

THE TARIFF, H. R. 3321.

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES,

TRANSMITTING,

IN RESPONSE TO A RESOLUTION OF THE SENATE DATED AUGUST 20, 1913, A REPORT FROM THE SECRETARY OF STATE, WITH ACCOMPANYING PAPERS, RELATING TO PARAGRAPH J, SUBDIVISION 7, OF SECTION IV (V AS AMENDED) OF H. R. 3321.

SEPTEMBER 4, 1913.—Read, referred to the Committee on Finance, and ordered to be printed.

To the Senate:

In reply to the resolution of the Senate, dated August 20, 1913, reading as follows:

Resolved, That the Secretary of State be directed, if not incompatible with the public interest, to transmit to the Senate copies of all protests filed against paragraph J, subdivision 7, of section IV (V as amended) of H. R. 3321, "An act to reduce tariff duties and to provide revenues for the Government, and for other purposes," together with copies of all correspondence that has passed between this country and any foreign country relating thereto, and copies of any report or reports prepared or made thereon by any officer of the United States, the subject referred to being the provision in the tariff bill providing for a discount of 5 per cent on all duties on goods, wares, and merchandise imported by vessels admitted to registration under the laws of the United States.

I transmit herewith a report from the Secretary of State pointing out that the information called for by the resolution has already been communicated by the Department of State to the Committee on Finance of the United States Senate.

WOODROW WILSON.

THE WHITE HOUSE,
September 4, 1913.

The PRESIDENT:

The undersigned, the Secretary of State, has received the resolution of the Senate dated August 20, 1913, reading as follows:

Resolved, That the Secretary of State be directed, if not incompatible with the public interest, to transmit to the Senate copies of all protests filed against paragraph

J, subdivision 7, of Section IV (V as amended), of H. R. 3321, "An act to reduce tariff duties and to provide revenues for the Government, and for other purposes," together with copies of all correspondence that has passed between this country and any foreign country relating thereto, and copies of any report or reports prepared or made thereon by any officer of the United States; the subject referred to being the provision in the tariff bill providing for a discount of 5 per centum on all duties on goods, wares, and merchandise imported by vessels admitted to registration under the laws of the United States.

In response to this resolution, the undersigned has the honor to point out that the Department of State has already transmitted to the chairman of the Committee on Finance of the United States Senate, for the information of that committee, copies of all notes addressed to the department by the foreign diplomatic representatives in Washington protesting against the discount of 5 per cent allowed on all duties imposed on goods, wares, and merchandise imported by vessels admitted to registration under the laws of the United States. No further correspondence with these representatives has taken place save mere acknowledgment by the department of the receipt of their notes and the statement to them that copies of their notes had been transmitted to the appropriate committees of Congress.

Copies of a letter from the Secretary of the Treasury dated May 26, 1913, and of this department's reply of May 28, 1913, discussing the question of the alleged conflict of the provision with the stipulations of some of our treaties, are inclosed.

It appears, therefore, that the information requested by the resolution is in large part already at the disposition of the Senate.

Respectfully submitted.

W. J. BRYAN.

DEPARTMENT OF STATE,
Washington, August 29, 1913.

TREASURY DEPARTMENT,
Washington, May 26, 1913.

The SECRETARY OF STATE.

SIR: I have the honor to invite your attention to subsection 7, paragraph J of section 4 of the pending tariff bill (H. R. 3321), which provides for a discount of 5 per cent on such goods, wares, and merchandise as shall be imported in vessels admitted to registration under the laws of the United States.

It has been pointed out to me, directly and indirectly, that this provision may result in the violation of many of our treaties with foreign nations, and is almost sure to result in international complications and diplomatic negotiations. Consequently, I earnestly suggest the advisability of submitting to the counselor for the State Department, or such other officer as you may deem proper, the question as to whether or not this provision is in violation of any existing treaty rights.

In view of the importance of this matter and the necessity for early action, I shall be greatly obliged if you will furnish me with the desired opinion at the earliest possible moment.

Yours, very sincerely,

WM. G. McADOO.

DEPARTMENT OF STATE,
Washington, May 28, 1913.

The SECRETARY OF THE TREASURY.

SIR: Replying to your letter of the 26th instant, in which you request an expression of the opinion of the department as to whether subsection 7, paragraph J, of section 4 of the pending tariff bill (H. R. 3321) conflicts with the provisions of our treaties, I have the honor to say:

The clause in question reads as follows:

J. Subsection 7. That a discount of 5 per centum on all duties imposed by this act shall be allowed on such goods, wares, and merchandise as shall be imported in vessels admitted to registration under the laws of the United States.

We have treaties with numerous countries, including the Argentine Republic, Austria-Hungary, Belgium, Colombia, Costa Rica, Denmark, Great Britain, the Hanseatic Republics, