properties, at 75 per cent ad valorem.

SCHEDULE 2.—EARTHS, EARTHENWARE, AND GLASSWARE

The committee has changed a number of the rates imposed under the bill passed by the House, of which 20 were increases and 30 were decreases. These changes include 3 commodities which have been transferred to the free list, and 3 commodities which have been transferred from the free list to the dutiable list. The items transferred to the free list are silica, burrstones, and grindstones. Those transferred from the free list are statuary of plaster of Paris for presentation (without charge), to religious organizations; stained-glass windows for churches, valued at between $15 and $35 per square foot; and Venetian glass mosaics which are works of art. These changes reduced the equivalent ad valorem rate for the schedule as a whole from approximately 54.84 per cent to approximately 53.23 per cent, a decrease of 2.93 per cent.

Additional protection was given to a number of industries which by reason of changed conditions—manufacturing or competitive—subsequent to the enactment of the existing law, have found it increasingly difficult to dispose of their products in the American markets in competition with the products of foreign producers. These include the brick, cement, tile, pottery, and glass industries, whose sales are largely affected by the competition in domestic markets from foreign sources.

PARAGRAPH 201.—COMMON BUILDING BRICK

Comparatively little foreign common building brick is used in this country except the brick, for the most part from Belgium, imported through the port of New York and used at that point. The imported

brick competes almost wholly with the similar product made in the Hudson River district of New York, the only important source of supply of the domestic brick for New York City. The importation of brick free of duty enables importers to sell the foreign product in that market at a price considerably below the price at which the domestic producers would have to sell in order to manufacture at a profit. Because of comparatively high transportation costs, imported brick does not move to inland points, and accordingly the proposed duty of $1.25 per thousand would not affect the prices for that commodity at points distant from the seaboard. It would, however, benefit the producers in the Hudson River district who sell practically their total output in New York City.

Paragraph 202.—Earthen Tile

A considerable proportion of the wall tile imported consists of articles known as strips and trim tiles. Such articles also constitute an important part of the domestic production of glazed-wall tile. Because of the comparatively low selling prices in the United States of the imported commodities, the sales of the domestic articles have been considerably curtailed, with a resultant decline in employment of American workmen. Comparisons of the selling prices of comparable domestic and imported articles indicate that the rates of duty under the existing law do not adequately protect the American industry. The increases in rates have been given in order to more nearly equalize the selling prices of the competing domestic and foreign commodities in important seaboard markets.

Paragraph 205.—Cement

Because of comparatively high transportation costs in this country, imported Portland cement competes with the domestic product principally at American seaboard points, and the domestic cement plants most affected by the competition from foreign sources are those adjacent to the seaboard which ordinarily supply seaboard markets. Ninety per cent or more of the imports, for the most part from Belgium, are entered free of duty. The great bulk of the imports has been sold in a relatively few important markets on the Atlantic, Gulf, and Pacific coasts, and importation free of duty has enabled importers to undersell the domestic producers at these points. The prices for domestic cement in these markets—in most instances considerably lower than the prices prevailing at points distant from the seaboard—indicate that the American producers have found it necessary to materially reduce their prices in order to dispose of their product in such markets. A duty of 8 cents per 100 pounds, which is equivalent to 30.4 cents per barrel, is imposed in order to more nearly equalize the spread between the prices of the competing domestic and foreign products.

Paragraph 207.—Activated Earth

A specific provision has been made in this paragraph for earths artificially activated with acid or other material. Such earths are usually treated with sulphuric or hydrochloric acid. This provision

does not include within its scope earths which have been activated solely by the application of heat.

Paragraphs 211-212.—Earthenware and China Tableware

There has been considerable unemployment in the tableware branch of the domestic pottery industry in recent years, and competitive conditions indicate that the industry is in need of additional protection. The domestic producers are finding it increasingly difficult to compete in price with the foreign producers of the less expensive grades of ware. For such wares the present rates of duty do not afford the American industry adequate protection, and accordingly the rates have been increased for articles which constitute the great bulk of the sales in this country of comparatively inexpensive pottery.

Under the provisions of paragraphs 211 and 212, a specific rate of duty, in addition to the ad valorem rates provided therein, is imposed upon plates, cups, or saucers, valued at not more than 50 cents per dozen, and upon cups and saucers imported as units, valued at not more than 50 cents per dozen units. The specific rate is 10 cents per dozen for plates, cups, or saucers, or 20 cents per dozen units, each unit consisting of a cup and saucer.

Glass and Glassware

The rates of duty imposed upon common window glass and plate glass are, in effect, practically those proclaimed by the President in accordance with the findings of the Tariff Commission in its investigations of the differences in costs of production of comparable and competing domestic and foreign products.

Increased rates of duty were imposed upon glass globes and shades because the rates imposed upon such articles under existing law enabled importers to undersell domestic producers in important markets.

The increased rate for chemical and scientific glassware was imposed in order to encourage the production in this country of articles which are necessary in time of war. Prior to 1914 the United States depended almost wholly upon foreign producers for the supply of such glassware. American manufacturers now supply a considerable proportion of the domestic requirements, and the American industry can be maintained if it is adequately protected.

Machine production of glass bottles has for the most part displaced the older hand-blown method of production, and those produced by the latter method consist of types which have not as yet been successfully made by machines. An increased rate has been imposed upon bottles used as containers of perfume and toilet preparations in order to perpetuate an industry which is practically the only source of employment for the comparatively few highly skilled glass-bottle blowers remaining in the trade.

Specific provision has been made in paragraph 218 (b) for gauge glass tubes wholly or in chief value of glass. Such articles consist of glass tubes for use on boilers, and in this connection are for the most part known as water gauge-glasses or tubular-gauge glasses.

Paragraph 220 is a new provision inserted by the House providing for a rate of 60 per cent ad valorem on laminated glass and manu-

factures thereof. This is an increasingly important industry. One of the chief products of this industry dutiable under this paragraph is automobile wind shields made with sheets of glass laminated with pyroxylin.

Paragraph 221 removes the plate-glass duty from rolled, cylinder, crown, and sheet glass, wholly or partly ground, for the purpose of ornamentation (even though such ornamentation constitutes obscuration). Such glass, (except rolled glass), is subjected to the additional duty of 5 per cent provided in paragraph 224. Rolled and sheet glass less than one-fourth but not less than one-eighth of 1 inch in thickness, when obscured in any manner, (except by grinding for the purpose of ornamentation), has been subjected to the plate-glass rate. Cylinder and crown glass not less than one-eighth of 1 inch in thickness when obscured in any manner, (except by grinding for the purpose of ornamentation), has been subjected to the plate-glass rate.

The proviso in paragraph 230 (b) is stricken out as unnecessary in view of a decision of the United States Court of Customs and Patent Appeals, (Bonwit, Teller & Co.), the holding of which is to the same effect as the proviso inserted by the House.

SCHEDULE 3.—METALS AND MANUFACTURES OF

This schedule comprises 99 paragraphs, many of which provide for a great number of diverse products, and industries. Most paragraphs provide for products or groups of products which bear little economic relation to the products in other paragraphs of the schedule, so that the diversity of factors to be considered in providing adequate phraseology and rates is vast.

Since the passage of the House bill much new information has become available which in a considerable number of paragraphs permits more accurate evaluation of competitive conditions than was possible by the House of Representatives. Consequently a substantial number of revisions have been made in the House bill with a view to clarifying the language, facilitating administration of the act, and making adjustments in rates. The committee's changes of the House bill effect in this schedule about 40 upward revisions of individual rates and over 60 downward revisions, including items transferred to or from the free list.

Items transferred to the free list were: Manganese ore, muzzle-loading firearms, hoes, rakes, metal parts of typewriters, zinc dross, zinc skimmings, and nickel oxide. Articles made dutiable were: Cream separators valued at more than $40 but not more than $50 each, and milk cans. Certain items were specifically mentioned to avoid litigation over classification, or to effect changes in the rates now imposed, and to provide separate statistical classifications.

A tentative calculation shows that the result of the readjustment is an equivalent ad valorem rate for Schedule 3, based on imports during 1928 and taking into account transfers to and from the free schedule, of about 33 per cent. This compares with an equivalent ad valorem of 39.6 per cent in the House bill and 35.07 per cent when the rates of the tariff act of 1922 are applied. The decrease in revenue in the present bill from the House bill is about 17 per cent and from the act of 1922 about 6 per cent.

Iron and Steel

A few changes were made in the iron and steel schedule by which the present classification of hammer, mill, and roll scale is confirmed, and the rates on structural shapes and sheet piling were increased to conform to the rates on tonnage products which meet substantially less competition from imports. Brackets determined by values less than any foreign prices of steel during recent years have been merged with the next higher brackets to facilitate administration and avoid the possibility of undervaluation, such changes resulting in negligible alterations in rates. A slight increase was also made in the rate on pig iron.

Reductions have been made in the rate of duty on sponge iron, a new product, and in the rates on chromium steels. In addition, all duties in the steel schedule have been reduced by an amount compensatory both for the transfer of manganese ore to the free list and for reductions in the rates on manganese alloys.

Nonferrous Metals

Advances in research and in the development of new products since the tariff act of 1922 resulted in a more comprehensive treatment of alloys in the House bill. There are, however, a number of products of the rare metals which were not adequately provided for in the House bill, and a revision of a few of the rates appeared warranted. As a result of this committee's study of the subject, manganese ore was transferred to the free list and the rates on manganese alloys reduced in proportion. The rates on tungsten ore, alloys of silicon and aluminum, chromium and its alloys, and cerium metal and its alloys were decreased. Reclassification of tantalum and its alloys and the addition of carbides of tungsten and molybdenum and products composed of these metals results in some instances in increases in rates. Nickel oxide was transferred to the free list, as were zinc dross and skimmings. A sliding scale, based on New York market prices, was introduced for antimony metal with rates designed to exercise a stabilizing influence on prices which have shown marked fluctuations during post-war years. It is thought that the present bill provides adequately for nonferrous metals and their derivatives and that the phraseology and rate structure is sufficiently comprehensive to provide equitable rates for products most likely to be developed within the next few years.

Machinery and Vehicles

Among the products of the industries in this group there are certain articles produced and sold under conditions which warrant raising or lowering the rates regarded as adequate protection for the majority. The most important example is that of passenger automobiles. The strong position of the American industry in the world's markets warrants a reduction in duty. Other examples of this class are printing, bookbinding, and paper-box machinery, and the products of the electrical industry. Among industries which were found to be operating under special handicaps, justifying an increased duty, are those making meat grinders and escalators.

Watches and Clocks

Following analyses by witnesses of a number of the rates in the House bill, the committee has made a number of changes in the paragraphs providing for watches and clocks. The rates on watch movements have been readjusted downward, while the rates on parts have been greatly reduced. The present paragraph permits entry of repair parts at the rates now in effect, removes the possibility of assessing extremely high equivalent ad valorem rates, and permits the importation of incomplete mechanisms at somewhat lower duties than would be assessed on complete movements. The agreement of about 75 per cent of the watch importers to the rates incorporated on watches in this bill is a substantial guarantee that such rates are not excessive. The rates on complete clocks and clockwork mechanisms remain unchanged, but there have been drastic reductions in the rates on parts and incomplete mechanisms for the same reasons that changes were made in the rates on watch parts and incomplete watches. The rates in these two paragraphs constitute substantial increases over the present tariff act, but it is believed that they will not result in any increases in prices to the consumer, as an increase in domestic production will result in costs which will leave a reasonable profit at present prices.

Hardware and Tools and Miscellaneous Manufactures of Metal

While the rates provided in the House bill for this group of industries have been approved as to their general level, some revisions have been made where further information has disclosed exceptional conditions indicating maladjustments or inconsistencies in rates or classification.

Upholsterers' nails, thumb tacks, and paper-fastening staples were found to be inadequately provided for by the specific duty applicable to coarser products of the same general class. Increases were also made in the rates on hinges, bells, mechanics' hand tools, and the cheaper grades of pocketknives, products meeting severe competition from foreign goods of the lowest grades. Additional protection was provided on certain grades of shotguns, similar guns being made abroad and sold here in large numbers in competition with an industry essential to the national defense.

Rates on many articles were reduced—for example, pliers, crochet needles, pens, decorative metal products, and lighting fixtures. Removal from the general basket clause of most of the items regarding which adequate data were available warranted a slight reduction in the rates on metal manufactures not specially provided for.

Following is a discussion, by paragraphs, of the changes in phraseology made by this committee, and the reasons therefor; also discussion of such changes made by the House of Representatives and approved by this committee.

Paragraph 302.—Alloys

Subparagraph (a): Manganese ore and concentrates are transferred to paragraph 1713 of the free list.

Subparagraph (f): Tungsten powder is mixed with powdered carbon and fired in a furnace to effect a change to tungsten carbide, and the carbide is again powdered before causing its agglomeration into solid shapes. The carbon may be present in variable proportions and may be constituent either as an alloy, metalloid, or chemical compound. It is intended that the carbide powder shall be subject to the same rate of duty as the uncarburized tungsten powder.

Subparagraph (i): Silicon aluminum and aluminum silicon are alloys containing not over 10 per cent iron and not over 90 per cent silicon or 90 per cent aluminum. They are used in nonferrous metallurgy, chiefly for the casting of aluminum.

Similar alloys if containing over 90 per cent silicon are impure silicon metal used generally in casting aluminum, and provided for in paragraph 302 (h), and if containing over 90 per cent aluminum are impure aluminum metal used generally in deoxidizing steel, are considered as aluminum rather than as alloys, and are provided for in paragraph 374.

Alsimin is a trade name for and will be dutiable as ferrosilicon aluminum or ferroaluminum silicon, alloys containing over 10 per cent iron and used generally in the metallurgy of steel.

Subparagraph (m): Tantalum and its specified alloys, when in nonductile form only, are intended to be covered in this group, as the ductile forms are provided for in subparagraph (q). Mechanical treatment such as rolling, drawing, or forging is generally required to develop the ductility of metals, and the absence of such treatment as shown by the shape of the metal may be taken as sufficient evidence of its nonductility.

Subparagraph (q): Columbium and niobium are synonymous terms. Only ductile columbium metal or alloys are here included and may be distinguished from the nonductile as shown heretofore.

PARAGRAPH 303

Pieces of muck bars except crop ends have been specifically provided for in this paragraph where they are now dutiable but not mentioned by name; the crop ends of such bars are dutiable at the rates provided for iron and steel scrap in paragraph 301.

PARAGRAPH 304

The phrase "alloys not specially provided for used as substitutes for steel in the manufacture of tools" was deleted from this paragraph by the House bill. Such commodities are dutiable under the provisions of paragraph 302, or, if in the form of tools, under paragraph 352.

Concrete reinforcement bars, not heretofore mentioned in tariff acts, have been specifically mentioned to avoid conflict with paragraph 312 as structural shapes.

PARAGRAPH 305

Subparagraph (b): Provides for deductions from the duties provided in 16 paragraphs, designated by number, on steel and articles of steel, such reductions being compensatory for the transfer of manganese ore to the free list and reductions in duties made on manganese alloys in paragraph 302.

PARAGRAPH 312

The term "building forms" has been deleted from the paragraph, as being redundant and of uncertain meaning. No change in classification is involved.

PARAGRAPH 316

Subparagraph (b): This subparagraph is designed to cover articles which have been given a predetermined shape or form, as well as scrap.

No conflict with the provisions for alloys or powders in paragraph 302 is anticipated because those products are characteristically used in various metallurgical processes, whereas the shapes provided for in paragraph 316(b) are used to manufacture such products as cutting tools, lamp filaments, and parts of electrical equipment.

PARAGRAPH 317

The wire fencing and wire netting covered by the committee amendment is of the kind chiefly used for fencing poultry, for stucco work, and as reinforcing for automobile tops, and is dutiable under the 1922 act and under the House bill under the basket clause of the metal schedule.

PARAGRAPH 318

The committee adopts without change a clause inserted in this paragraph by the House to provide for wire cloth used in paper-making machines, now dutiable by court decision in paragraph 372 of the act of 1922 as parts of machines.

PARAGRAPH 319 (b)

The manufacture of the articles mentioned in this subparagraph requires special equipment such as is used in the manufacture of heavy ordnance.

The committee amendment excludes from the articles included in this subparagraph all castings. The House provision excepted only castings provided for in paragraph 327. The provision that measurement shall be made at the largest inside diameter is inserted to avoid ambiguity in cases where the article has a varying cross section.

PARAGRAPH 338

The provision for wood screws is stricken out with the intention of transferring these screws to classification as manufactures of metal not specially provided for under paragraph 398.

PARAGRAPH 353

Electrical machinery and apparatus is now dutiable chiefly under several paragraphs, as follows: Paragraph 372 as machinery, paragraph 399 as miscellaneous manufactures of metal, paragraph 368 as meters, and paragraph 339 as household utensils. Litigation over the meaning of the term "machine" as applied to electrical equipment

has resulted in transferring some products to the machinery paragraph and leaving similar products classified under paragraph 399. In many cases the more highly manufactured articles have thus been subjected to the lower rates, and in other cases products of similar character have been declared dutiable at different rates. All these products, with the exception of such as are household utensils, lighting fixtures, or laboratory instruments, are now grouped together at a single rate.

The insertion of the words "other than laboratory" after the provision for electrical instruments is to avoid conflict with the provision for laboratory instruments in paragraph 360.

Certain types of electrical meters contain a clock, which drives a drum or disk. Such clockwork mechanisms, usually not made by the electrical firms, are made dutiable separately as clocks under paragraph 368. Simple trains of small gears, used in other types of meters, remain as integral parts of the electric meter, and are meant to be dutiable therewith.

It is not intended that this paragraph should include lighting fixtures, provided for in paragraph 387 of the House bill, and eliminated therefrom by the Senate committee.

Paragraph 360

The designation "philosophical" as applied to instruments, apparatus, etc., is stricken out as being of uncertain meaning, whereas the intention is sufficiently and better covered by the words "scientific and laboratory," and "surveying and mathematical."

Paragraph 364.—Muzzle-Loading Firearms

The provision for muzzle-loading muskets, shotguns, rifles, and parts thereof is stricken out, and these articles are transferred to paragraph 1723 in the free list.

Paragraph 364.—Bells

The exception of church bells and carillons from the provisions of the paragraph is intended to limit its application to metal bells of common commercial usage such as bicycle bells, doorbells, annunciators, and gongs. Carillons are specially provided for in paragraph 1541, whereas church bells are not now specially provided for but are covered by the provision of paragraph 398 for manufactures of metal not specially provided for.

Paragraph 365

The words "double or single barreled breech-loading and repeating" are stricken out as surplusage. All muzzle-loading guns are specially provided for in paragraph 1723.

Paragraph 367.—Watches

Subparagraph (*a*): All time-keeping, time-measuring, or time-indicating mechanisms, not designed to be worn on or about the

person, if less than 1.77 inches wide have been transferred to paragraph 368, (clocks).

Watch movements designed to be worn on the person more than 1.7 inches in width have been transferred to paragraph 368, (clocks).

Subparagraph (a) (3): Redrafting this subparagraph and changing the rates results in the application of duties for jewels in the form of a flat rate for mechanisms having one but not more than seven jewels and for the assessment of specific rates for every jewel contained in the two specified classes of mechanisms having more than seven jewels.

Subparagraph (a) (4): The presumption in the House bill that certain mechanisms have three adjustments and be assessed for each adjustment, whether the mechanism actually is adjusted or not, has been removed. Under the committee amendment adjustments will be dutiable only if marked.

Subparagraph (a) (5): The change in phraseology broadens the scope of the paragraph to include other devices than self-winding mechanisms, such as 8-day springs, which might be substituted, after importation, in a mechanism containing a spring barrel slightly larger than that necessary for a usual 1-day spring.

Subparagraph (b): The phraseology appearing in the act of 1922, but deleted in the House bill, requiring that the number of jewels in any of the mechanisms dutiable hereunder shall be marked in both letters and numbers, has been restored with a view to discouraging possible alterations in the marking of bridges after importation. The committee amendment removes the requirement of the act of 1922 and of the House bill that watches which have not been adjusted shall be marked "unadjusted." The change permits the importation of unadjusted watches without marking respecting adjustments.

Subparagraph (c) (1): The new language is introduced to permit the importation at the present rates of duty of a sufficient quantity of individual pieces and of subassemblies, consisting of two or more parts or pieces of material joined together, to supply normal requirements for replacement parts.

Subparagraph (c) (2): The subparagraph is expanded to include a mandatory assessment for those pillar or bottom plates for which a definite determination of the jeweling and adjustment of the complete mechanism can not be made.

Subparagraph (c) (3): The subparagraph is completely rephrased, substituting a specific rate for each piece, (with certain exceptions), in any subassembly or incomplete mechanism instead of assessing each subassembly or incomplete mechainsm, (as was done in the House bill), at the full rate of the mechanism for which suitable. Pillar or bottom plates if appearing in a subassembly are dutiable at the rates provided for such plates, while the other parts in the subassembly are dutiable under this clause. As in the House bill, bimetallic balance wheels are dutiable as one piece of material, as well as main springs with riveted ends.

Subparagraph (c) (4): This clause is intended to include all individual parts or pieces of metal or other material if imported unattached to other pieces or parts and not imported under the provisions of subparagraph (c) (1) except jewels, set or unset. The purpose of the clause is to encourage the importation of individual parts, for assembly on a factory basis in the United States, instead of the

importation of incomplete mechanisms and subassemblies which can usually be assembled without factory equipment and with a minimum of labor.

Subparagraph (d): The paragraph has been restricted to unset jewels to avoid the possibility of importing set jewels, which are a subassembly, at the rate of duty hereunder instead of at the rates provided in subparagraph (c) (3).

Subparagraph (e): The phraseology respecting dials has been changed to restrict the application of the subparagraph to dials suitable for the mechanisms now included within the scope of this paragraph. Striking out the words "attached to the foregoing" permits the entry, without separate assessment, of dials attached to complete mechanisms. This is the present tariff status of such dials.

Subparagraph (f): The new phraseology insures that cases for any mechanism, device, or instrument dutiable under this paragraph shall be assessed hereunder regardless of the condition in which imported and definitely excludes light containers used as shipping containers and which have no use as permanent cases for mechanisms.

Subparagraph (f) (4): The scope of this clause is broadened to include cases made of nonmetallic materials.

Subparagraph (f) (5): The wording is changed to include colored cases as a preventive of evasions through decorating cases with other materials than enamels.

Subparagraph (f) (6): This is a new clause providing rates for incomplete cases and parts of cases in order to prevent their classificationin other paragraphs, as, for example, in paragraph 398 as manufactures of metal, n. s. p. f.

PARAGRAPH 368.—CLOCKS

Subparagraph (a): Phraseology is added specifying the value of synchronous and subsynchronous motors to be dutiable hereunder at not more than $3 each, exclusive of the value of gears or other attachments. The intention is to retain in this paragraph all motors used to drive ordinary electrical clocks, and to transfer to paragraph 353 synchronous motors of less than one-fortieth horsepower, such as are used in time switches and other electrical devices containing some form of clockwork mechanism.

Striking out the words "or electricity" is for the purpose of transferring electricity meters to paragraph 353 for assessment thereunder. The words "and the clockwork mechanism contained in any electrical device" are inserted for the purpose of retaining in this paragraph any clockwork mechanism which may be incorporated in any electrical device. The clockwork mechanisms are intended to be assessed separately hereunder, while the electrical devices minus the value of the clockwork mechanisms are intended to be assessed under paragraph 353.

Subparagraph (b): The words "or substitutes therefor" are stricken out as redundant in view of the definition of jewels in paragraph 367(i).

Subparagraph (c): The words "except dials, cases, containers, and housings" are stricken out as they are specially provided for in subparagraphs (d) and (e) of this paragraph.

Subparagraph (c): Provides, instead of the provisions of the House bill, for—

(1) Entry at the present rate of sufficient repair parts for replacement purposes;

(2) Provision for mandatory assessment of plates which can not be definitely classified, preventing their classification in other provisions;

(3) Rates on subassemblies not containing plates, preventing the assessment of prohibitive ad valorem rates;

(4) Rates on subassemblies containing plates permitting entry of mechanisms at somewhat lower rates than would be assessed upon assembled mechanisms; and

(5) A provision for individual pieces or parts of metal or other material for factory assembly in the United States at still lower rates.

Paragraph 369.—Automobiles.

Subparagraphs (a) and (b) are intended to distinguish between large trucks and busses of small-scale production on the one hand and passenger cars of mass production on the other.

Glass parts of automobiles have been excluded from this paragraph to prevent importation of windshields and windows at rates lower than those provided for glass in Schedule 2.

Paragraph 370.—Airplanes and Motor Boats

The definition of motor boats inserted is that used in the revenue act of 1928 and which applied only to the tariff act of 1922.

Paragraph 372.—Machines

The word "reciprocating" has been stricken out before the words "steam engines," and the separate provision for steam turbines eliminated, thus returning steam turbines to classification with steam engines.

Provision for full-fashioned hosiery knitting machines has been eliminated, making these machines dutiable as knitting machines, not specially provided for.

Separate mention of punches, shears, and bar cutters has been stricken out, thus making such machines dutiable as machine tools.

The term "meat and food grinding or cutting machines" is intended to include the familiar type of hand crank operated household food cutter, and larger sizes such as are used in butcher shops for grinding meat, formerly classified in paragraph 339 as household utensils.

Escalators, dutiable under the House bill as machines not specially provided for, have been given separate classification.

Porcelain parts of machines have been included in this paragraph. Under the House bill they were subject to disproportionately high specific duties designed primarily for chemical and household porcelain in Schedule 2.

PARAGRAPH 373

Striking out the words "forks, hoes, rakes," was intended to relegate hoes, rakes, and forks, except forks now classified in paragraph 355, to classification as agricultural implements in paragraph 1604.

PARAGRAPH 376.—ANTIMONY

The provision that the New York price which determines the rate of duty shall be that quoted for "ordinary brands" is intended to furnish an indication of the price at which most antimony is sold. Special brands which enjoy a price bonus, or impure brands which are offered at a discount, are not intended to have any bearing on the price which determines the rate of duty. The term "ordinary brands" is commonly used in the trade and in the publication of price quotations.

PARAGRAPH 382

All metal powders used in pigments are called bronze powders. The wording is changed to distinguish between such powders of aluminum and of other metal. The wording "aluminum bronze powders" is further intended to apply only to aluminum powder for use in pigments and not to powdered aluminum for metallurgical purposes.

PARAGRAPH 387.—LIGHTING FIXTURES

Provision for lighting fixtures has been eliminated with the intent of making them dutiable under the basket paragraph 398.

PARAGRAPH 387.—MILK CANS

Milk cans, not made of tin plate, are those which are in common use among dairies, and are made of sheet steel manufactured into cans and later coated with tin. The exception "not made of tin plate" is designed to avoid conflict with paragraph 311 which treats of articles made from tin plate.

PARAGRAPH 390

Nickel oxide is transferred to paragraph 1735 of the free list.

PARAGRAPH 395

The deletion of mention of zinc dross and skimmings is for the purpose of relegating such commodities to paragraph 1664 of the free list.

PARAGRAPH 396

Phraseology is added to this paragraph separating embossing rollers from the other articles mentioned to which the testimony showed they were not related or similar.

SCHEDULE 4.—WOOD AND MANUFACTURES OF

The changes made by the Finance Committee in Schedule 4 consist chiefly of transfers to the free list of such classes of lumber or logs as constitute raw materials for use in domestic manufactures or which are building materials largely used in agricultural districts. The former class includes logs of fir, spruce, cedar, or western hemlock, logs of various species of cabinet wood, and birch and maple lumber, (except flooring). The second class includes cedar lumber and shingles. A reduction is made in the rate of duty on bentwood furniture, and small increases in the rate on a few manufactured articles.

Logs of fir, spruce, cedar, or western hemlock are imported only into the Puget Sound district of the Pacific Northwest. Domestic sawmills and shingle mills in that region which are not supplied with timberlands are dependent in part for raw materials on imported logs. The cost of production of domestic logs with which the imported logs compete is not materially different from the cost of producing and towing Canadian logs to domestic markets.

Logs of cabinet woods are not produced in the United States. The domestic sawmills producing mahogany and other cabinet-wood lumber, veneers, and other products are entirely dependent upon imported logs.

Birch and maple lumber, except flooring, is in general imported for further conversion or utilization in domestic factories, for use in automobiles, and for similar manufacturing purposes.

Cedar lumber and shingles are closely related products. Imported shingles are in general of higher grades than the bulk of domestic production. On comparable grades Canadian and domestic costs of production are practically the same.

Beech flooring is transferred from the free list and included in the paragraph with birch and maple flooring, as commercial practice groups these three species of flooring.

The specific duty on spring clothespins is increased from 15 cents to 20 cents per gross because of the keen competition, especially on the West coast, offered by imported clothespins.

Paintbrush handles are specially provided for and given an increase in rate of duty of one-half of 1 cent per handle. This increase is made because of the fact that since the rate was reduced by presidential proclamation new competing countries have entered the import field.

A reduction is made in the rate on bent-wood chairs from 55 per cent to 40 per cent ad valorem, which is the rate provided for other furniture of wood. The 15 per cent differential was compensatory because of the duty provided by the House on birch and maple lumber. Since birch and maple lumber are restored to the free list, the Finance Committee regarded the compensatory rate on bentwood chairs as unnecessary.

Molders' patterns of wood are eliminated from the wood schedule because specifically provided for in paragraph 327 as molders' patterns of whatever material composed.

The words "and flooring" are added in paragraph 403 to the provision for enumerated cabinet woods in the form of sawed boards, planks, deals, and all other forms not further manufactured than sawed. Flooring of one of the species of wood mentioned was held

by the courts not to be covered by the provisions of this paragraph in the act of 1922, as it was further advanced than sawed. It was held to be free under paragraph 1700, act of 1922, (par. 1804, Senate bill). Since flooring of maple, (except Japanese maple), birch, and beech is transferred to the dutiable schedule, it is intended that flooring of the cabinet woods mentioned also shall be dutiable.

The provision for "Furniture wholly or in chief value of rattan, reed, bamboo, osier, or willow * * *" in paragraph 408 is amended by adding the words "wholly or partly finished, and parts thereof." The intention is to cover unfinished furniture of the type mentioned, and parts of furniture, either where the complete article is imported in knocked-down condition, or where separate parts are imported, sufficient parts not being in one shipment to make a complete article.

The words "and parts thereof" are added in paragraph 411 to the provision for furniture wholly or in chief value of wood, and to the provision for bentwood furniture. The intention is as stated in connection with paragraph 408.

SCHEDULE 5.—SUGAR, MOLASSES, AND MANUFACTURES OF

The most important change in Schedule 5 made by the committee is the reduction in the proposed duty upon 96° sugar from Cuba from 2.4 cents per pound to 2.2 cents per pound. Other items than sugar in the schedule have not been greatly changed. No items in this schedule as it appears under the present law have been removed to the free list, nor have any items now on the free list been placed in this schedule by the Finance Committee.

The rates on all items in this schedule have received careful consideration and the changes made have been made with the interests of the consumers, producers, importers, and manufacturers in mind.

PARAGRAPH 501.—SUGAR, RAW AND REFINED

The language used in this paragraph is practically the same as the language used in the present law but differs materially from the language used in the House bill. In the Senate bill, as in the present law, the rates progress by uniform steps from 75 to 100 sugar degrees, while the House bill doubles the increment of increase at 94°. The rate on 75° full-duty sugar in the Senate bill is 1.5425 cents per pound, and this rate increases by regular steps of 0.575 cent per pound up to 100°, making the 96° rate 2.75 cents per pound, and the 100°, or refined, sugar rate 2.98 cents per pound, a reduction of 0.25 cent per pound from the House rate on 96° sugar and 0.52 cent reduction in the House rate on 100° refined. These duties are 20 per cent less upon imports from Cuba.

The elimination of the double step-up at 94° was for the purpose of removing the premium that this double increase would place upon 94° sugar and for the purpose of producing a smaller differential between 96° sugar and refined sugar.

The rates of duty upon imports of sugar from Cuba, the source of practically all dutiable imports, under the present law and the House and Senate bills are as follows:

Sugar degrees	Present law	House bill	Senate bill
75	0.9920	1.25	1.234
96	1.7648	2.40	2.200
100	1.9120	2.80	2.384

Revenues on 1928 imports of sugar at the above rates: Present law, $117,153,997; House bill, $159,089,197; Senate bill, $146,042,782. Computed ad valorem rates: Present law, 72.64 per cent; House bill, 98.65 per cent; Senate bill, 90.56 per cent.

Paragraph 502.—Molasses, Edible and Inedible

The present law and the House bill separated molasses into two classes, edible and inedible. The Senate bill retains this classification and the same language, but reduces the House rate of 3.3 cents on edible molasses testing not above 48 per cent total sugars to 0.3 cent per gallon and reduces the increase of 0.6 cent per gallon for each additional per cent of total sugars above 48° to 0.33 cent per gallon, so that the increase in rate of duty on edible molasses above the rate in the present law corresponds to the increase in rate of duty on sugar in the Senate bill compared with the rate in the present law.

The imports of edible molasses or sirup are small, being annually less than 2,000,000 gallons. The domestic production of edible molasses amounts to two or four times as much, not including cane sirup totaling about 20,000,000 gallons annually, and refiners' sirup made from refined molasses of which from 30,000,000 to 36,000,000 gallons are available annually.

Inedible molasses carries the same rate and the same language as in the House bill, and differs from the present law in placing the rate of duty upon total sugars present in the molasses in order to avoid the dilution of this commodity, as is done under the present law, so that it may be imported under the lowest rate of duty.

Paragraph 503.—Maple Sugar and Maple Sirup; Dextrose and Dextrose Sirup

The rate of duty on maple sugar is increased from 7½ cents per pound in the House bill to 9 cents per pound in order to offset the bonus which, witnesses stated, was being paid indirectly to the maple sugar producers in Canada by the Canadian Government. The rate on maple sirup is raised to 6 cents per pound to correspond to the rate on maple sugar. The average quantity of sugar in maple sirup is about 7½ pounds per gallon, which at the rate of 9 cents per pound is 67.5 cents. One gallon of maple sirup weighs 11 pounds, which at the rate of 6 cents per pound carries a duty of 66 cents per gallon.

Under the present law the duty on 7½ pounds of sugar in 1 gallon of sirup is 30 cents, while the duty on 1 gallon of maple sirup is 44 cents. This discrepancy in rates on maple sugar and on maple

sirup has resulted in the importation of a limited quantity of maple sirup compared with the importation of maple sugar. For example, the imports of maple sugar in 1928 amounted to about 7,000,000 pounds of maple sugar and only 36,000 gallons of maple sirup.

Rates of duty on maple sugar and sirup

	Present law, (cents per pound)	House bill, (cents per pound)	Senate bill, (cents per pound)
Maple sugar	4	7½	9
Maple sirup	4	5	6

Dextrose and dextrose sirup were given the same rates as in the House bill, (2 cents per pound). The combined imports are small, amounting to only 2,000 to 3,000 pounds annually, while the production runs into several hundred million pounds annually and exports total from 5,000,000 to 10,000,000 pounds of dextrose, and from 120,000,000 to 140,000,000 pounds of dextrose sirup, each year.

Paragraph 504.—Sugar Cane

The language in this paragraph is the same as in the House bill except that the rate of duty is reduced from $3 to $2 per ton. The rate in the present law is $1 per ton. No sugar cane is imported into continental United States but there are annually some importations of cane from Santo Domingo into Porto Rico, the revenues from which go into the Porto Rican treasury. These importations in 1928 amounted to 228,777 tons compared with 185,434 tons in 1927. It was suggested that $3 per ton might amount to an embargo, thus depriving Porto Rico of several hundred thousand dollars in revenues. For this reason the rate was reduced to $2 per ton. The sugar produced from this cane is imported into continental United States free of duty, and, therefore, a rate higher than $1 per ton of cane should be paid on raw material when shipped into Porto Rico.

Paragraph 505.—Rare Sugars and Lactose

No changes are made in the language nor in the rates of duty in this paragraph compared with the House bill. In the present law lactose is included under "other saccharides," but in recent years its importance as a commercial commodity has so increased that it is desirable that it be specifically mentioned. The domestic production of lactose exceeds 4,000,000 pounds annually. Imports are not shown separately for the reason stated above, but an analysis of invoices at two of the principal ports of entry shows that several hundred thousand pounds of this commodity are imported annually into the United States.

Paragraph 506.—Candy and Confectionery and Refined Sugar When Tinctured or Colored

The language in this paragraph is changed from the wording in the House bill in order to take care of a possible importation of colored

or tinctured sugar under the rate of 40 per cent ad valorem, after which the coloring material might be removed at small cost and the sugar sold as refined sugar, thereby avoiding the payment of a considerable part of the refined-sugar duty.

SCHEDULE 6.—TOBACCO AND MANUFACTURES OF

PARAGRAPH 601.—WRAPPER TOBACCO

The House bill provided an increase from $2.10 to $2.50 per pound on unstemmed wrapper tobacco and from $2.75 to $3.15 on stemmed. Since imports are almost wholly in the unstemmed form to avoid breakage and loss in handling, the former rates are the effective ones.

The increase proposed of 40 cents per pound, equaling from 70 to 80 cents per thousand cigars, was considered too heavy an additional burden to put upon the 5-cent cigar industry. Consideration was also given the fact that thousands of farmers in the Connecticut Valley, in Pennsylvania, Ohio, Wisconsin, and New York, are producing binder and filler tobacco used in 5-cent cigars, an essential part of which is the imported wrapper. Witnesses represented that should the rate on wrapper tobacco be increased 40 cents per pound, production of 5-cent cigars would be restricted and the market for domestic binder and filler tobacco be narrowed. In 1928 the duty on cigar wrapper approximately equaled 100 per cent ad valorem.

The phraseology of the paragraphs has been changed so as to provide a single rate of duty on all mixed bales containing over 5 and less than 35 per cent wrapper, thus making the provision more definite and facilitating its administration.

SCHEDULE 7.—AGRICULTURAL PRODUCTS AND PROVISIONS

Before agreeing upon the rates in Schedule 7, the committee gave careful consideration to the need for protection of the several agricultural industries and the possibilities of affording benefits to these industries by increased duties. In order to obtain additional evidence and to afford an opportunity as far as possible for all who were interested to be heard, the subcommittee on Schedule 7 conducted hearings extending from June 17 to 25. During these hearings, 262 interested parties submitted briefs or oral testimony.

The committee has agreed substantially to the considerable increases in rates on agricultural products provided by the House bill, which entailed an estimated increase in revenue from duties in this schedule of more than $25,000,000 or more than 40 per cent and an increase in the average of ad valorem equivalents from 23 to 34 per cent. Changes in this schedule as compared with the House bill consist principally of adjustments based on the additional evidence submitted to the committee.

The changes are summarized below by groups of commodities:

PARAGRAPHS 701–706.—MEAT ANIMALS, MEATS, AND MEAT PRODUCTS

The rates fixed by the House bill for this group were generally accepted. The only change is the transfer of blood albumin from

paragraph 1605 of the free list. Information submitted to the committee indicates a considerable increase in imports of blood albumin and a comparison of the data before the committee shows that import prices are considerably below the domestic cost of production. To afford reasonable protection to the domestic producer blood albumin has been made dutiable under paragraph 701 at rates which approximate the differences between domestic costs and import prices.

Paragraphs 707–710.—Milk and Milk Products

The testimony submitted to the committee stressed the necessity of equalizing the rates on the several dairy products. The reasons for such an adjustment hinge upon the close relationship existing between these products both in regard to their production and their consumption. For many uses one product may be substituted for another. Thus condensed or evaporated milk may for many purposes be used in place of whole milk, powdered whole or skimmed milk is used instead of condensed milk, sweet butter is used instead of cream in ice-cream mixtures. On the other hand, the supply of milk in competing countries may be shifted more or less readily from the one to the other of these products and unless there is a balance between the several duties, there is danger that they may prove ineffective. On the basis of this principle the committee has adjusted the rates on the several dairy products so as to be compensatory to a rate of 14 cents per pound on butter. Butterfat is the constituent of chief value generally in dairy products and since the price of butter most closely reflects the value of butterfat, butter was taken as the basic factor upon which adjustments were made.

Paragraphs 711–713.—Poultry and Eggs

The rates on eggs and egg products in the House bill—substantial increases over existing law—are accepted. The committee increased the duty on dead poultry from 8 to 10 cents per pound and made a compensatory adjustment in the rate on live poultry from 6 to 8 cents. Consideration was given the fact that poultry is one of the most widely distributed of farm products and an important source of cash income for the farm family. The combined imports of live and dead poultry, valued at more than $2,000,000 in 1928, have been increasing.

Paragraphs 717–721.—Fish and Fish Products.

A seasonal change in duty is provided on "other fish, not specially provided for," in paragraph 717 (a), in order that a larger supply may be available during the winter months. From October 1 to May 1 the rate is fixed at one-half instead of 1 cent per pound.

The duty on "fish, dried and unsalted: Cod, haddock, hake, pollock, and cusk," provided for in paragraph 717 (c), has been reduced from 2½ cents per pound to 1¼ cents per pound, because the higher rate imposes an unnecessary tax on the consumers of this product.

In paragraph 719 (2) the duty on pickled or salted cod, haddock, hake, pollock, and cusk neither skinned nor boned when containing not more than 43 per cent of moisture has been reduced from 1¾ cents

per pound to 1¼ cents per pound and the duty on the same product having a moisture content of more than 43 per cent has been reduced from 1¼ cents per pound to three-fourths cent per pound. These duties have been reduced because the manufacturers of boneless codfish and other salted cod products are unable to obtain the necessary supply of raw material from domestic sources.

The duty on pickled or salted cod, haddock, hake, and cusk, skinned or boned, provided for in paragraph 719 (3) has been reduced from 2½ cents per pound to 2 cents per pound because of the reduction of one-half cent per pound in the duty on the raw material provided for in paragraph 719 (2).

The duty on "clams, clam juice, or either, in combination with other substances, packed in air-tight containers," provided for in paragraph 721 (b) has been reduced from 35 per cent ad valorem to 20 per cent ad valorem in order to retard the depletion of the United States clam beds.

The duty on boiled fish roe, packed in air-tight containers, provided for in paragraph 721 (d), has been reduced from 20 cents per pound to 30 per cent ad valorem because of the low price of this product and because none of it is packed in the United States.

Paragraphs 722–733.—Grains and Grain Products

The duties in the House bill were accepted on barley and barley products, buckwheat and buckwheat products, corn and corn products, macaroni and alimentary pastes, rye and rye products, wheat and flour, bran and screenings, cereal breakfast foods and biscuits.

The duty on oats, hulled or unhulled, was increased from 15 to 16 cents per bushel of 32 pounds in accordance with evidence submitted by the producers.

The rates in the House bill on rough and milled rice were reduced to the rates in the act of 1922 for the reason that the industry is on an important surplus basis, exports being approximately nine times as large as imports.

Soy bean oil cake and meal, free under the act of 1922 and the House bill, were made dutiable in paragraph 730 at three-tenths cent per pound in order to encourage the production of soy beans in this country, especially in the corn borer infested sections where soy beans have proved to be an important substitute for the corn crop.

Paragraphs 734–750.—Fruits and Fruit Products

New provision is made for frozen berries which are made dutiable in paragraph 736 at 1¼ cents per pound if frozen without sugar and at 35 per centum with sugar added.

New provision is made in paragraph 737 for dried, desiccated, or evaporated cherries at 6 cents per pound. The rate is made compensatory to that on fresh cherries on the assumption that in ordinary practice 3 pounds of fresh cherries will make 1 of dried.

The provisions in the House bill for cherries, sulphured or in brine, with pits at 5½ cents per pound, and with pits removed at 9 cents per pound have been left unchanged except for a new provision providing that cherries which count 900 or more to the gallon, with pits shall be dutiable at 3 cents per pound and with pits removed at 4 cents.

This provision has been inserted because of the inadequacy of the domestic supply of these small cherries. It will permit domestic preservers who have built up their businesses in part by the preserving and preparation of these small cherries to maintain that branch of their operations. New provisions have been made for frozen cherries to care for the new development of marketing fruits in that condition.

New provision is made in paragraph 740 for fig paste at the same rate as for dried figs.

In paragraph 741, the duty on dates, fresh or dried, with pits, has been increased from 1 to 2 cents per pound with a corresponding change from 35 per cent ad valorem to 5 cents per pound on prepared dates in order to protect the growing domestic date industry.

That portion of paragraph 742 referring to grapes in bulk, crates, barrels, etc., dutiable at 25 cents per cubic foot has been changed to read, "Grapes, in their natural state, or sulphured, 5 cents per pound, including the weight of containers and packing." Most of our imports consist of foreign high-priced grapes packed with filling material such as sawdust, cotton waste, or cork dust in small boxes weighing 25 pounds or less. The changes in method of levying the duty is designed to facilitate entries. The increase in duty involved in the change is designed to assist that portion of our grape industry, particularly in California, which has developed a table grape mainly for winter consumption and which under present conditions must meet the competition of considerable imports of grapes arriving during the winter months.

In paragraph 743, the duty on lemons has been increased from 2 to 2½ cents per pound in order to aid in the orderly marketing of our lemon production in California which at present must face the competition of speculative entries of lemons from foreign countries. The duty on limes has been brought back to the rate in the tariff act of 1922 because domestic production is negligible. The rate on grapefruit was also made the same as the present rate because imports are declining and domestic production has remained fairly steady.

The duty on dried, desiccated, or evaporated prunes is increased from one-half of 1 cent to 2 cents per pound in order to make the rate comparable with those on other dried fruits, such as apricots, peaches, and pears and in order to give it a proper relation to the duty on prunes in the natural state.

In paragraph 750 the duty on candied, crystallized, or glacé fruits has been increased from 35 to 40 per cent ad valorem to make it consistent with the duty on confectionery. Fruit peels, crystallized or glacé, were transferred to paragraph 739 and made dutiable at 8 cents per pound.

Paragraphs 751–753.—Bulbs and Greenhouse Stock

The rates in paragraph 761 were changed back to those in the 1922 act. Most of the bulbs specifically mentioned in the act are used for greenhouse forcing. Domestic production of forcing types of these bulbs is negligible, except in the case of narcissus, being mainly of garden types. No change was made in other rates in this group.

Paragraphs 754-759.—Edible Nuts and Nut Products

In paragraph 755 the rate on Brazil nuts not shelled was reduced from 2 cents to 1 cent per pound, the rate in the act of 1922. A compensatory rate was put on shelled Brazil nuts of 3 cents per pound. There is no domestic production of these nuts. The rates on filberts, not shelled and shelled in the act of 1922 have been restored. The committee feels that the domestic production is so small at the present time that the supply will be dependent upon imports for a long time to come. Pignolia and pistache nuts have been replaced in this paragraph at the rate of 1 cent per pound as in the act of 1922. In the House bill they were stricken from the paragraph and thus fell in the basket paragraph 759 where the unshelled nuts would have been dutiable at 5 cents per pound and the shelled at 10 cents.

After careful consideration of the testimony offered and of other information available to the committee, the rate on shelled peanuts was reduced from 7 to 6 cents per pound, the rate recently proclaimed by the President as a result of an investigation of the differences in costs of production in the United States and the principal competing country.

The committee has restored the rates on pecans, unshelled and shelled, to 3 and 6 cents per pound, respectively, the rates in the act of 1922.

In paragraph 750 the committee has restored the phraseology of the act of 1922 making edible nuts, shelled or unshelled, n. s. p. f., dutiable at 1 cent per pound. The committee finds that nuts imported under this paragraph are of a distinct type not produced in the United States.

Paragraph 760.—Oil-Bearing Seeds

The House rate of 63 cents per bushel for flaxseed was decreased to 56 cents per bushel, the rate recently proclaimed by the President after investigation by the Tariff Commission of costs in the United States and the chief competing country.

Paragraphs 760 and 761.—Garden and Field Seeds

The rate on crimson clover was reduced from 2 cents to 1 cent per pound. About 90 per cent of the domestic consumption of this seed is imported. It is produced commercially in the United States only within a limited area. It appears that the interests of the many farmers sowing crimson clover seed outweighs that of the producers.

Paragraphs 763-773.—Vegetables

The rate on mushrooms, fresh or dried, in paragraph 766 was increased to 10 cents per pound and 60 per cent ad valorem, and that on mushrooms, otherwise prepared or preserved, to 10 cents per pound on drained weight and 60 per cent ad valorem. These increases in rates on canned or preserved mushrooms are based on a comparison of domestic costs with the wholesale prices of the imported article.

Truffles are not produced in the United States and as they are believed not to seriously compete with mushrooms they were transferred to the free list.

In paragraph 770 the rate on tomatoes in their natural state was reduced from 3 to 2½ cents per pound while that on prepared or preserved tomatoes was increased from 40 to 50 per cent ad valorem. These changes were made in accordance with the evidence before the committee concerning the needs of the producers.

The House bill rates were accepted for the items in paragraph 772 except that seasonal reductions were provided in the rates on eggplant and cucumbers. The varying seasonal rates are intended to benefit both the consumer and the producer since the lower rates permit imports to come in freely to supply the demand when domestic production is low and the higher rates tend to restrict the importation when the domestic-grown supply is increasing, thus preventing an oversupply in our markets with resultant unremunerative prices to domestic growers.

The duty on onions in paragraph 768 was increased from 2 to 2½ cents per pound upon evidence before the committee that the latter rate was necessary in order to allow western producers to compete with imports in the large eastern markets.

Paragraphs 774–776.—Coffee Substitutes, Cocoa and Chocolate, Ginger Root

No important change was made in these paragraphs.

Paragraphs 777 and 778.—Hay, Straw, Hops

In accordance with evidence submitted showing the need for greater protection, the duty on hay was increased from $4 to $5 per ton; the duty on straw from $1 to $1.50, and that on broomcorn from $10 to $25 per ton.

The duty on lupulin was increased from 75 cents to $1.50 per pound to accord more nearly with the duty on hops.

Paragraphs 779–780.—Spices and Spice Seeds, Teasels

No changes were made in these paragraphs.

SCHEDULE 8.—SPIRITS, WINES, AND OTHER BEVERAGES

No changes have been made in any of the rates in this schedule as set forth in the House bill.

Paragraph 806

A subparagraph has been added to apply to the importation for beverage purposes of concentrated fruit juices of the citrus fruits—lemons, limes, oranges, and grapefruit. The duty on concentrated citrus fruit juices shall be collected on the equivalent number of gallons of unconcentrated fruit juice represented by the importation. This is done so that the present rate of 70 cents per gallon will not be evaded by concentration, evaporation, or dehydration.

PARAGRAPH 814

A proviso has been added to this paragraph permitting wineries in the United States now engaged in the distillation of brandy for fortification purposes, to also distill nonbeverage alcohol to be employed in the manufacture of food products. The operation is to be conducted under such regulations as may be promulgated by the Secretary of the Treasury, and the alcohol will be subject to internal-revenue taxes similar to those now imposed on licensed distillers of alcohol. The provision is adopted as a measure of relief to grape growers and to wineries. The wineries now operate approximately 60 to 90 days a year on the distillation of brandy; under this provision they will be able to operate for longer periods and to use grapes as a raw material for the alcohol produced.

SCHEDULE 9.—COTTON MANUFACTURES

PARAGRAPH 902

The duty on cotton sewing thread is increased to provide additional protection to the domestic industry, and also with a view to preventing fine plied yarns, dutiable at higher rates under paragraph 901, being entered as thread under paragraph 902.

The duty on handwork cottons is increased because of the substantial imports which are estimated to constitute 20 to 25 per cent of the domestic production in this line.

PARAGRAPH 904 (a)

The exception in this subparagraph of "woven-figured," (as in the act of 1922), is restored. This change, together with the reinsertion of woven-figured in subparagraph (c) insures a basic rate, on unbleached cloths classed as woven-figured, higher than that provided for unbleached cloths not woven-figured.

The minimum progressive specific provision is added to provide for unbleached cloths at the lower price end of each yarn-count group. The specific provisions in the act of 1922 were deleted in the House bill.

PARAGRAPH 904 (c)

The provision in this subparagraph for "woven-figured," (as in the act of 1922), is restored. This insures the application to unbleached and to bleached cloths, if classed as woven-figured, of higher rates of duty than would otherwise be applicable under subparagraphs (a) and (b), respectively. These cloths are in most cases more expensive to manufacture than cloths officially listed as not woven-figured. The insertion of the word "woven-figured" in this subparagraph has no effect on the rates of duty applicable to printed, dyed, or colore cloths.

PARAGRAPH 904 (e)

Additional cumulative duties are provided for certain fabrics in which the domestic industry is meeting keen competition from abroad, namely, on permanent-finished organdies, on surface prints, and on

warp prints. On the two first named there is assessed additional duty of 10 per cent ad valorem and on the last named 25 per cent ad valorem. Permanent-finished organdies constituted the leading class of cotton cloths imported in 1928; these imports were principally from Switzerland, where the cloths, mainly of English origin, were given a finish permanent to washing. Domestic production is confined to three firms, two of which operate under a license from the owners of the Swiss patents. Imports of surface or relief printed cretonnes and other upholstery fabrics originate in England, France, and Germany. The domestic production of this type of printing is a recent development in this country and as yet is confined to three firms; additional duty appears to be needed to enable them to meet the prices of imported fabrics. The domestic production of warp-printed fabrics, particularly those used for upholstery, is also a fairly recent development in this country and one which appears to need a substantial increase in duty in order to meet the competition from abroad.

PARAGRAPH 904 (f)

A provision for a minimum duty of 5 cents a pound is inserted to provide for very low-priced coarse-yarn cloths on which the progressive rates might not be adequate.

PARAGRAPH 904 (g)

The duty which would apply to tire fabric, if subjected to the progressive rates for countable cotton cloths, is considerably lower than the single rate of 25 per cent ad valorem provided in the act of 1922. The provision of the act of 1922 is, therefore, restored.

PARAGRAPH 905

"Rayon or other synthetic textile" is substituted for "rayon" because of the change of wording of the definition given in paragraph 1313.

PARAGRAPH 908

The single ad valorem rate on tapestries and other Jacquard-figured upholstery cloths is replaced by four stepped rates based upon the picks per inch, as the cost of manufacture, other details being the same, varies directly with the number of filling threads per inch in the fabric. Imports, throughout the entire range, constitute a large proportion of the domestic consumption.

PARAGRAPH 911

The duty on blankets, not Jacquard-figured, has been increased to provide adequate protection against imports of low-grade goods.

PARAGRAPH 912

Candle wicking is specially provided for, and at the compound rate of the act of 1922, on the representation of the domestic industry that the ad valorem provision of the House bill would afford insufficient protection.

Woven labels for garments are advanced from 50 per cent ad valorem to 70 per cent ad valorem, owing to the fact that their manufacture requires the most expensive and complicated type of weaving, and that they are woven in large part of imported fine yarns and the resulting actual protection is much less than the apparent rate of duty.

PARAGRAPH 913

This paragraph has been divided into two brackets. Belts and belting, for machinery, have been reduced to 30 per cent ad valorem, the rate in the act of 1922, as no facts were brought forward at the hearings justifying any increase. The rate on rope used as belting for textile machinery is left at 40 per cent ad valorem, owing to appreciable imports selling below domestic costs.

PARAGRAPH 914

On cotton warp-knit fabric the rate of 55 per cent ad valorem provided in the act of 1922 is restored because manufacturers of cotton glove fabric, adversely affected by the decline in the domestic cotton glove industry, are developing a new type of fabric, in chief value of cotton but plated with rayon, for use in the manufacture of corsets and similar garments.

PARAGRAPH 915

"Finished or unfinished" are added in conformity to other paragraphs.

On cotton warp-knit fabric gloves the duty has been reduced from 60 to 30 per cent ad valorem because the higher rate, which is less than the existing rate, will not protect the domestic industry, which produced in 1928 only about 2 per cent of the domestic consumption, and will impose an unnecessary burden upon the consumers, principally women of moderate means.

On cotton knit gloves, other than warp-knit, the duty has been reduced, because of the small imports, from 50 to 25 per cent ad valorem.

PARAGRAPH 916 (a)

The new wording and rate are intended to embrace infants' hosiery retailing per pair at 50 cents or more, a class in which the domestic manufacturer can not now compete.

PARAGRAPH 916 (c)

A new provision is added to exclude cotton hosiery in part of rayon or other synthetic textile. (See par. 1309.)

PARAGRAPH 919

On shirts of cotton, which are given specific mention, the duty has been increased from 37½ to 50 per cent ad valorem because of the contentions of domestic manufacturers that imports are increasing and that the 37½ per cent ad valorem rate is less than the ad valorem

rates imposed on fine cotton cloths used in the manufacture of high-grade shirts.

PARAGRAPH 921

The rate of duty on "hit-and-miss" rag rugs is increased to 75 per cent ad valorem because this is approximately the equivalent of the present rate of 35 per cent ad valorem based upon the American wholesale selling price, which was proclaimed by the President after a cost investigation by the Tariff Commission. The duty on chenille rugs is reduced, because of the small imports, from 45 per cent ad valorem to the 35 per cent ad valorem under which they are dutiable, in paragraph 1022 of the act of 1922, as cotton rugs not specially provided for.

PARAGRAPH 922

The provision for "Rags wholly or in chief value of cotton, except those chiefly used in paper-making" cancels the provision for "Cotton wiping rags" in paragraph 1555 of the House bill. These cotton rags are of low value, and the increase in the duty from 2 to 3 cents a pound tends to protect domestic wiping rags made from specially woven fabrics and also the domestic cotton-yarn waste, (heretofore largely employed for wiping machinery, etc.), which has been increasingly supplanted by imported rags from Japan.

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

PARAGRAPH 1001

The duty on hemp is increased to further encourage the domestic production of this fiber.

PARAGRAPH 1004

The duty on flax, hemp, and ramie yarns, threads, twines, and cords is changed from a specific to an ad valorem basis for the reason that the specific duties have proved to be inequitable. The inequality is evident from the fact that there are several qualities of yarn of the same size, or count, and the values per unit vary widely between the highest and the lowest grades. A somewhat similar variation in quality exists in threads, twines, and cords. The application of one specific rate of duty resulted in an ad valorem equivalent much higher on the low-quality, low-priced goods than on the high-quality, high-priced goods.

PARAGRAPH 1005

The rate on hard-fiber cordage is reduced for the reason that imports, (exclusive of entries from the Philippine Islands), of all hard-fiber cordage are small in relation to domestic consumption.

PARAGRAPH 1006

The wording is changed for the purpose of rendering this paragraph consistent with paragraph 1004 (b).

PARAGRAPH 1009

The duty on artists' canvas is reduced because the higher rate would tend to increase the price of canvas to art students.

PARAGRAPH 1014

The duty on towels and napkins of flax, hemp, or ramie, containing more than 120 threads and not more than 160 threads to the square inch is increased for the reason that the domestic industry has extended its production of these articles to those containing over 150 threads to the square inch.

PARAGRAPH 1016

The duty on handkerchiefs with hand-rolled or hand-made hems is increased to encourage Porto Rican production of these articles.

SCHEDULE 11.—WOOL AND MANUFACTURES OF

The most important changes made in Schedule 11 by the committee are the reduction in the duty upon the clean content of clothing and combing wool from 34 to 31 cents per pound, a proportionate reduction in the compensatory duties on wool products, and the elimination of the two lowest duty brackets for many of the wool products. These changes are considered in some detail below.

PARAGRAPH 1101

Haslock and Kerry are added to the named main types of carpet wools in the interest of inclusiveness.

Scoured wools are made dutiable at 3 cents more per pound of clean content than wools imported in the grease or washed. One cent of this is for the purpose of equalizing differences in sorting costs here and abroad; all wools are sorted prior to scouring. The other 2 cents is meant to equalize the difference between scouring costs in the United States and in competing countries.

Wools imported on the skin are made dutiable at 2 cents less per pound of clean content than wools imported in the grease or washed. This duty is to be applied to all the wool. The 2-cent differential is necessary to equalize the difference between wool-pulling costs at home and abroad.

Sorted wools or matchings are made dutiable at 1 cent per pound more than wools imported in the grease or washed, to equalize the difference between wool sorting costs in the United States and in competing countries. The words "if not scoured" are added to prevent possible attempts to import scoured wools as sorted wools, since virtually all wools are sorted prior to scouring.

In the bonding provision phraseology is added to limit liquidation of the bond, when the wools are spun into carpet yarns, to those yarns which are suitable only for use in floor coverings. This is done to protect the Government against possible misuse of the finer carpet yarns.

The provision for free entry, under bond, of carpet wools for use in knit or felt boots, or heavy fulled lumbermen's socks, is eliminated.

The definition of scoured wools has been clarified in order to prevent misunderstanding.

"Skirtings," i. e., the less desirable portions of the fleece, are excluded from consideration as sorted wools or matchings. It would be illogical to impose a higher duty on these "off sorts," which are removed in the ordinary preparation of fleeces for market, than is imposed on the fleece itself.

Paragraph 1102

The first subparagraph of this paragraph is eliminated. The wool growers agreed to a lower duty on 40/44's provided they secured a duty of 34 cents per pound of clean content on the finer wools. Failing in this it seems illogical to retain the provision for a lower duty on 40/44's.

The duty in subparagraph (b) is placed at 31 cents per pound of clean content, i. e., at the rate in the present law. This is done in view of the increase of about 33 per cent in the domestic clip during the past six years. No higher duty would seem to be necessary for the adequate protection of the American woolgrower against foreign competition. The same differentials on wools imported on the skin, on sorted wools, and on scoured wools, are provided as in paragraph 1101. The tolerance provision is eliminated as unnecessary.

Paragraph 1103

The tolerance provisions placed in paragraphs 1101 and 1102 of the House bill having been eliminated, paragraph 1103 is restored to its form under the 1922 act.

Paragraph 1105.—Wool Wastes and By-products

The rates of duty levied on wool by-products in the act of 1922 were based on the relative values of such materials and clean wool. For example: Noils are normally sold at approximately 80 per cent of the value of a corresponding grade of wool; therefore the rate on carbonized noils was placed at 24 cents per pound, or approximately 80 per cent of the wool duty of 31 cents per pound of clean content. The rates on yarn wastes, shoddy, wool rags, etc., were correspondingly lower.

The House bill retained the system of relative values as a basis on which to fix duties on wool by-products, i. e., they were increased in the ratio that clean wool was increased.

The committee believes that a duty is levied on wool for the purpose of protecting the American woolgrower and that if a substitute for wool is allowed to come in at a lower rate than the duty on wool the intent of Congress is defeated. The duties on wool by-products are therefore levied in accordance with their replacement values and not according to their relative values.

Subparagraph (c), providing for a differential of 7 cents per pound on all wool by-products, is eliminated. A differential of 7 cents per pound is applied to carbonized noils and carbonized wastes n. s. p. f. Wool extract is inserted because of the elimination of subparagraph (c).

In prior tariff acts containing compound rates of duty various value classifications were established for manufactures of wool in which the compensatory duties were lower than the "full" compensatory. This method was based on the theory that fabrics of low value were composed in part of materials that were subject to a lower rate of duty than that imposed on scoured wool, and were, therefore, not entitled to the full compensatory levied on fabrics of higher value composed wholly of virgin wool.

The rates of duty proposed for wool by-products are, in effect, equal to the wool duty. For this reason the lower value classifications, providing for manufactures of wool, which contained compensatory rates less than the full compensatory, are eliminated. This applies to paragraphs 1107, 1108, 1109, 1111, 1112, and 1115.

Paragraph 1106.—Partially Manufactured Wool

The committee inserted the phrase "if carbonized" in order to include carbonized wool with partially manufactured wool. The purpose of levying a duty on carbonized wool is to protect the domestic wool-carbonizing industry. The House bill provided for carbonized wool in paragraph 1105 (c), which has been eliminated.

Paragraph 1107.—Yarns of Wool or Hair

The committee eliminated the two lower value brackets, providing for yarns valued at not more than 50 cents per pound, and valued at more than 50 cents but not more than $1 per pound. The compensatory duties in the three remaining brackets are reduced proportionate to the decrease in the wool duty. The protective rates of 40 and 45 per cent are increased to 45 and 55 per cent, respectively, because labor is a greater part of the total cost than obtains in yarns of lower value.

Paragraph 1108.—Dress Goods and Other Light-weight Fabrics of Wool

The committee eliminated the two lower value brackets providing for fabrics valued at not more than 80 cents per pound, and valued at more than 80 cents but not more than $1.25 per pound. The compensatory duties are reduced proportionate to the decrease in the wool duty. No change is made in the ad valorem rates on all-wool cloths.

An additional bracket is provided for cotton warp fabrics valued at more than $1.50 per pound. The domestic manufacturers of high-grade cotton warp linings purchase their cotton warps abroad. The protective rate is increased from 55 to 60 per cent because labor is a greater part of the total cost than obtains in fabrics of lower value.

Paragraph 1109.—Cloths and Other Heavy-weight Fabrics of Wool

The committee eliminated the three lower value brackets, providing for cloths valued at not more than 60 cents per pound, valued at more than 60 cents but not more than 80 cents per pound, and

valued at more than 80 cents but not more than $1.50 per pound; $1.25 is substituted for $1.50 per pound to conform with the lower bracket of paragraph 1108. The compensatory duties are reduced proportionate to the decrease in the wool duty. No change is made in the ad valorem rates.

Subparagraph (b) of the House bill covered articles made out of woven felts, but did not include articles which became articles on the loom in the process of weaving. This latter class of articles is also included by the committee amendment, whether they are units or are in the piece ready for separation into units.

PARAGRAPH 1110.—PILE FABRICS OF WOOL OR HAIR AND MANUFACTURES THEREOF

The committee reduced the compensatory duties proportionate to the decrease in the wool duty. No change is made in the ad valorem rates.

PARAGRAPH 1111.—WOOL BLANKETS AND SIMILAR ARTICLES

The committee eliminated the two lower value brackets, providing for blankets and similar articles valued at not more than 50 cents per pound and valued at more than 50 cents but not more than $1 per pound. The compensatory duties are reduced proportionate to the decrease in the wool duty. No change is made in the ad valorem rates.

PARAGRAPH 1112.—FELTS, NOT WOVEN, WHOLLY OR IN CHIEF VALUE OF WOOL

The committee eliminated the two lower value brackets, providing for felts valued at not more than 50 cents per pound, and valued at more than 50 cents but not more than $1.50 per pound. The compensatory duties are reduced proportionate to the decrease in the wool duty. No change is made in the ad valorem rates.

PARAGRAPH 1113.—WOOL SMALL WARES

The compensatory duty is reduced proportionate to the decrease in the wool duty. No change is made in the ad valorem rate.

PARAGRAPH 1114.—WOOL KNIT GOODS

The compensatory rates are reduced proportionate to the decrease in the duty on wool. No change is made in the ad valorem rates.

The phrase "finished or unfinished" is inserted in subparagraph (b) in conformity with the phraseology in subparagraphs (c) and (d). A new provision is added to exclude hosiery in part of rayon or other synthetic textile. (See par. 1309.)

PARAGRAPH 1115.—WOOL WEARING APPAREL, NOT KNIT OR CROCHETED

In subparagraph (a) the committee eliminated the two lower value brackets, providing for clothing valued at not more than $2 per

pound, and at more than $2 but not more than $4 per pound. The compensatory duties in the two remaining brackets are reduced proportionate to the decrease in the wool duty. No change is made in the ad valorem rates.

In subparagraph (b) the rates of duty on wool felt hat bodies is reduced from 40 cents per pound and 75 per cent ad valorem to 30 cents per pound and 50 per cent ad valorem. There is retained the additional duty of 25 cents per hat body if stamped, blocked, or trimmed. The word "pulled" is eliminated for administrative reasons. The phrase "wholly or in part" is changed to "wholly or in chief value" to correspond to the provisions in other paragraphs of the schedule.

In arriving at the above rates of duty the committee took into consideration the following factors: (1) The effect of the House rate on the price to the consumer, (2) adequate protection to the domestic manufacturer, and (3) protection to American labor.

(1) The rate of 40 cents per pound and 75 per cent ad valorem, stated in the House bill, would tend to increase the retail price of wool-felt hats to a considerable extent over the prices prevailing under the rates now in effect. These hats are worn by the ordinary consumer, therefore the committee proposes a reduction from an equivalent ad valorem rate of approximately 102 per cent, proposed in the House bill, to an equivalent ad valorem rate of approximately 70 per cent.

(2) The hearings before the subcommittee on Schedule 11 indicated that, with efficient management and modern machinery, the domestic manufacturer could operate at a profit under the rates proposed in the Senate bill.

(3) The domestic wool felt hat manufacturers employ approximately 2,200 persons, whereas the domestic hat finishers employ from 25,000 to 75,000 persons. The latter finish both domestic and foreign hat bodies. Therefore the committee proposes to retain the rate of 25 cents additional on finished hats. The specific duty of 40 cents is reduced to 30 cents per pound for the reason that these hat bodies are made mainly from noils and are, therefore, not entitled to the compensatory duty allowed on articles made from virgin wool.

Paragraph 1116.—Oriental and Similar Carpets and Rugs and Chenille Axminsters

(a) The specific duty of 50 cents per square foot is retained on oriental and other handmade carpets, rugs, and mats to protect the domestic manufacturer in the competitive field. The minimum ad valorem rate is reduced from 60 to 45 per cent for the reason that the manufacturers, importers, and retailers agreed that the minimum ad valorem rate upon the more expensive products was largely for the purpose of revenue only. The reduction of 10 per cent from the 1922 rate will tend to increase importations of high-grade, noncompetitive rugs and will increase rather than decrease the net revenue derived therefrom.

(b) Machine-made oriental weave and chenille Axminster carpets, rugs, and mats were placed in a separate subparagraph because they are directly competitive with domestic products. The specific duty in the House bill of 50 cents per square foot would be prohibitive on

the cheaper grades, therefore this duty is eliminated and a straight ad valorem rate of 60 per cent is levied on all grades. Imports of chenille Axminster carpets and rugs amounted, in quantity, to 55 per cent of the entire domestic production of such rugs, woven whole, in 1927. The ad valorem rate of 60 per cent was requested by the manufacturers, importers, and retailers.

SCHEDULE 12.—SILK MANUFACTURES

PARAGRAPH 1205

The duty on broad silks, other than Jacquard-woven, is increased from 55 to 60 per cent to afford the domestic silk industry, which has been in a depressed state in recent years, additional protection on a number of types of fabrics on which there is competition from abroad. Fabrics with multi-colored filling which require slower processes of production than ordinary plain-woven fabrics were pointed out by silk manufacturers as being in particular need of additional protection. Rayon-mixed fabrics, it has been shown, also require additional duty to compensate manufacturers for the rayon yarns used therein. European producers have a competitive raw-material advantage over the American broad-silk weavers on rayon and other synthetic yarns which are higher in price in the United States by the amount of the present rayon duty. The decline in domestic production of "gloria" cloth coupled with increasing imports from low-wage countries, such as Italy, are the factors which impelled the domestic umbrella fabric industry to seek tariff relief. Although these are the primary classes of goods considered by the committee in raising the duty, the increase will also be effective on other plain silk fabrics, the bulk of which are habutais and pongees in the gray and degummed state imported from the Far East. As such goods are low priced, requests have been made to the committee for a specific rather than ad valorem basis of assessment on these imports. Recognizing the need of an equivalent specific rate higher than the one operative on imports from China and Japan in 1928, the committee is of the opinion that in lieu of a specific scale of duty the increase in the present ad valorem rate will be effective in affording the silk industry needed and desired protection on these types of oriental silks.

PARAGRAPH 1208

The only change was the addition of a clause excepting hosiery in part of rayon or other synthetic textile from paragraph 1208 in order to avoid conflict with paragraph 1309 as amended.

SCHEDULE 13.—MANUFACTURES OF RAYON OR OTHER SYNTHETIC TEXTILE

PARAGRAPH 1301

As written, the House bill provides in paragraph 1301 for rayon yarns, which term in trade usage means ordinarily filaments which in the process of manufacture are twisted together and are adaptable for use in textile operations without further conversion. Thus interpreted, the word "yarn" does not include artificial horsehair—a

monofilament—nor the long-length filaments which, after extrusion from the spinning nozzle, are wound by parallel grouping without twisting. Since such filaments may be twisted into a yarn by silk throwsters and manufacturing consumers, they would be competitive after conversion from the imported state. There is, therefore, added to paragraph 1301 a new provision for rayon filaments, single or grouped, to cover both the artificial horsehair and the long untwisted filaments.

To aid the silk throwsters who are depending on the newly developed demand for rayon crêpe yarns as a business stimulant to energize the depressed throwing industry, there is appended to paragraph 1301 a new provision for a cumulative specific duty of 50 cents per pound on yarns having more than 20 turns twist per inch. At the present House rate, the increment of duty obtained on the ad valorem basis by reason of the increased value of the high-twist yarns as compared with regular yarns is not sufficient to take care of the difference between domestic and foreign throwing costs. Moreover, in the event of a price decline bringing the minimum specific proviso into operation, rayon crêpe yarn would be on a duty parity with rayon yarn of ordinary twist, an inequitable adjustment in view of the extra labor involved in its manufacture. The differential is added, therefore, to give these high-twist yarns the necessary protection.

Paragraph 1302

The filaments provided for under this paragraph of the House bill are not confined to the short-length untwisted filaments, other than waste, suitable for use as material in the manufacture of spun rayon yarn on the cotton, silk, or worsted spinning system. In order to exclude the untwisted filaments of indefinite length which are adaptable for throwing, there is added after the words "filaments of rayon or other synthetic textile," the words "not exceeding 30 inches in length."

The manufacture of these short, untwisted filaments known as staple fiber, is virtually a new branch of the rayon industry, domestic production having been conducted up to the present time by but one company which manufactures it on a small scale as an adjunct to denier rayon yarns. Other companies are now about to initiate its manufacture. The duty on staple fiber is therefore increased to foster the expansion of this new development. Increased domestic production of staple fiber will afford the manufacturers of spun rayon yarn an auxiliary raw material to supplement the limited supply of rayon waste which is threatening to become inadequate both here and abroad for the growing needs of the industry.

Paragraph 1303

The upward adjustment of the compensatory duty on spun rayon yarns from 10 cents per pound to 20 cents per pound is made in the first place because of the increase in the duty on staple fiber, one of the raw materials employed in its manufacture. Cognizance is also taken of the need of additional protection by the spun rayon yarn industry which has had its activity slackened by the competition of increasing imports of finer-count yarns.

The bulk of the domestic business is done on these fine yarns, in the production of which labor costs constitute a large element of the manufacturing expense. As European manufacturers have been able to undersell the domestic fine-sized yarns in the American market, additional protection is granted to cover the difference between foreign and domestic manufacturing costs due to the additional labor involved on fine counts.

PARAGRAPH 1309

No change in rate. The words "wholly or in part" have been substituted for "wholly or in chief value" when applying to hosiery. This is done because domestic manufacturers complain of increasing imports of men's half-hose in chief value of cotton, (dutiable 30 per cent), but having the body of rayon or other synthetic textile which are sold at retail as rayon hosiery.

PARAGRAPH 1311

The duty on wearing apparel is reduced to make the rate consistent with that imposed on knit wearing apparel in paragraph 1309, the difference in rates in the two paragraphs not appearing justifiable.

PARAGRAPH 1312

The duty in the basket paragraph of the rayon schedule is reduced to the level of the rate in paragraph 1311, covering rayon wearing apparel, in order to establish a relation of equality of duty between these two paragraphs in accordance with the procedure adopted for the corresponding paragraphs in the silk schedule.

PARAGRAPH 1313

Rayon, the designation adopted in 1924 by the National Dry Goods Association to supersede the term "artificial silk," is employed in the House bill as a generic term applicable to all types of chemical yarns now commercially produced. Sponsored and promoted by the group of manufacturers employing the viscose process, which represents more than 80 per cent of the industry, the term "rayon" has not been adopted by the group of three companies using the nitrocellulose, cuprammonium, and cellulose acetate processes as a descriptive name for their products. Objection has been made particularly to the use of the coined word "rayon" as a term inclusive of yarns made by the cellulose acetate method. These yarns have chemical and physical properties sufficiently dissimilar to require dyes and dry-cleaning reagents wholly different from those employed in the treatment of yarns made by the other three processes. Recognizing the possibility of confusion and loss to the consumer by merging the identity of such yarns with other types of chemical yarns under "rayon" as a common generic name, the committee has adopted the principle of the Goldsborough amendment. Accordingly, the word "rayon," wherever used in the House bill as a substantive, is supplemented by adding the words "or other synthetic textile." When employed as an adjective, before such nouns as "manufactures," "yarns," "waste," "filaments," "sewing thread," etc., the change is

made by adding after these words the modifying prepositional phrase "of rayon or other synthetic textile."

SCHEDULE 14.—PAPERS AND BOOKS

The principal changes made by the Finance Committee in Schedule 14, (papers and books), of the House bill are in the nature of clarifying clauses, amendments aimed toward clearer classifications to lessen litigation, and a harmonizing of terms, weights, and thicknesses. Approximately seven increases in rates are shown and about the same number of decreases in rates are indicated.

No changes of any description were made in paragraphs 1401, 1407, 1411, and 1412 of the House bill.

PARAGRAPH 1402

In paragraph 1402, which provides for nonprocessed paper board, wall board, and pulpboard, including cardboard, and leatherboard or compress leather, the committee rephrased the processing terms employed with a view of eliminating ambiguities. No change in rates is made in this paragraph.

The terms "plate finished, supercalendered or friction calendered" are substituted for "glazed." The term "glazed" in this paragraph is used in a descriptive rather than a commercial sense Administrative officials have been unable to determine the exact degree of gloss which is intended by the term "glazed." The terms "plate finished, supercalendered or friction calendered" are here used to indicate a gloss produced by a secondary process. These processes, generally speaking, are obtained by passing paper or board over one or a series of rolls sometimes of different materials, with or without heat, under pressure.

Laminated board as known in the industry consists of two or more layers of board combined with an adhesive substance. Board composed of layers which have been united or combined by pressure on a multicylinder machine in one process without the use of an adhesive substance is known in the trade as unlaminated board. The term "laminated by means of an adhesive substance" which is substituted for "laminated or pasted" in the House bill is here used to indicate a board produced as a secondary process by combining two or more layers with the employment of an adhesive substance.

Coated board is now held for tariff purposes to be a board the surface of which is coated with a layer of some substance. Board to the surface of which stain or dye has been applied in the same manner as a coating, is now classified for duty as an uncoated board because the stain or dye is absorbed and there is no apparent coating on the surface of the board. The term "surface stained or dyed" is here used to indicate a board to which stain or dye has been applied to the surface.

Lined board under the present law is held to be board to the surface of which a liner, (outside or exposed layers), has been pasted after the board was manufactured. Vat-lined board is board to which a liner is applied in the form of a layer of pulp at the time of manufacture in one process and is classified for duty as an unlined board. Vat-lined board competes in the trade with lined board, and the term "lined or

vat-lined" is here used to indicate a board which has been lined by means of pasting or which has been produced in the form of a layer of pulp at the time of manufacture in one process.

The same terms used in paragraph 1402 to describe processed boards are repeated in paragraph 1413.

PARAGRAPH 1403

The rate on manufactures of pulp in paragraph 1403 is increased from 25 per cent to 30 per cent to correspond to the rate on paper not specially provided for in paragraph 1409. Paper is a manufacture of pulp, and in a case where an article manufactured of pulp and similar to paper, though not known as paper, is imported, the same rate of duty will apply whether the article be classified as pulp or of paper.

PARAGRAPH 1404

The chief change made in paragraph 1404 is the inclusion in the bracket covering crêpe paper of a provision for paper wadding, pulp wadding, and manufactures of such wadding. The wadding referred to consists of a number of thin, soft, highly absorbent layers, and is used for candy-box padding, surgical and sanitary purposes, and similar uses. Much customs litigation in the matter of classification has occurred, and by the specific mention of wadding the intent of the Congress is made clear.

The term "white or printed" as applied to light-weight paper is restored. The inclusion of this term is to insure tissue papers when printed taking the duty provided for light-weight papers rather than a lower duty in some other paragraph.

PARAGRAPH 1405

The committee restored the language and rates of the act of 1922 in paragraph 1405 on photographic paper for sensitizing and sensitized photographic paper. The House bill provided separate brackets for basic blue-print and brown-print paper and sensitized blue-print and brown-print paper, and materially reduced the rate on basic photographic paper.

PARAGRAPH 1406

The principal change in paragraph 1406 is the reduction in the rates of duty provided in the House bill on ceramic decalcomanias. The rate on ceramic decalcomanias weighing not over 100 pounds per 1,000 sheets is reduced from $1.40 per pound and 15 per cent ad valorem to $1.25 per pound and 15 per cent ad valorem; on ceramic decalcomanias weighing over 100 pounds per 1,000 sheets the rate is reduced from 35 cents per pound and 15 per cent ad valorem to 30 cents per pound and 15 per cent ad valorem. The rates in the two brackets are compensatory. The committee took this action so that no undue burden should be placed on the pottery industry which utilizes the decalcomanias in the decoration of chinaware. Other changes made in paragraph 1406 are in the rates covering die cutting and embossing, and in the increased thickness of paper due to the use of bulkier types in the lithographic industry.

PARAGRAPH 1408

To the provision for envelopes is added "envelopes, filled or unfilled, whether the contents are dutiable or free" and the proviso, "That paper envelopes which contain merchandise subject to an ad valorem rate of duty or a duty based in whole or in part upon the value thereof shall be dutiable at the rate applicable to their contents, but not less than the rates provided for herein." The intent of the added phraseology is to make dutiable envelopes for mailing lithographic greeting cards and other similar commodities. Under the present law the packing for lithographed goods is not dutiable.

PARAGRAPH 1409

The committee reverts to the language and rates of the act of 1922 on both plain and printed hanging paper in paragraph 1409. The rates prevailing in the act of 1922 on filtering paper are restored and the rate on cover paper specifically provided for in the House bill is reduced.

PARAGRAPH 1410

The rate of duty on maps and charts in paragraph 1410 is increased over the rate provided in the House bill. The only other change made in this paragraph is a clarifying clause added to the brackets covering greeting cards, valentines, and all other social or gift cards.

PARAGRAPH 1413

The committee in paragraph 1413 employs the same language to describe processes of paper board, pulpboard, cardboard, and leatherboard as are used in paragraph 1302. The committee also makes a specific provision for ribbon flycatchers.

SCHEDULE 15.—SUNDRIES

GENERAL

Some of the important items now in the sundries schedule are hides, leather, boots and shoes, manufactures of leather, laces and embroideries, toys, jewelry, manufactures of rubber, furs and fur goods, cork products, fur felt and straw hats, sporting and athletic goods, and musical instruments.

Schedule 15 is an important one from a revenue-producing standpoint. In 1927 the merchandise entered for consumption under the sundries schedule was valued at $226,117,000, upon which the duties amounted to $88,624,000, being exceeded in value only by Schedule 7, (agricultural products and provisions), and in duties only by Schedule 5, (sugar, molasses, and manufactures thereof). The transfer in the House bill of hides, leather, boots and shoes from the free list will tend to increase the importance of this schedule as a revenue producer, notwithstanding that diamonds and other precious stones, rough and uncut, have been transferred to the free list and that the rate of duty on such stones, cut but not set, and on pearls has been reduced from 20 to 10 per cent.

Changes in Rates of Duty and Transfers

The committee has made approximately 71 changes in the rates in the House bill. Of this number, 49 are decreases and 22 increases. Diamonds and other precious stones, rough or uncut, have been transferred to the free list. Cotton wiping rags provided for in paragraph 1555 of the House bill have been transferred to the cotton schedule, paragraph 922. A paragraph, (new 1557), relating to stamping and embossing materials of pigments has been added. These articles appear to be more appropriately provided for here rather than in paragraph 382 (b) of Schedule 3, metals and manufactures of.

Paragraph 1501 (b).—Asbestos Products

The words "synthetic resin" are inserted for the purpose of excluding articles containing synthetic resin which might be manufactured with a small asbestos content to take advantage of the rates of duty in this paragraph.

Paragraph 1502.—Athletic Goods

Subparagraph (b) emphasizes the intent to exclude from the paragraph all articles designed chiefly for the amusement of children, although some of such articles may afford incidental physical exercise or may be educational. Golf tees are specially provided for to insure their inclusion under this paragraph.

Paragraph 1503.—Imitation Solid Pearl Beads

Domestic production of imitation solid pearl beads has decreased from $5,000,000 in 1924 to $1,500,000 in 1928. Since 1924 Japan has been the chief source of imports of imitation solid pearl beads, some of which are valued as low as one-eighth cent per inch. Japanese beads, which at first were of such inferior quality as not to be comparable with domestic imitation pearl beads, have in the last few years improved to such a degree that domestic manufacturers report severe competition in the better grades.

According to a preliminary statement of information issued by the United States Tariff Commission in connection with a cost-of-production investigation, the lowest selling price in 1926 of domestic-made beads ranged from 3.34 to 5 cents per inch with an average cost of production, not including selling expenses, of 2.79 cents per inch. The average import value per inch falling within the same price range was 1.01 cents for Japan and 1.06 cents for France.

Paragraph 1505.—Straw Braids and Hats

Braids.—Subparagraph (a), dealing with braids, etc., composed wholly or in chief value of straw, chip, etc., has been changed by the committee which added the following language: "Any of the foregoing containing any part, however small, of rayon, or other synthetic textile, 90 per centum ad valorem."

Under the act of 1922 pedaline braids entered under the provisions of paragraph 1430 at 90 per cent ad valorem, but under a recent

interpretation such braids were classified under paragraph 1406 of the act of 1922, if in chief value of manila hemp at either 15 or 20 per cent ad valorem.

For the purpose of clarifying the matter the committee added the above language so that braids made of strands or filaments wrapped or treated with rayon or synthetic textile similating or substituting for pure rayon or synthetic textile braids will be dutiable at 90 per cent ad valorem, the same rate provided for rayon or synthetic textile braids in paragraph 1529 (a), report of the Senate Finance Committee.

This action was deemed justifiable by the facts developed in the hearing.

Straw hats.—The number of wage earners employed in the men's straw-hat industry has declined since 1914. American manufacturers in 1914 furnished 94 per cent of the consumption of straw hats in the United States and in 1928 approximately 50 per cent. Wages in Italy, the chief competing country, average $6.72 for a 48-hour week as against a wage of $1 an hour for straw-hat makers in the United States. The report of the Tariff Commission, (July 17, 1925), to the President showed that the total manufacturing cost per dozen in Italy was $5.98 compared with $12.74 for domestic. The cost, including transportation to New York for Italian hats was $7.08 per dozen and an ad valorem duty necessary to equalize on the basis of foreign valuation was 88 per cent ad valorem.

Since the President's proclamation, (effective March 14, 1926), which placed a duty of 88 per cent ad valorem on men's sewed straw hats valued at $9.50 or less per dozen, imports entered under this classification have decreased in number, value, and unit value. Imports of other sewed hats entered under the 60 per cent ad valorem rate have increased very rapidly. Other sewed hats include not only men's sewed straw hats valued at more than $9.50 per dozen but also sewed hats made of material other than straw regardless of the value of the hat. Thus men's sewed hats made of chip braid, similar in appearance to and competing with men's sewed straw hats, valued at $9.50 or less per dozen, are dutiable at 60 per cent and not at the proclaimed rate of 88 per cent. In 1927 imports of sewed hats dutiable at 60 per cent numbered 750,240 hats; in 1928, 1,808,214 hats; in 1929, (January-June, inclusive), 2,873,084 hats. At the same time the unit value per hat decreased from 68 cents in 1927 to 33 cents in 1929.

Subparagraph (c) has been added by the committee in order to protect the domestic manufacturers in case of importations of hats, bonnets, hoods, composed wholly or in chief value of any braid not provided for in this paragraph, if such braid is composed in any part, however small, of rayon or other synthetic textile.

Paragraph 1506.—Brooms and Brushes

Domestic production of brooms decreased from $26,261,824 in 1923 to $18,444,912 in 1927. Imports decreased from $51,693 in 1923 to $10,751 in 1927. Evidence was submitted that increased imports of brooms are to be anticipated by reason of recent exports of domestic broom machinery to certain European countries in which supplies of broomcorn are available.

The ratio of the total number of imported toothbrushes having handles composed of products provided for in paragraph 31 to the total number produced annually in the domestic industry is 50 per cent or more, the principal competition being in those retailing at from 10 to 25 cents each. Japan is the principal source of these imports. Domestic toothbrush production, which is carried on mostly in establishments not controlled by pyroxylin manufacturers, has been materially curtailed by reason of the quantity of toothbrushes imported. Competition from imported toilet brushes having pyroxylin handles or backs is less keen than for toothbrushes. Information has been submitted to show that pyroxylin brush handles and backs are apparently being imported in considerable quantities at low prices. With respect to toilet brushes mounted in gold, etc., testimony has been given that these articles are not products of the brush industry; that they are usually sold as component parts of sets; and that such articles require a duty of 60 per cent ad valorem. Imports of hair pencils increased from 3,045,249 in 1923 to 17,820,720 in 1927. but these articles are not manufactured in the United States.

Paragraph 1511.—Manufactures of Cork

The domestic cork industry in 1927 consisted of 26 establishments, which employed about 4,000 workers, and had a product valued at over $17,000,000. The chief cork products manufactured in this country are bottle corks, wafers and washers, tile, and cork insulation. Production has increased little in recent census periods and has apparently been influenced by large increases in the imports of cork stoppers, wafers and washers, tile, and insulation. Sales of domestic stoppers were nearly $600,000 and insulation about $630,000 less in 1927 than in 1926.

Imports consist chiefly of insulation, stoppers, tile, wafers, and washers. Insulation as now made is purely an American development, but since the war Spain and Portugal have increased their production of this article many times and have been sending insulation to this country in largely increased amounts in recent years. Imports, which were less than 9,000,000 pounds in 1921, increased steadily and in 1927 were over 50,000,000 pounds. In 1927 and 1928 imports of cork insulation formed approximately 50 per cent of domestic consumption. Because of this competition two domestic firms have purchased factories abroad, are importing large and increasing amounts of insulation from their foreign factories, and have decreased their domestic production. In addition to the two American firms who manufacture insulation abroad, one other American firm is importing increased amounts of insulation and curtailing domestic production.

The remarks made in regard to cork insulation are, in general, true of cork tile. It is an American development. Imports averaged about 560,000 square feet in the three years 1926–1928, with a value of just over 10 cents per square foot. This was about 40 per cent of the total domestic consumption.

There were no imports of cork stoppers made of artificial or compressed cork in 1928, and only minor quantities in prior years. Practically all imported stoppers are of natural cork bark. Imports have increased 169 per cent in quantity, 476 per cent in total value, and

114 per cent in average value per pound since 1922. The value of imports in 1928 was nearly 30 per cent greater than in any prior year and the increased unit value per pound has resulted in a lower equivalent ad valorem duty than in 1922.

Shell corks are perforated stoppers and are used in toilet and condiment bottles and other similar containers. They are made of very high-grade cork, there is much breakage and waste, and the cost of production and unit value are proportionally high. The domestic price of these corks was stated in testimony to be $2.65 per pound, and that of the imported $1.30 per pound, exclusive of duty, a difference of $1.35 per pound. The rate of duty has been made 75 cents per pound.

The comments on shell corks, except as to use, apply to cork penholder grips, although the latter have a considerably higher cost of production. The domestic price was testified to be $7.20 per pound, while the prevailing import price, exclusive of duty, was $4.30 per pound. The rate of duty has been made $1.50 per pound.

Imports of disks, wafers, and washers are unimportant with the exception of those three-sixteenths of an inch or less in thickness, made of natural cork bark, which averaged over $600,000 per year for the last four years, 1925–1928.

Paragraph 1513.—Toys

Domestic production in establishments primarily engaged in the manufacture of toys, including playground equipment, increased from $35,491,345 in 1923 to $66,844,886 in 1927. The total number of employees and the total wages paid also increased in this period. The total value of toys imported under this paragraph decreased from $8,082,322 in 1923 to $4,611,393 in 1927. Evidence submitted showed that keen competition exists due to the large quantity of toys imported, particularly from Germany, described and classified otherwise than as toys, under other paragraphs, wherein these articles are dutiable at lower rates than the 70 per cent here provided.

The manufacture of pyroxylin dolls and toys, composed of products provided for in paragraph 31, is carried on in establishments other than those included in census figures as toy manufacturers.

An unusually large amount of customs litigation caused by the classification of articles ordinarily known as toys has occurred. In the act of 1922, such articles have been classified under paragraph 228, (optical instruments); paragraphs 211 and 212, (toys of earthenware, china, etc.); paragraph 385, (tinsel toys); paragraph 1402, (sporting goods); paragraph 1443, (musical instruments); and toy favors, souvenirs, containers, etc., generally heretofore have been assessed for duty at less than 70 per cent. These articles are made dutiable under this paragraph.

By striking out House bill phraseology, dolls and doll clothing, composed in part of laces, embroideries, etc., are excluded from this paragraph, the effect being to make these articles dutiable under paragraph 1529 (a) without special mention. Other doll clothing is specifically excluded from the paragraph, and will become dutiable according to the nature of the article. By eliminating House bill phraseology, dolls, toys, and parts thereof, composed of products provided for in paragraph 31 are made dutiable at the 70 per cent

rate. Toy favors, etc., not specially provided for in the act of 1922 or in the House bill, are here specially provided for. The term "toy" is defined with the intention of insuring classification under this paragraph of all articles chiefly used for the amusement of children. It is intended by the phraseology included in the proviso, adopted in the House bill and approved by the committee, and by including the definition of "toy," by striking out special mention of toys in paragraphs 211, 212, and 385, and by including new phraseology in paragraphs 228, 1502, and 1541 (d), to make all toys dutiable at 70 per cent under this paragraph, excepting that wherever toys are dutiable elsewhere under other descriptions at more than 70 per cent, such other rate shall apply.

PARAGRAPH 1514.—ABRASIVES.

Grain or ground garnet, covered by the provisions of paragraph 214 as a mineral substance, was nevertheless held by Treasury decision exempt from duty as ground ore under paragraph 1619 of the 1922 act. It has been included by the committee with other abrasives at the same rate carried by them.

A clause is added to the paragraph to cover certain alloy content of abrasives. It is intended to apply to metallic carbides and other hard materials used as artificial abrasives.

The rates are approximately the same as rates on similar products in other paragraphs.

PARAGRAPH 1516.—MATCHES

The total value of the domestic production of matches of all kinds increased from $23,940,064 in 1923 to $24,725,404 in 1927. The total number of establishments, wage earners, and wages paid decreased in that period. Practically all of the imports consist of single-tipped, strike-on-the-box matches. Nearly all of these come from Sweden or from some of the foreign countries in which production is controlled by a large Swedish producer. Domestic competition from imports is increasing. Imports increased from 3,534,856 gross boxes in 1923 to 5,519,616 gross boxes in 1928, the unit foreign value showing a decrease in that period from 46 to 37 cents per gross. Very few matches similar to those imported are made at present in the domestic industry, although such matches could be made with minor adjustments in present equipment. Information obtained from the United States Department of Agriculture bulletins and from trade sources leads to the belief that abundant supplies of wood suitable for the production of the strike-on-the-box matches and match splints and skillets is available in the United States.

The rate of duty on imports of matches in boxes containing more than 100 matches each has been adjusted so as to make the rate per 1,000 matches equal to the rate per gross boxes.

PARAGRAPH 1519.—FURS

Dressed dog, goat, or kid skins, and plates, mats, etc., thereof, are made dutiable at the rate of 10 per cent ad valorem. The words

"linings, strips," have been added in order that importations under the classification will receive the same rate as plates, mats, etc.

Mats and strips have been added in order to make rates uniform with manufactures of fur further advanced than dressing, prepared for use as material.

Paragraph 1527.—Jewelry

Foreign competition on novelty jewelry made of metal other than gold or platinum has increased greatly in recent years, especially from Czechoslovakia, France, and Germany. Imports have doubled in value and increased almost tenfold in quantity since 1923.

Domestic production of jewelry in 1927 was $164,000,000, a decrease of $10,000,000 since 1923. It is estimated that $45,000,000 of the $164,000,000 in 1927 was novelty jewelry, with decreased production in 1928.

After adding duty and other charges to foreign invoice value of imports of novelty jewelry, it is estimated that at least $10,000,000, or about 25 per cent, of domestic production of novelty jewelry on a value basis—and even a greater percentage on a quantity basis—has been replaced by imports.

The committee amendment inserting the words "or of which the metal part is wholly or in chief value of gold or platinum" is for the purpose of making a piece of jewelry, etc., when of gold or platinum, but in chief value of a precious stone, dutiable at 80 per cent instead of at the higher rate provided in the House bill.

Paragraph 1528.—Diamonds

Imports of diamonds in 1913 were $37,458,995, and in 1927, $52,206,377. There is no record of the number of carats imported in 1913, but as the cost of diamonds per carat in 1927 was two and one-third times that of 1913 and the number of carats imported in 1927 was 682,666, it follows that approximately 1,140,000 carats were imported in 1913. This is a decline of 450,000 carats. It is known that the world production of diamonds in 1927 was much greater than in 1913, and that the United States to-day is buying a much larger proportion of the world production than in 1913. It is claimed, therefore, that the amount of diamonds coming into the United States is almost as great as the amount of diamonds passing through customs.

The committee transferred diamonds and other precious stones, rough or uncut, to paragraph 1668 of the free list; and reduced the rate on diamonds and other precious stones, cut but not set, and on pearls or parts of pearls, in an effort to reduce the incentive to smuggle.

The committee inserted "and iridescent imitation solid pearls" to make the phraseology of this paragraph correspond with the phraseology in paragraph 1503.

The committee struck out "not coated with fish-scale solution," as otherwise there would be no provision in this paragraph for imitation half pearls "coated with fish-scale solution."

PARAGRAPH 1529 (B).—HANDKERCHIEFS

The compound rate of 4 cents each and 40 per cent ad valorem on embroidered or lace-trimmed handkerchiefs was changed because the equivalent ad valorem rates based on these figures were considered abnormally high on low-grade goods.

In the revised rates of 3 cents each and 40 per cent ad valorem the value limit of 60 cents per dozen was set so that low-grade goods imported from countries having unusually low production costs can not come in below an equivalent ad valorem rate considered sufficient to protect the domestic manufacturer.

The minimum rate of 75 per cent ad valorem was set so that under the compound rate the higher grade goods could not come in at an equivalent ad valorem rate lower than that of the present law.

The additional rate of 1 cent each on handkerchiefs having hand-made hems or hand-rolled hems was imposed in order to encourage the hand workers in Porto Rico who tend to specialize in those types of hems.

PARAGRAPH 1529 (C).—ELASTIC FABRICS

It was brought to the attention of the committee that the House provisions imposing a duty of 60 per cent ad valorem on elastic fabrics in part of india rubber, more than 12 inches in width, could be evaded by bringing in fabrics of less than 12 inches in width and sewing them together. The committee amendment, therefore, strikes out the size limitation, so that the 60 per cent rate will apply regardless of width.

PARAGRAPH 1530.—LEATHER AND MANUFACTURES OF LEATHER

Leather.—The tanning industry of the United States has been in a depressed condition since the World War. Many plants have been dismantled and many are operating part time only. In 1928 there were 51,940 laborers employed in domestic tanneries, as compared with 59,703 in 1923, a decrease of 13 per cent. Salaried employees have decreased 800 in number during this period. Imports have increased rapidly while exports have declined. Leather is one of the key industries vital to national defense and has not shown profitable conditions in recent years. In order to protect the industry against the increasing foreign competition and to compensate for a duty on raw materials, duties have been placed on the various classes of leather, which will tend to equalize the differences in material and labor costs in the United States and foreign countries.

An entirely new subparagraph (c) has been inserted. This new subparagraph covers in more detail the various classes of leather, contained therein, and places the same duty on leather cut or wholly or partly manufactured into uppers, vamps, or any forms or shapes suitable for conversion into boots, shoes, or footwear as the leather from which they are manufactured.

Boots and shoes.—The total domestic production of boots and shoes during the period January–June, 1929, showed an increase of 2.3 per cent, as compared with a similar period in 1928. Imports of leather footwear increased from 871,074 pairs, valued at $1,091,916 in 1922, to 3,249,939 pairs, valued at $9,273,406 in 1928. During

the first six months of 1929 there were imported 4,201,441 pairs of leather footwear, valued at $10,024,344, as compared with 1,437,183 and 2,195,125 pairs during the corresponding respective periods of 1927 and 1928. Women's shoes continue to dominate the imports, coming principally from Czechoslovakia. The competition of these imports is most keenly felt by manufacturers of MacKay type of women's shoes, who are located principally in Massachusetts. The importation of the women's turn shoes, produced in Switzerland, is felt by the domestic manufacturers located principally in Brooklyn, N. Y. The average wage in the shoe industry of Czechoslovakia, the principal competing country, is about one-third that prevailing in the shoe industry in this country.

A duty has been placed on boot and shoes, which is compensatory for a duty on hides and leather and also protective in order to bring about nearer equalizations of foreign and domestic labor costs.

Paragraph 1535.—Fishing Tackle

The committee amendment restores the rates and language of the 1922 act.

Paragraph 1539 (b).—Synthetic Resin

The committee has retained the provision for laminated products of which any synthetic resin or resinlike substance is the chief binding agent, in sheets or plates and in rods, sheets, and tubes, or other forms, and manufactures wholly or in chief value of any of the foregoing.

This provision covers laminated products made from paper, or paper, cotton, linen, or other material united with a synthetic resin or resinlike substance. One of the two important uses is the manufacture of parts of electrical and mechanical machinery. The high dielectric properties render them of special importance as insulating material for automobile parts, radio sets, and other electrical equipment. They also have mechanical uses, such as for silent gears and other parts of machinery.

The phrase "provided for in paragraph 28," has been deleted in order to include not only synthetic resin or resinlike substances provided for in paragraph 28, but the new synthetic resins provided for in paragraph 11, which have already assumed commercial importance.

The words "strips, blanks," have been inserted in order to include laminated material cut into strips, blanks, and covered by the phrase "or other forms." These strips and blanks belong to the same class as rods, tubes, and blocks.

The phrase "or of any other product of which any synthetic resin or resinlike substance is the chief binding agent," has been inserted in order to make specific provision for an important group of products known as molded products. These are made by molding under heat or heat and pressure a mixture containing synthetic resin or a resinlike substance and a filler, such as wood flour and pigments.

Molded products included in this provision cover a wide range and are used chiefly in electrical or mechanical machinery where requirements of electrical insulation properties, mechanical strength, exactness of form or size, and resistance to destructive agents, render them of peculiar importance. These molded products find a multitude of uses.

PARAGRAPH 1552.—PIPES AND SMOKERS' ARTICLES

Domestic production of pipes and smokers' articles decreased from $9,704,816 in 1923 to $7,273,806 in 1927. Of the 1927 total, $6,946,570 represents pipes, most of which have bowls of brierwood. In the same period the total number of domestic establishments decreased from 30 to 23, the total number of wage earners from 2,402 to 1,807. Total wages paid also show a material decrease. In an investigation of brierwood pipes by the Tariff Commission and in testimony submitted at hearings, information was obtained tending to show that competition from imports of such pipes, particularly those in the lower grades, has seriously affected the domestic pipe industry, and that the rate of duty on such pipes under the act of 1922 has been inadequate.

It is estimated that approximately 75 per cent of the imports of pipes consist of those having brierwood bowls. Evidence was also submitted to show that the imports of cigar and cigarette holders, composed of synthetic phenolic resin have practically eliminated the domestic production of such articles and that a wide variance exists between the foreign and domestic production costs. Testimony was also given as to the possibility of substituting pipes having bowls made of materials other than brierwood and holders composed of materials other than synthetic resin. Such pipes and holders should be made dutiable at the same rate as brierwood pipes and holders of synthetic resin.

PARAGRAPH 1557.—STAMPING AND EMBOSSING MATERIALS

This paragraph provides for articles similar in use to those provided for in paragraph 382 (b), but composed of pigments instead of metal powders. They are now dutiable as surface-coated paper at compound rates.

SCHEDULE 16.—FREE LIST

PARAGRAPH 1601.—NITRIC ACID

The committee amendment restores nitric acid to the free list, where it is found under the 1922 act. The House bill made it dutiable at one-half of 1 cent a pound under paragraph 1.

PARAGRAPH 1604.—CREAM SEPARATORS

The change in valuation results in transferring machines valued at more than $40 but not more than $50 each to paragraph 372 at 25 per cent ad valorem.

PARAGRAPH 1607.—ANIMALS FOR EXHIBITION

The express provision of the House bill relating to fish was eliminated in this paragraph, because fish brought in for the purpose of breeding or exhibition are already made free of duty under paragraph 1677 as "Fish imported to be used for purposes other than for human consumption."

PARAGRAPH 1612.—ARROWROOT

The committee amendment puts on the free list arrowroot, manufactured, and starch and flour, which are at present dutiable under paragraph 85 of the 1922 act as starch. This change has been made in order to permit the free entry of arrowroot starch, which is very easily digested and used largely in the preparation of baby foods.

PARAGRAPH 1615.—AMERICAN GOODS RETURNED

The 1922 act and the House bill permit the free entry of articles of domestic growth or manufacture when returned without advance in value or condition, but only if imported by the exporter. The committee amendment removes this limitation as to the importer.

The 1922 act and the House bill admit free of duty containers or coverings of American manufacture, (except fruit boxes provided for in paragraph 407), which have been exported with benefit of drawback, but only upon the payment of the amount of the drawback. The committee amendment relieves from the repayment of the drawback such containers or coverings as contain merchandise free of duty or subject to a specific duty.

Under existing law films of American manufacture exposed abroad are entitled to free entry, except moving-picture films. The House bill confines the exception to such moving-picture films as are to be used for commercial purposes, thus permitting the free entry of moving-picture films imported neither for exhibition for profit nor for sale. The committee approves this provision of the House bill.

PARAGRAPH 1623.—BREAD

The definition of bread has been revised so that the intention of the committee might be carried out that only ordinary light-raised bread such as is commonly used in the United States should be free of duty and not the various forms of so-called Swedish rye breads which resemble hard crackers in appearance and taste. These rye breads will automatically be provided for in paragraph 733 where they become dutiable as biscuits or crackers at 30 per cent ad valorem.

PARAGRAPH 1640.—BURRSTONES, MILLSTONES, ETC.

The committee amendment places on the free list burrstones which under the House bill and 1922 act were dutiable at 15 per cent ad valorem.

PARAGRAPH 1643.—TYPEWRITERS AND PARTS THEREOF

The transfer of the word "typewriters" from paragraph 1786 of the House bill to this paragraph results in the transfer of parts of typewriters, such as ribbons and ribbon spools, from the dutiable list to this paragraph of the free list.

PARAGRAPH 1654.—COFFEE

Coffee is one of the most important industries in Porto Rico, and in order that she may have control of her domestic markets an exception

has been made in this paragraph for coffee imported into Porto Rico and upon which a duty may be imposed by the Porto Rican Legislature under authority of section 319.

Paragraph 1664.—Metal Drosses

The new phraseology gives the term "metallic mineral substances in a crude state" a more definite meaning by the specification of certain metallurgical by-products.

The term "metals unwrought" is deleted because most of the alloys and other materials now classified under such terms have been given specific mention in the chemical and metal schedules, and it is intended that such articles as ferroalloys not at present in use shall be dutiable under paragraph 302 as alloys not specially provided for, used in the manufacture of steel, or under other clauses of that paragraph, unless more specifically provided for in the dutiable schedule.

Paragraph 1667.—Cyanide

Sulphocyanides or thiocyanides, thiocyanates, nitroprussides, ferrocyanides, ferricyanides, and cyanates belong to classes chemically distinct and separate from the true cyanides, and have been specifically excluded from paragraph 1667, thus placing them in paragraph 5 at 25 per cent ad valorem.

Paragraph 1682.—Game Animals and Birds

The provision for free importation of game animals and birds for stocking purposes which under the House bill was limited to United States or State game officials is broadened to include importations made by any person under regulations of the Secretaries of the Treasury and of Agriculture. A provision has been added for the free entry of game animals and birds killed in foreign countries by residents of the United States.

Paragraph 1687.—Explosives

The phrase "and not wholly or in chief value of cellulose esters" has been inserted in paragraph 1687 in order to exclude from free entry sporting powders or any other explosives in chief value of cellulose esters, which includes the guncotton type now dutiable under paragraph 31 at 60 per cent ad valorem. This will also prevent importation of cellulose ester explosives which are suitable either with or without chemical treatment for use in the preparation of low viscosity nitrated cotton for lacquers or other purposes.

Paragraph 1692.—Grindstones

The committee amendment places on the free list grindstones, which under the House bill and 1922 act are dutiable at $1.75 per ton.

Paragraph 1703.—Junk

The committee amendment strikes out the provision for free entry of old junk on account of numerous administrative difficulties in

classifying articles under this paragraph. It is believed that any small item which, under existing law, falls under this paragraph, would under the committee amendment probably be classified as waste under paragraph 1555. In view of the fact that a small amount of tarred rope, not suitable for paper making and used for making oakum, is being imported, the committee amendment retains this on the free list as waste rope.

Paragraph 1705.—Kieserite

The committee amendment restores to the free list kieserite, which is free under the 1922 act, but which under the House bill is dutiable under paragraph 50 at one-fourth of 1 cent per pound.

Paragraph 1713.—Manganese Ores

The committee amendment makes free of duty manganese ores and manganese concentrates, which under the House bill and 1922 act were dutiable under paragraph 302, if containing in excess of 30 per cent of metallic manganese, at 1 cent per pound on the metallic manganese.

Paragraph 1723.—Muzzle-Loading Firearms

The committee amendment makes free of duty muzzle-loading firearms, which under the House bill and 1922 act are dutiable at 25 per cent ad valorem.

Paragraph 1725.—Trawl Nets

The committee amendment strikes out the words "or vegetable fiber" for the purpose of preventing the free entry of nets, such as shrimp nets, of vegetable fiber other than manila, made on the otter trawl principle.

Paragraph 1727.—Oil-Bearing Seeds

Free entry is provided for kapok seed and rubber seed, which are oil-bearing seeds imported to a certain extent and not produced in this country.

Paragraph 1728.—Drugs

The committee amendment places on the free list gentian, sarsaparilla root, belladona, digitalis, henbane, stramonium, and ergot, which under the 1922 act and the House bill are dutiable under paragraphs 36 and 37 at various rates.

Paragraph 1732.—Oils, Distilled or Essential

The committee amendment places on the free list eucalyptus oil, which under the House bill and 1922 act was dutiable at 25 per cent ad valorem.

PARAGRAPH 1733.—OILS, EXPRESSED OR EXTRACTED

The committee amendment place on the free list inedible rapeseed, sunflower, and sesame oils, which under the 1922 act and the House bill were dutiable at various rates.

The House bill and the existing law place on the free list Chinese and Japanese tung oils. The committee amendment makes free tung oil of whatever kind and from whatever country.

PARAGRAPH 1735.—NICKEL OXIDE

The committee amendment places on the free list nickel oxide, which under the 1922 act and the House bill is dutiable at 1 cent per pound.

PARAGRAPH 1738.—LONDON PURPLE

The committee amendment places on the free list London purple, which under the 1922 act and the House bill was dutiable at 15 per cent ad valorem.

PARAGRAPH 1753.—PATNA RICE

The House bill restricted the free importation of Patna rice to rice imported for use in soups. The wording of the act of 1922 is restored, since it appears that the same reasons for the free importation for soups apply to free importation for other canned foods.

PARAGRAPH 1757.—FROZEN SEA HERRING

Frozen sea herring has been transferred to the free list from the basket clause of paragraph 717 (a) because of the inadequate domestic production of sizes suitable for smoking.

PARAGRAPH 1758.—CHICKPEAS

Chickpeas or garbanzos are transferred to this paragraph of the free list from paragraph 767, since they are not produced commercially in this country. Cowpeas are also provided for here rather than in paragraph 768, since imports, other than blackeyes, which have been ruled to be dutiable as beans, are negligible.

PARAGRAPH 1761.—SHINGLES

The committee amendment restores to the free list shingles, which under the House bill were dutiable at 25 per cent ad valorem.

PARAGRAPH 1767.—SODIUM NITRATE AND SALT CAKE

The words "crude or refined" have been inserted after the word "nitrate" in order to include in the free list all grades of nitrate of soda.

The word "crude" has been inserted before "salt cake" in order to confine paragraph 1767 to crude salt cake and to permit the classification of refined salt cake or sodium sulphate under paragraph 82

PARAGRAPH 1775.—SILICA

By the insertion of the word "silica" in paragraph 1775, entry free of duty is provided for the classes of silica subject to duty under the provisions of paragraph 207 of existing law, as well as for all other commodities, not specially provided for, commercially or commonly known as silica.

PARAGRAPH 1782.—TAR AND PITCH

The committee amendment restores to the free list wood tar and pitch of wood, which under the House bill were dutiable at 1 cent per pound.

PARAGRAPH 1784.—IMPURE TEA

The committee amendment places on the free list impure tea, tea waste, and tea siftings and sweepings, which under the House bill and the 1922 act were dutiable at 1 cent per pound.

PARAGRAPH 1787.—ALLOYS OF TIN

Alloys in chief value of tin, which by the committee amendment are made free of duty under this paragraph, are under the 1922 act and the House bill free of duty as metals unwrought.

PARAGRAPH 1789.—TRUFFLES

Truffles have been transferred to the free list from paragraph 766 since they are not produced in the United States.

PARAGRAPH 1799.—TRAVELERS' EXEMPTION

The committee amendment increases from $100 to $200 the amount of personal or household effects or souvenirs admitted free of duty in case of returning residents to the United States.

PARAGRAPH 1802.—WITHERITE

The words "crude and unground" have been inserted after "witherite" in order to include in the free list only natural witherite not advanced in value or condition by grinding or pulverizing. Ground or pulverized witherite will be dutiable under paragraph 214 at 30 per cent ad valorem.

PARAGRAPH 1811.—STAINED GLASS WINDOWS

The committee amendment removes from the free list stained or painted glass windows valued between $15 and $35 a square foot which are works of art and imported for use in churches.

PARAGRAPH 1812.—ANTIQUES

The committee amendment places on the free list rugs and carpets made in the year 1700 or prior years which are works of art, and takes off the free list all antiques made in the period between 1800 and the date of importation.

The committee amendment also places on the free list violins, violas, violoncellos, and double basses, made in the year 1800 or prior years.

Paragraph 1813.—Gobelin Tapestries

The committee amendment places on the free list Gobelin tapestries used as wall hangings, manufactured under the direction and the control of the French Government.

Venetian Glass Mosaics

The committee amendment strikes out the provision of the House bill, (par. 1807 of the House bill), placing on the free list Venetian glass mosaics which are works of art. The effect of the amendment is to make these articles dutiable at 60 per cent ad valorem.

TITLES III AND IV.—SPECIAL AND ADMINISTRATIVE PROVISIONS

Your committee in its report upon the special and administrative provisions of the bill has, in general, adopted the policy of discussing only the changes proposed by it to the House bill. A discussion of the amendments made by the House to the existing law and unchanged in the bill as reported will be found under the appropriate headings on pages 158 to 187, inclusive, of the House report. (H. Rept. No. 7, 71st Congress, 1st sess.) However, in a few instances, where the subject was thought to be of such importance that it deserved special consideration, a discussion has been given of provisions in the House bill which are unaffected by the amendments reported by your committee.

Section 304.—Marking

The existing law requires that all imported articles be marked to indicate the country of origin. The law authorizes no exceptions to be made. The House bill required the marking of every imported article and its immediate container, and delegated to the Secretary of the Treasury authority to make such exceptions as he deemed advisable. The bill as reported provides that the Secretary of the Treasury may except any article from the marking requirements if he is satisfied that the article is incapable of being marked, or can not be marked without injury, or that the marking of the container alone will be a reasonably sufficient indication of the country of origin of the article. No authority is given to except the container from the requirement for marking, as it is not believed that any case will arise where such exception is required.

The manner of marking was left by the House bill entirely to the regulations of the Secretary of the Treasury. Your committee is of the opinion that certain primary requirements of the existing law should be included, and has therefore written in the requirements that the marking must be in a conspicuous place and as nearly indelible and permanent as the nature of the article will permit.

Your committee believes that, in order to prevent the evasion of the marking provisions by subsequent covering or obscuring of the

marks, the penalties provided in subdivision (b) of the section should apply to the covering or obscuring of any mark with intent to conceal the information given thereby, and has amended the subdivision accordingly.

SECTION 305.—IMMORAL ARTICLES

The existing law prohibits the importation of certain obscene or immoral matter, articles for the prevention of conception, and lottery tickets. The House bill contained, in addition to the language of the present law, a provision prohibiting the importation of any printed or written matter urging treason, insurrection, or forcible resistance to any law of the United States, or containing a threat to take the life of or inflict bodily harm on the President of the United States. Your committee feels that such a threat against any other person in the United States is equally obnoxious and that the provision should not be limited to the President alone. The bill as reported extends the language to prohibit the importation of matter containing any such threat against any person in the United States.

SECTION 306.—PLANT QUARANTINE

Under the plant quarantine act of August 20, 1912, the Secretary of Agriculture is authorized to forbid the importation into the United States of any class of nursery stock and plant products whenever he determines this to be necessary in order to prevent the introduction into the United States of any plant disease or insect pest new to or not theretofore widely distributed through the United States. Pursuant to this authority the Secretary of Agriculture has placed an embargo upon numerous classes of nursery stock and plant products even though the particular articles are not so diseased or infested. In the opinion of the committee the result of the action of the Secretary of Agriculture has been the exclusion of plants and plant products to greater extent than Congress intended. To insure a proper construction of this act there has been inserted in section 306 a provision to the effect that the plant quarantine act shall not be construed to permit the exclusion of any of the articles to which it applies, unless such articles are infected with disease or infested with injurious insects new to or not widely prevalent within the United States, or unless the Secretary of Agriculture has reason to believe that such articles are so infected or infested.

SECTION 307.—CONVICT-MADE GOODS

This section in the existing law and in the House bill prohibits the importation of goods, wares, articles, and merchandise manufactured wholly or in part in any foreign country by convict labor. Your committee believes that the policy of this section should apply not only to manufacture, but also to any other process of production by convict labor; and the section in the bill as reported is amended to prohibit the importation of commodities mined or produced, as well as manufactured, wholly or in part by convict labor.

SECTION 308.—TEMPORARY FREE IMPORTATION

Section 308 in the 1922 act and in the House bill permits the importation of certain articles without payment of duty, under bond for exportation within a limited period. Your committee has added to the list articles imported by illustrators and photographers for use as models in illustrating catalogues and advertising matter. A considerable business has, for some years, been done by American commercial illustrating, printing, and lithographing concerns in the making of illustrations for catalogues and advertisements for Canadian and other foreign houses. Recently, however, the competition in this industry has become so keen that the American concerns are handicapped in getting business from foreign countries because they are required to pay duty on the article brought into the United States as a model from which the illustration is to be made. As articles imported under this section can not be sold but must be exported within a year at the most, no disadvantage to American manufacturers is involved.

SECTION 311.—BONDED MANUFACTURING WAREHOUSES

This section covers the manufacture of merchandise in bond for exportation without the payment of duty on the imported materials used, including among the processes covered the milling of flour from imported wheat. At present foreign wheat may be imported into the United States without the payment of duty, milled in bonded warehouse, and the flour exported. American millers are thereby enabled to mill Canadian wheat for the Cuban trade and to obtain the treaty preferential rate of duty into Cuba, with the natural result that the greater part of the flour sold in Cuba is of this class. Acting apparently upon the plea of the so-called southwestern millers, who are unable to carry on this trade to advantage largely because of transportation costs on the imported wheat, and certain of the wheat growers of the United States, the House inserted in this section a provision designed to prevent American millers of Canadian wheat from obtaining the benefit of the Cuban preferential rate on flour.

In the opinion of your committee this provision in the House bill would not materially benefit the southwestern millers. They would be unable to compete successfully with the Canadian millers of Canadian wheat, which is less expensive than American wheat and produces a flour particularly adapted to the Cuban demand. On the other hand, it would seem that the effect of the House provision would be to take the business from the American mills at Buffalo and other points on or near the Great Lakes and throw it to Canadian mills

Your committee feels that the House amendment to the existing law would result in little or no benefit to any American farmers or millers and in very considerable harm to many millers. In the bill as reported it has, therefore, been eliminated.

SECTION 313.—DRAWBACK

The House bill contains an amendment to section 313 of the existing law corresponding to that made in section 311 relating to milling in bond, which would prevent the exportation with benefit

of drawback of flour or by-products thereof produced from imported wheat. In conformity with the amendment made to section 311, the existing law has been restored in the bill as reported.

The House bill contains an amendment to existing law, limiting the drawback privilege to articles exported within five years after the importation of the foreign merchandise. Your committee has reduced this period to three years, as had been provided in a Treasury regulation, declared invalid by the Court of Customs and Patent Appeals. It would seem that three years is a reasonable and sufficient period within which to take advantage of the drawback privilege.

The House bill further provided that merchandise not conforming to sample or specification might be exported with benefit of drawback if returned to customs custody within 10 days after release. Your committee feels that in many cases this period would be too short, particularly where the importer was far removed from the port of entry, and has extended the time limit to 30 days.

The House bill contained a provision in subdivision (b) of section 313 authorizing substitution for drawback purposes in the case of sugar and nonferrous metals. The effect of the provision is to permit the substitution of duty-free or domestic sugar or nonferrous metal for imported merchandise of the same kind and quality, so that the exporter will be relieved from the requirement of the present law that proof be furnished that the imported merchandise has actually been used in the particular article that is exported. The total amount of drawback allowed upon the exportation of articles made with the use of imported and duty-free or domestic merchandise shall not exceed 99 per cent of the duty paid on the imported merchandise. Your committee believes that this provision is fair and just to manufacturers using these commodities and will result in no jeopardy to the revenues. It was urged before your committee that the privilege of substitution for drawback purposes should be made general. Your committee was not convinced of the soundness or the advisability of this proposition. The privilege is peculiarly adapted to the case of sugar and nonferrous metals, which are more or less stable commodities, and, moreover, the application of the drawback provisions of the existing law to these commodities has resulted in considerable hardship owing to the difficulty in establishing proof that imported merchandise is actually present in the exported article. For instance, an exporter of canned goods using both imported and domestic sugar must, in order to properly make proof, warehouse his imported sugar separately and use it exclusively, or have separate sirup vats for sirup made from imported sugar, and sirup made from domestic or duty-free sugar. Frequently, honest drawback claims on sugar and metal have been given up on account of the impossibility of making such proof. It may be that the administration of the provision in the case of sugar and nonferrous metal will demonstrate the practicability of making the privilege general at a future date.

SECTION 320.—RECIPROCAL AGREEMENTS RELATING TO ADVERTISING MATTER

Because the expense of collection in such cases would be out of proportion to the amounts of duties collected, our postal and customs

regulations now provide that mail importations of less than $1 in value shall be passed free of duty. One of the consequences of this provision has of course been the free admission of circulars, cards, and other advertising matter under $1 in value, sent from foreign countries to separate addressees in the United States.

Your committee believes that, as a general rule, both foreign and domestic commerce is promoted by the free passage of advertising matter between countries of the world, without the obstructive effect of the collection of duty thereon. However, it has been brought to the attention of your committee that it is the practice of certain foreign countries to gather together all advertising matter sent by an American advertiser to separate addressees in any such country and to require the payment of duty by the person dispatching the same, before delivery is made. Thus, while the United States allows the free circularization of persons within its borders by foreign advertisers, an obstruction amounting almost to complete exclusion is in some cases placed upon the American advertiser when he attempts to reach persons without the United States.

As an attempt to arrive at a solution of this problem, the committee has inserted in the bill as section 320 a provision authorizing the Secretary of the Treasury and the Postmaster General to enter into a reciprocal agreement with any foreign country to provide for the entry, free of duty in the respective countries, of such advertising matter addressed to individual addressees, it being the expectation of your committee that, if it is found impossible to establish reciprocal free entry, the departments will by proper administrative action require the payment of duty upon advertising matter entering the United States.

A specific exception has been made in the case of matter printed or produced in a foreign country, advertising the sale of articles by persons carrying on business in the United States, or containing announcements relating to their business or merchandise. By the expedient of having the advertisements addressed and mailed from a foreign country to separate individual addressees in the United States, American merchants have found it possible in effect to defeat the provisions of the customs law requiring the payment of a duty on the imported matter. Your committee contemplates that this situation will be corrected administratively by appropriate regulations.

Sections 330–335.—United States Tariff Commission

Codification of existing law.—The House felt that it was desirable to have all the provisions of law relating to the United States Tariff Commission incorporated in the tariff act of 1929 where they properly belong. Consequently, sections 700 to 709 of the revenue act of 1916, as amended, which provided for the organization, general powers, and procedure of the commission, and section 318 of the tariff act of 1922, which imposed certain additional duties upon the commission, have been incorporated in the bill with certain amendments as sections 330 to 335, inclusive, of Part II of Title III. Further, the so-called flexible tariff provisions, contained in section 315, together with sections 316 and 317, of the tariff act of 1922, have been incorporated as sections 336, 337, and 338 of the bill with certain amendments.

With certain additional changes the committee proposes to retain this codification of the existing laws relating to the Tariff Commission.

Reorganization of Tariff Commission.—The House bill proposed to reorganize the United States Tariff Commission. It changed existing law by providing for seven in lieu of six commissioners, and for appointments of nonpartisan in lieu of bipartisan character. Provision was also made for the appointment of commissioners on the basis of possession of qualifications requisite to develop expert knowledge of tariff problems and efficiency in administering the flexible tariff provisions. The committee has modified the House bill so as to retain the existing law providing for six bipartisan commissioners. Under the existing law the term of a commissioner is 12 years. The House bill provided for terms of seven years. The committee amendment proposes terms of six years, except that in case of the first six new appointees their terms are to be designated by the President at the time of nomination so as to expire one at the end of each of the first six years after the date of the enactment of the bill. The increase in salary of the commissioners to $12,000, as provided in the House bill, is retained.

General power, duties, and procedure of Tariff Commission.—Sections 331 to 335, inclusive, of the bill relate to the powers, duties, and procedure of the commission. Except for the provision in section 331 increasing the salary of the secretary of the commission and making it specific instead of dependent upon the classification act of 1923, as amended, no changes in substance have been made in existing law with respect to these matters.

Section 336.—Flexible Tariff Provisions

Equalization of competitive conditions.—In recognition of the obvious inability on the part of Congress to ascertain with exactness all the essential facts relating to the myriad items in a tariff act and to fix effective protective tariff rates to meet constantly changing competitive conditions, Congress in section 315 of the tariff act of 1922 empowered the President, after investigations by the Tariff Commission, to adjust and readjust the rates fixed by statute, (subject to the limitations prescribed), so as to equalize foreign and domestic costs of production. Primarily such adjustments are to be made by increasing or decreasing within the prescribed limits the rates of duty expressly fixed by act of Congress, with or without incidental changes in classification when necessary properly to carry out the change in rates. Secondarily such adjustments are to be made by a change in the basis of valuation of the imported article to the American selling price of the domestic article with which the imported article competes and to which it is like or similar. In case of such change of basis of value no increases, but only decreases, in the rates of duty are permissible.

The purpose of Congress was analyzed by Chief Justice Taft in his opinion in the case of Hampton & Co. *v.* United States, (276 U. S. 394, 404), sustaining the constitutionality of the section, in which he stated that the clear intent—

> was to secure by law the imposition of customs duties on articles of imported merchandise which should equal the difference between the cost of producing in a foreign country the articles in question and laying them down for sale in

the United States, and the cost of producing and selling like or similar articles in the United States, so that the duties not only secure revenue *but at the same time enable domestic producers to compete on terms of equality with foreign producers in the markets of the United States.* [Italics ours.]

A few difficulties which have arisen under the present law, however, must be removed if the expressed policy is to be put into force effectively. The ascertainment of costs of production has often required such prolonged investigations that necessary readjustments have been denied for two or three years. In many instances, the commission has found it impossible to ascertain foreign costs of production, with the result that readjustments, the necessity for which was apparent and admitted, have been denied altogether. Again, it was found that costs of production alone did not accurately reflect competitive conditions and that equalizing costs of production would not be sufficient to avoid damaging competition to the country's industries. Foreign and domestic competition in the markets of the United States must be equalized.

Accordingly, the House bill substitutes, as the principle to which the President must conform in carrying out the purpose of Congress, the equalization of "conditions of competition in the principal market or markets of the United States between domestic articles and like or similar competitive imported articles." Your committee approves this change, and it is believed that this standard will permit more speedy adjustments, that the conditions will always be ascertainable, and that the resulting changes in rates will conform more nearly to the acknowledged policy of the Congress.

Subdivision (d) of the section, (following rather closely the provisions of section 315 (c) of the 1922 act), specifies certain factors to be taken into consideration in ascertaining whether or not the foreign and domestic articles are upon a competitive level in the domestic market. Inasmuch as all the factors specified may not be readily ascertainable or considered applicable in the case of a particular article, the subdivision is intended only as a general guide. For example, the cost of producing the domestic article and all the intervening costs involved in placing it upon the principal domestic wholesale market may be readily obtainable; while in the case of the foreign article, it may be advisable to use its landed or import cost as a starting point, adding thereto such costs as are necessary to place it in a position comparable to that of the competing domestic article. On the other hand, it may seem more appropriate to use wholesale selling prices of both domestic and foreign articles, with such adjustments, (either additions or subtractions), as may be necessary to place them upon the same competitive level. It is believed that the proposed provisions will prove much more effective and workable than the rigid provisions of existing law.

Transportation costs.—The committee has retained substantially the flexible tariff provisions of the House bill, except that, in addition to minor clerical changes, the committee has inserted a definition of the term "costs of transportation." In the tariff act of 1922 costs of transportation were not defined. Differences in view as to what particular costs of transportation should be considered in administering the flexible tariff provisions of that act have given rise to several divided decisions by the Tariff Commission. Definition of the term "costs of transportation" is necessary, not only to

prevent differences in the interpretation of the flexible tariff provisions and expedite their administration, but also in order to provide an accurate basis for consideration of a factor that may frequently be decisive in adjusting tariff rates on the basis of competitive conditions. The principal issue is whether transportation costs to the principal port of importation or to the principal domestic market should be used. In order that competitive conditions may be equalized in the principal market or markets of the United States for the competing imported and domestic articles, the committee is of the opinion that the imported article should be allowed costs of transportation from areas of substantial production in the principal competing foreign country to the principal port of importation in the United States, and that the domestic article should be allowed the costs of transportation from areas of substantial production that can reasonably be expected to ship the article to such principal port of importation. Any other solution would deny to domestic articles the ability to compete in the markets along the coastal areas of our most populous States. The committee amendment carrying out the above policy will be found in subdivision (g) (7) of section 336.

Export taxes.—The consideration to be given export taxes imposed by the country of exportation of the article is left to the sound discretion of the commission in giving consideration to "other costs," (subdivision (d) (3)). In order to equalize competitive conditions it may in some cases be found feasible to include the export duty as a factor in determining differences in such conditions. This would occur for instance where the export tax is imposed solely for revenue purposes. On the other hand, export taxes should be excluded in determining such differences when they in effect unfairly discriminate against the industries or commerce of the United States. Export taxes should likewise be excluded when they place an American consumer of a product at a disadvantage as compared to consumers of exporting countries or are employed as a means of restricting the supply of an essential raw material.

Existing limitations upon adjustment of duties retained.—The section also provides that an article may not be transferred from the dutiable list to the free list, or vice versa, that the form of duty fixed by statute may not be changed, and that the increased or decreased duty may not exceed 50 per cent of the existing rates. There has been no change in existing law with respect to these matters.

Principal competing country.—Certain definitions are included in the section to aid the commission in carrying out its provisions, particularly with respect to determining the principal competing country and the articles which are like or similar to and competitive with the domestic articles. In ascertaining the principal competing country with respect to any imported article the President shall take into consideration the quantity, value, and quality of the article imported from each competitive country and any other differences in the conditions under which the article imported from each such country competes with the like or similar competitive domestic article. For example, it is contemplated that whenever the imported article is the product of, or is placed on sale by, an organization, association, combination, or cartel of producers or manufacturers whose plants or factories are located in more than one foreign country, the principal competing country shall be considered to be that coun-

try associated with the organization, association, combination, or cartel which is shown by the investigation herein provided for, to offer the greatest competition with the like or similar competitive article of the United States.

Pending proceedings.—The section also provides for dismissing without prejudice all investigations instituted under existing law and for preserving the information and evidence secured by the commission for consideration in subsequent proceedings. The committee believes that this is a necessary provision in view of the fact that it is proposed to change the standard to be applied in future investigations.

SECTION 337.—UNFAIR PRACTICES IN IMPORT TRADE

This section, (which is taken from section 316 of the tariff act of 1922), declares to be unlawful unfair methods of competition and unfair acts in the importation and sale in the United States of foreign articles, the effect or tendency of which is (1) to destroy or substantially injure, or to prevent the establishment of, an industry efficiently and economically operated, or (2) to restrain or monopolize trade or commerce. If the President is satisfied that such unfair methods or acts exist, he is authorized to exclude from entry into the United States the articles concerned in such unfair methods or acts.

Under the existing law as retained by the House bill, the Tariff Commission makes a preliminary adjudication as to the existence, with respect to any article, of unfair methods of competition and unfair acts in the importation of the article. An appeal thereon may be taken to the United States Court of Customs and Patent Appeals and the section purports to authorize a review upon certiorari by the United States Supreme Court. However, under the existing law the President is in nowise bound by any decision of the courts in the matter. As a result of this lack of finality to the decision of the Supreme Court, appellate proceedings before it upon writ of certiorari do not present a "case or controversy" within the meaning of Article III of the Constitution. Such proceedings are, therefore, of such character that Congress can not constitutionally give the court jurisdiction over them. Compare, Keller *v.* Potomac Electric Power Co., (1923), 261 U. S. 428; and Postum Cereal Co. *v.* California Fig Nut Co., (1927), 272 U. S. 693; In re Bakelite Corporation, (1929), 49 L. ed., (advance sheets), 36 and 411. The committee has, therefore, omitted the provisions of law giving jurisdiction to the United States Supreme Court upon certiorari, and made the determination of the United States Court of Customs and Patent Appeals the only appellate proceeding. The latter court, being a "legislative" court and not a "constitutional" court, may receive this jurisdiction of a proceeding the judgment in which is merely advisory to discretionary action by the President. This is true even though the same jurisdiction can not be validly conferred upon the United States Supreme Court. See the cases above cited.

The committee has also made a minor amendment to the section making it mandatory for the Secretary of the Treasury to admit upon bond, pending the completion of proceedings under the section,

articles believed to be connected with unfair methods of competition and unfair acts in their importation into the United States.

In addition to the above changes a modification of the existing law was also proposed by the House bill, namely, the elimination of the provision which authorizes the President to impose such additional duties, not in excess of 50 per cent or less than 10 per cent of the value of the article imported in violation of the section, as would offset the unfair method or act employed. This provision should be eliminated for the reason that the imposition of penalty duties to offset violations is entirely inadequate to prevent further violations. The effective remedy is to exclude from entry the articles concerned in the violation. The committee, therefore, proposes to retain the provisions of the House bill eliminating the penalty duties.

Section 338.—Discrimination by Foreign Countries

This section authorizes the President to proclaim new and additional duties upon articles of a foreign country, or imported in its vessels, if he finds that such country discriminates, directly or indirectly, against articles or commerce of the United States. It is further provided that if the discriminations are maintained or increased after a proclamation by the President, he may exclude such articles from entry. If the articles to be excluded from entry are actually imported, they are to be subject to forfeiture.

The only substantial change made by the House bill over existing law is the extension of its application to articles imported in vessels of a foreign country which discriminates against articles and commerce of the United States. It is believed that there may be less likelihood of such discriminatory practices by a foreign country if retaliatory measures may be taken which will affect the maritime interests of such country.

Section 340.—Domestic Value—Conversion of Rates

It has been urged upon the Congress repeatedly for many years that the basis upon which the value of imported merchandise is appraised should be changed. However, each tariff act has retained the foreign-value basis, primarily, it is believed, because of the fact that adequate information had never been available for proper conversion to a domestic value. It is also believed that many of the proposals were misunderstood and thought to be concealed efforts to obtain increased rates of duty. An additional administrative objection has been present in prior attempts to shift the basis, for every method has always contemplated an immediate change in all schedules, without adequate preparation on the part of customs officials.

Your committee believes that the value of merchandise in the United States will be a more effective basis. All possible international difficulties will be removed. All necessary investigations may be made in the United States. All pertinent information will be available in the United States. Furthermore, present inequalities between high-cost and low-cost foreign countries should be almost entirely eliminated.

In order to gain the many advantages of a domestic-value basis, in order that sound and proper rates may be ascertained which will neither increase nor decrease the rates based upon foreign values, and

in order that proper administrative preparation may be made, your committee recommends the adoption of a new section, (sec. 340), directing the Tariff Commission to convert the rates imposed by the present bill to rates based upon "domestic value" as defined by the section. The commission is directed to report back to Congress on or before January 1, 1932, the result of its work, and Congress will then be in a position to make the desirable shift to the domestic-value basis.

The work of the commission will be based upon weighted averages in respect of merchandise imported during the fiscal years 1928 and 1929, (or during a representative portion of this period). In many of the cases the commission will use final appraised values of the imported merchandise as reported to it. However, if the commission determines that there has been undervaluation, it may determine foreign values for itself.

The House bill provided, (sec. 642), for an investigation by the President, through such agencies as he might designate or appoint, of bases for valuation of imported merchandise, with a view to determining the advisability of using domestic values, and for a report back to Congress. Inasmuch as your committee believes that a domestic-value basis is proper, it believes such an investigation by the President to be unnecessary.

It will be noted that the definition of domestic value in the section is substantially the same as the definition of "United States value" in section 402 (d) of the bill as reported to the Senate, except that no deductions are made for transportation costs, commissions, profits, duty, and other expenses and costs. It is believed that the elimination of these deductions will greatly simplify administration. Obviously, if the conversion is properly made, the elimination of the deductions will not result in any change in the amount of duty to be collected.

SECTION 402.—VALUE

The present law provides that the basis upon which the value of imported merchandise is to be appraised shall be:

"(1) The foreign value or the export value, whichever is higher;

"(2) If neither the foreign value nor the export value can be ascertained to the satisfaction of the appraising officers, then the United States value;

"(3) If neither the foreign value, the export value, nor the United States value can be ascertained to the satisfaction of the appraising officers, then the cost of production."

Briefly, "foreign value" is the freely offered wholesale price of "such or similar" merchandise in the country of exportation.

"Export value" is the freely offered wholesale price of "such or similar" merchandise, in the country of exportation, for exportation to the United States.

"United States value" is the freely offered wholesale price of "such or similar" merchandise, in the principal market of the United States, with deductions for duty, a commission, (not to exceed 6 per cent), or profits, (not to exceed 8 per cent), and certain costs and expenses.

"Cost of production" is the cost of producing the imported article abroad, with an addition for profit.

Difficulties encountered in the administration of the present law may be briefly summarized as follows:

(1) Adequate investigations in foreign countries have been hampered because of actual or threatened international difficulties;

(2) In many instances, a "United States value," as at present defined, can not be ascertained and the use of cost of production results in a lesser duty. Consequently, concealment of foreign values may be advantageous to the importer;

(3) Decisions of the appraising officers that foreign or export values could not be satisfactorily ascertained have been reversed by the Customs Court by reason of the introduction of evidence not presented to the appraisers and which the Treasury has no opportunity to check, or the acceptance of evidence, such as unverified affidavits of persons abroad, which the appraisers have rejected primarily because prior experience or other information establishes the unreliability of the evidence.

The House bill attempted to meet the difficulties of the present law by placing responsibility directly upon the importer to produce satisfactory evidence of foreign or export values (sec. 402 (b)), making the determination of the appraiser that foreign or export value could not be ascertained final and conclusive, subject only to appeal to the Secretary of the Treasury; by specifically giving in the statute a prima facie effect to the decisions of the appraising officers of the Treasury; and by enlarging the definition of United States value.

Your committee believes that practically all the international difficulties which have arisen have been based upon a lack of understanding and an unwarranted misapprehension as to the necessity for customs investigations abroad and the results to be accomplished by them. Since the passage of the bill by the House, however, substantial progress has been made toward amicable and satisfactory adjustments of the international difficulties, affording adequate opportunity for foreign investigations. Furthermore, greater consideration has been shown in the trial of cases, in granting requests for postponement until adequate opportunity for checking foreign affidavits has been given and in sustaining objections of Government counsel to the admission of foreign affidavits executed in countries in which adequate investigation and check has been impossible. Consequently, your committee recommends the elimination of section 402 (b).

The provision of the House bill giving a prima facie effect to the action of the customs appraisers, coupled with a rephrasing of section 402 (a) (2) and (3), is retained. It is believed that the number of reversals by the Customs Court of appraiser's decisions will be thereby reduced.

The revised definition of "United States value" contained in the House bill is retained, with two changes. In order to make certain that due consideration will be given by the appraisers to all the differences between the particular imported merchandise and the comparable merchandise being used as a basis, the provision of the House bill is extended to include differences in size, material, construction, and texture, as well as any other differences. Inasmuch as comparable imported merchandise will, in the absence of "such or similar" imported merchandise, ordinarily be used as a basis, rather

than comparable domestic merchandise, because of the fact that fewer adjustments will in all probability have to be made, the order of the phrase "whether domestic or imported" has been transposed to read "whether imported or domestic." It should be pointed out, however, that an appraisal should not be reversed merely because a more comparable article could have been found and used. The questions on a reappraisement proceeding should be confined to the propriety of the adjustments made. If proper adjustments are made, the true value of the particular imported merchandise under appraisement will be ascertained.

The House bill did not provide for an allowance for duty, in the event that a comparable domestic article was used as the basis for determining the value of the imported merchandise under appraisement. Under the present law, domestic merchandise can not be used as a basis for determining value. The allowances under the present law are determined by the facts applicable to the merchandise used as a basis. For example, if the merchandise used as a basis was purchased, then a deduction is made for profits and general expenses, even though the particular imported merchandise under appraisement was consigned and a commission paid; and the deduction for transportation is determined by the transportation costs of the imported merchandise used as a basis. This practice under existing law seems to your committee to be sound and no change is recommended. However, in case comparable domestic merchandise is used as a basis, the allowable deductions, which should include duty, must be determined by the facts applicable to the particular imported merchandise under appraisement. Accordingly, your committee recommends an amendment under which, (in addition to such adjustments as may be necessary owing to differences), allowance will be made, on the price of the domestic merchandise, for the cost of transportation and insurance of the imported merchandise, the other necessary expenses from the place of shipment of the imported merchandise to the place of its delivery, a commission not exceeding 6 per cent if a commission has been paid or contracted to be paid on the imported merchandise, (or profits not to exceed 8 per cent and general expenses not to exceed 8 per cent if the imported merchandise has been purchased), and the amount of duty to be paid on the imported merchandise.

Your committee has devoted considerable time to the consideration of the definitions of value and the proposals to change the basis of value. As a result, your committee has recommended the adoption of section 340 of the bill as reported to the Senate, providing for a conversion of the rates fixed by the bill to rates based on domestic value, the conversion to be made by the Tariff Commission and the result of its work to be reported to the Congress. This section of the bill is proposed as a substitute for section 642 of the bill as it passed the House. A more complete discussion of this subject will be found under section 340.

Section 466.—Equipment and Repair of Vessels

Section 466 of the 1922 act amended sections 3114 and 3115 of the Revised Statutes, relating to equipment and repairs of vessels. Section 3114 as so amended provided for the payment of a duty of

50 per cent of the cost of equipment purchased or repairs made in a foreign country by a United States vessel. Section 3115 provided for the remission or refund of such duties upon showing that the vessel, while in the regular course of her voyage, was compelled by stress of weather or other casualty to put into a foreign port and purchase such equipment or make such repairs to enable her to reach her destination in safety. The House bill rewrote this provision so as to allow a greater latitude in the making of repairs and purchase of equipment abroad and subsequent entry thereof free of duty. In effect the provision as rewritten would permit almost any sort of operation short of general overhauling or reconditioning to be carried on in a foreign port without the payment of duty upon entry of the vessel in the United States. Your committee believes that such a provision would be too much of a detriment to American shipyards, and that the present law affords sufficiently generous treatment to American shipping interests. Accordingly, in the bill as reported, the provision in the 1922 act has been restored.

The House bill carries an additional amendment exempting from duty equipment purchased or repairs made in a foreign port, where it is shown that the equipment or repair parts were manufactured in the United States and were installed by American labor. This provision has been retained in the bill as reported by your committee.

Sections 483 and 484.—Consignee as Owner of Merchandise; Entry of Merchandise

The report of the Committee on Ways and Means of the House, accompanying the House bill, states the situation now existing under these sections in the 1922 act, and the resulting difficulties, as follows:

> Section 483 provides that merchandise shall, for the purposes of Title IV, be held to be the property of the person to whom it is consigned, and the holder of a bill of lading indorsed by the consignee therein named, or if consigned to order, by the consignor, shall be deemed the consignee. Section 484 provides that the consignee shall produce the bill of lading at the time of making entry. The Federal and State courts have held in several cases that under these provisions collectors of customs are personally liable for any damage resulting from the delivery or release of merchandise without the production of the original bill of lading by the person making entry. For their own protection, therefore, most collectors require the original bill of lading to be filed with the entry and retained in their custody. Importers and carriers object, the former on the ground that the original bill of lading is needed to obtain possession of the goods from the carrier, and the latter that they must have the original bill for their own protection in the event a claim is filed for wrongful delivery.
>
> In many shipments in the ordinary course of trade the original bill of lading can not be obtained at the time of making entry, being held in the possession of a bank against payment of the purchase price of the merchandise, or delayed in transit, or otherwise unavailable within the time prescribed for making entry. This general problem has resulted in varying practices at different ports of entry, where collectors have endeavored to make some arrangement whereby the deadlock could be avoided. This lack of uniformity of practice in itself is not desirable.

The House bill sought to remedy the difficulty by amending the sections to provide that a person in possession of a duplicate bill of lading properly authenticated might make entry for merchandise. Your committee is advised that the amendment will cover a number of cases, particularly those arising on the Canadian border, but is not sufficient to cover all cases because of the difficulty, in through ship-

ments from distant foreign countries, in obtaining duplicate bills of lading to be used for this purpose.

Accordingly your committee has revised and elaborated the House amendment so as to permit two alternative methods of making entry where the original bill of lading is not presented. In subdivision (h) of section 484 of the bill as reported by your committee, it is provided that any person certified by the carrier to be the owner or consignee of the merchandise, or an agent of such owner or consignee, may make entry therefor. In subdivision (i) the duplicate bill of lading provision appears substantially as inserted by the House.

An additional subdivision, (sec. 484 (j)), has been added to relieve collectors of customs from the necessity of ascertaining the particular person to whom delivery of merchandise should be made by providing that, except in the case of entry for warehouse (with which no difficulty has been experienced), merchandise for which entry has been made under the provisions of section 484 shall be released from customs custody only to the carrier by whom the merchandise was brought to the port at which the entry was made. The collector is expressly exempted from liability in all cases in which he complies with the provisions of this section.

In view of the addition of the new matter in section 484, paragraph (2) of section 483 of the House bill has been rewritten.

Sections 501, 515, and 516.—Intervention by American Industry and American Labor

Your committee is firmly convinced of the soundness of the principle that one of the primary purposes of any tariff law should be to encourage the industries of the United States and to protect American labor; and that in the enactment of a protective tariff law the Congress so intends. In general it may be said that this salutary purpose is principally consummated with the enactment of the dutiable schedules, which should be based upon a consideration of the degree of protection necessary to prevent injury to American industry and unemployment of American labor. However, it is obvious that proper protection will not prevail unless the rate schedules are strictly and effectively enforced by the courts. It follows that American industry and American labor are equally concerned with the very important administrative sections of a tariff act. It is true that American manufacturers may cooperate with the Government officers charged with the enforcement of the law and the protection of the interests of the Government, in the conduct of cases before the Customs Court. They may furnish witnesses and produce evidence of various kinds for the use of Government counsel; they may perhaps suggest to the Government counsel a method for the conduct of the case; they may furnish information that only those familiar with the details of the particular industry can give. But they have no standing in court, except in the cases provided in section 516 of the tariff act of 1922. They make no oral argument, may not cross-examine witnesses, and have no part in the actual conduct of the trial. Section 516 for the first time recognized that the American producer has an interest in appraisement and classification of imported merchandise. It was there provided that the domestic manufacturer might protest

against the appraisement or classification of merchandise of a class or kind produced by him. It is believed that the right to originate the proceeding under this section should be equally afforded to the representatives of American labor. Labor has just as vital an interest in these cases as has industry. Section 516 has been amended accordingly.

The right afforded under section 516 was, and probably properly so, since there the domestic interest originates the proceeding, strictly limited and in the last analysis requires considerable time for its effective consummation. Your committee believes that section 516, while it serves a very useful purpose in the law, and should be retained, is not of itself sufficient to afford the domestic manufacturer and domestic labor their proper place in the decision of cases involving the imposition of customs duties and the consequent protection of American labor and industry. Accordingly, it is proposed that the domestic manufacturer and the representative of domestic labor be allowed to appear as a party in interest in any reappraisement proceeding under section 501, and in any protest against the collector's decision under section 515. In other words, in any case in which the importer challenges the appraisement or classification made by the customs officers, it shall be competent for the domestic manufacturer and the representative of domestic labor to appear as a party in interest to assist the court in arriving at a proper construction of the law and to insure the protection of American industry and American labor as contemplated in the rate schedules. Your committee does not, however, propose that domestic interests shall come in unchecked with possible ensuing delay in court proceedings and vexation of the importer. Such representation is to be granted only with the permission of the court, granted in its discretion, and under such rules as the court may prescribe. It is believed that there will be no considerable increase in litigation, but that domestic interests will be afforded only the opportunity to which they are entitled to demand a voice in the maintenance of the standard of protection which the Congress has provided. They are as vitally concerned in the imposition of customs duties as are the importers. It is to their interest that the duties levied by the Congress, and none other, should be imposed. Your committee has therefore amended sections 501 and 515, relating to reappraisement proceedings and protest against the collector's decision, respectively, to permit the domestic manufacturer and the representative of domestic labor to appear as a party in interest in those proceedings, strictly safeguarded by the discretionary power granted to the Customs Court.

Sections 503 and 504.—Time for Appraiser's Return; Basis of Value

The House bill contained a provision new to the customs laws' requiring that the appraiser make his report of value to the collector within 120 days after the entry of merchandise, unless a longer time should be allowed by the Secretary of the Treasury in any particular case. Your committee is advised that the cases in which a proper investigation and report of value can not be made within 120 days may be so numerous as to render the provision inadvisable. Accordingly, section 503 of the House bill has been omitted from the bill as

reported. Subdivision (c) of section 504 of the House bill contained new matter inserted by the House as a corresponding amendment, providing that in case the return was not made within the period prescribed the entered value should be taken as the final appraised value. This subdivision has, of course, been stricken out.

SECTION 518.—UNITED STATES CUSTOMS COURT

Under the present law the expenses of the Customs Court, including the payment of the salaries of the judges and clerical and other assistance, are paid from the appropriation for the collection of the revenue from customs. All recommendations for appointment, promotion, or otherwise affecting the clerical force are made by the Chief Justice of the United States Customs Court, but the appointments are, as a matter of law, made by the Secretary of the Treasury. Your committee believes that the functions now exercised by the Secretary of the Treasury with respect to the appointment of clerks and other employees of the Customs Court and with respect to the records and other property of the court are properly within the scope of the functions of the Attorney General rather than the Secretary of the Treasury, and that the appropriation for the Customs Court should be under the Department of Justice. Your committee has, therefore, recommended that the functions of the Secretary of the Treasury with respect to the Customs Court should be transferred to the Attorney General, and that hereafter the appropriation for the Customs Court should be expended by the Department of Justice.

SECTION 526.—MERCHANDISE BEARING AMERICAN TRADE-MARK OR PATENT NOTICE

Section 526 of the House bill contained substantially the same provisions as the corresponding section in the 1922 act. The section prohibited the importation of merchandise bearing an American trade-mark unless written consent of the owner of the trade-mark was produced at the time of making entry. Your committee believes that where the laws of the United States protect the interest of a trade-mark holder by allowing him a monopoly in the use of the mark, it is reasonable to require, so far as practicable, that, in return, the holder of the trade-mark shall manufacture his goods in the United States. Accordingly, the provision allowing importation of goods bearing an American trade-mark, upon written consent of the owner of the trade-mark, is eliminated from the section.

Pursuant to the same policy, a provision has been inserted by your committee, as subdivision (b) of the same section, to provide that no merchandise of foreign manufacture claiming the benefit and protection of the United States patent laws shall be imported.

Section 4900 of the Revised Statutes, as amended, requires that merchandise made under an American patent shall bear a notice to that effect and, in the event that such notice is not affixed, the patentee can recover no damages for infringement unless he can prove that the infringer had actual notice of the patent. In order that too great a burden may not be placed upon collectors of customs in determining what merchandise must be excluded as patented under the laws of the United States, the provision in the reported bill

takes the form of a prohibition against the importation of any merchandise of foreign manufacture, if such merchandise or the package in which it is inclosed is marked or labeled in accordance with the provisions of section 4900 of the Revised Statutes, as amended.

SECTION 527.—IMPORTATION OF WILD MAMMALS AND BIRDS

The House bill contained a new provision prohibiting the importation of wild mammals or birds, or parts or products thereof, unless accompanied by the certification of an American consul that such articles have not been acquired or exported in violation of the laws of the country from which they come. Your committee feels that this provision partakes of the nature of an attempt to enforce the laws of foreign countries in respect of matters of their internal policy, and while it may not be proper to encourage any such violation, to take such drastic measures as contemplated by the House provision extends beyond the proper purpose of the bill. Accordingly, the section has been stricken from the bill as reported by your committee.

SECTION 584.—FALSITY OR LACK OF MANIFEST; PENALTIES

Section 584 of the House bill contained an amendment to the existing law, providing that the owner of a vessel or vehicle should be liable to penalties if any merchandise is found on board such vessel or vehicle not described in the manifest or if any merchandise described in the manifest is not found on board the vessel or vehicle. The existing law imposes a penalty only upon the master or the person in charge. A further amendment in the House bill removed the immunity from the liens for penalties contained in existing law in case of vessels or vehicles of common carriers, so far as such immunity relates to smoking opium. Under the present law, the penalties constitute a lien upon the vessel of a common carrier only if it appears that the owner or master of the vessel or the person in charge of the vehicle consented to the illegal act or had knowledge thereof.

Your committee believes that the amendments to the existing law contained in this section of the House bill would result in an injustice to ship owners and the owners of vehicles, in cases in which, in spite of the best intentions and greatest care on the part of such owners, the vessels or vehicles were involved in violations of the law. With perhaps rare exceptions common carriers cooperate to the fullest extent with Government officials in the prevention of opium smuggling and, on their own part, have developed efficient and thorough inspection services. The amendments above referred to have, therefore, been eliminated and the present law restored.

SECTION 611.—SALE OF FORFEITED MERCHANDISE

Under the present law, when any vessel, vehicle, merchandise, or baggage is forfeited by court proceedings for violation of the customs laws, it must be sold by the marshal of the court in which the forfeiture is had. The marshal's power in this respect does not extend beyond the district. It has, therefore, been impossible in some cases to sell to advantage articles forfeited in districts in which there was

no demand for merchandise of that class. Your committee therefore recommends an amendment to section 611 of the House bill providing that upon the request of the Secretary of the Treasury the court in forfeiture proceedings may provide that the vessel, vehicle, merchandise, or baggage forfeited shall be delivered to the Secretary of the Treasury for disposition in accordance with the provisions of law.

SECTION 619.—AWARD OF COMPENSATION TO INFORMERS

Section 619 of the present law, contained in the House bill, authorizes the payment to informers of a compensation of 25 per cent of the net amount of any duties, fee, penalty, or forfeiture recovered as a result of their action in seizing and detecting any vessel, vehicle, merchandise, or baggage subject to seizure and forefeiture, or in furnishing original information to the customs officers. The present law provides that the necessary moneys to pay such compensation shall be paid out of moneys appropriated for that purpose. The House bill amended this provision by making a permanent and indefinite appropriation for the purpose. Your committee believes that increase in the number of permanent and indefinite appropriations should be carefully limited. While, as suggested in the House report, it may be impossible to estimate accurately in advance how much will be necessary for the purpose of paying compensation to informers, and while in some cases it may be true that persons will hesitate to take advantage of the opportunities afforded in section 619 by reason of the fact that appropriations may not be immediately available to pay their compensation, your committee believes that, with the direction in the law that the compensation shall be paid, no difficulty should be encountered in getting a deficiency appropriation to make up any deficit in the current appropriations. It is not believed that the circumstances warrant the adoption of a permanent and indefinite appropriation. The present law, which requires estimates in advance and specific appropriation for the payment of compensation to informers, has therefore been restored.

SECTION 623.—BONDS

Section 623 of the House bill authorizes the Secretary of the Treasury by regulations to require or to authorize collectors to require such bonds or other security as might be deemed necessary for the protection of the revenue and to assure compliance with the customs laws and regulations. In conformity with this provision a number of specific provisions in Titles III and IV of the 1922 act requiring bonds in particular cases were eliminated. The new provision will authorize the requirement of a bond where it is not specifically required by law, but will not permit of the waiving of the requirement of the bond where an expressed requirement occurs. Your committee believes that this provision will greatly facilitate the administration of the customs laws in that it will make for uniformity as well as flexibility in bond requirements, and will permit the doing away with bonds in many cases in which experience has shown or will show them to be unnecessary. It is believed that there will develop comparatively few situations, if any, in which a bond is not required by the present law but in which a bond will be required

under the new regulations. Generally speaking, it may be said that the question of the necessity for bond is a question peculiarly one for the determination of administrative officers. Your committee, therefore, approves the provisions as written in the House bill.

SECTION 642.—INVESTIGATION OF METHODS OF VALUATION

A discussion of this section and the substitute for it recommended by your committee will be found under section 340 of the bill as reported to the Senate.

SECTION 643.—APPLICATION OF AIR COMMERCE ACT

Section 644 of the House bill provides in substance that the customs provisions contained in the bill shall be subject to application to civil air navigation by regulations prescribed by the Secretary of the Treasury under the authority of section 7 of the air commerce act of 1926. As that act also grants authority to the Secretary of Commerce to provide similarly for the application to air navigation of the laws relating to entry and clearance of vessels, some provisions of which are contained in the bill, your committee deems it advisable to broaden this section to cover both situations. It has been rewritten accordingly.

SECTION 644.—TRAVEL AND SUBSISTENCE

Customs officers and employees traveling to or from foreign stations or from one foreign station to another are entitled under existing law to an allowance for their expenses, subject to a per diem limitation. However, while the officers and employees of other departments are entitled to an allowance for the traveling and subsistence expenses of their families upon such transfers, the existing law contains no similar provision with respect to customs officers and employees. The House bill, in section 645, provided for the reenactment of section 5 of the act of March 4, 1923, relating to allowances for expenses of the officers and employees themselves, with an amendment to include the travel and subsistence expenses of their families upon foreign transfers. As rewritten the section also authorized the payment of expense of transporting the remains of officers and employees who die abroad and the expense of interment. Your committee is entirely in accord with the policy of these amendments. However, in order to avoid any possible doubt, arising from the reenactment of this section, of the application of the limitations contained in the subsistence expense act of 1926, which has superseded the act of 1923 in this respect, it is thought advisable to accomplish the object of the amendment by a separate provision covering the new matter only.

In the bill as reported by your committee, therefore, subdivision (a) of section 644 provides for the allowance of the expenses of the families of customs officers and employees upon such transfers within the discretion and under written orders of the Secretary of the Treasury and also for the expenses of transporting the remains of customs officers and employees who die while in or in transit to foreign countries to their former homes in the United States for interment, together with the expenses of such interment.

Section 5 of the act of March 4, 1923, above referred to, limits to 5,000 pounds the amount of household effects and personal property for the transfer of which allowance may be made. No such limitation exists in respect of officers and employees of other departments in similar cases. Your committee believes that the limitation should be removed and has inserted as subdivision (b) of section 644 a provision to that effect.

Under the present law no allowance may be credited for travel or shipping expenses incurred on a foreign ship by a customs officer or employee except upon proof satisfactory to the Comptroller General of the necessity of incurring such expenses. In many cases it has been found impossible to make such proof since it involves proof that no United States vessel was available. Inasmuch as the protection of the revenue requires prompt action on the part of customs officers, employees, and agents, it seems desirable to leave the determination of the necessity of using a foreign vessel to the Secretary of the Treasury. Accordingly, your committee has added subdivision (c) to section 644 of the bill requiring the crediting of allowances in such cases if the Secretary of the Treasury certifies to the Comptroller General that transportation on such foreign ship was necessary to protect the revenue.

Section 646.—Review of Decisions of Court of Customs and Patent Appeals

Section 195 of the Judicial Code provides that final decisions of the Court of Customs and Patent Appeals, in cases appealed from the Customs Court, may be reviewed by the Supreme Court upon application by either party, in any case in which a constitutional or treaty question is involved, or in any other case if the Attorney General of the United States files a certificate to the effect that the case is of such importance as to render expedient its review by the Supreme Court. The effect of this limitation on the classes of cases which may be reviewed is to make the right of one party to a review dependent upon the will of the other party. Your committee, while it is advised that no injustice has been done importers or other private parties by making their right to appeal dependent upon the decision of the Attorney General, believes that as a matter of principle this arrangement is objectionable. There is, therefore, inserted as subdivision (a) of section 646, in the bill as reported, a provision repealing this limitation upon the right to petition for review, the result of such repeal being to permit either party to apply in his own discretion.

Subdivision (b) of the new section expressly extends the right to apply for review by the Supreme Court to American manufacturers, producers, or wholesalers and to representatives of American labor organizations, or labor associations, appearing as parties in interest in proceedings in court in accordance with the privilege extended to them by the amendments to sections 501, 515, and 516 of the bill, elsewhere discussed.

SECTION 647.—UNCERTIFIED CHECKS, UNITED STATES NOTES, AND NATIONAL-BANK NOTES RECEIVABLE FOR CUSTOMS DUTIES

Under existing law uncertified checks, United States notes, and national-bank notes are not receivable for duties on imports. United States notes and national-bank notes are receivable for other public dues, and uncertified checks are receivable in payment of internal-revenue taxes. However, your committee is advised that upon the resumption of specie payments, January 1, 1879, United States notes were accepted in payment of customs duties and have been freely received on that account since, although the law has not been changed. In view of the resumption of specie payments and the act of March 14, 1900, making it the duty of the Secretary of the Treasury to maintain at a parity of value with the gold dollar all forms of money issued by the United States, there would seem to be no good reason why the law should not provide that United States notes and national-bank notes should be receivable for duties on imports. In the case of uncertified checks your committee believes that they too should be receivable with proper safeguards to the revenue in case the check is not paid by the bank on which it is drawn. Accordingly, it is provided in section 647 that collectors of customs may accept uncertified checks, United States notes, and national-bank notes in payment of duties on imports, during such time and under such rules and regulations as the Secretary of the Treasury shall prescribe. If a check so received is not paid by the bank the person tendering the check shall remain liable for the payment of duties and all legal penalties and additions to the same extent as if the check had not been tendered.

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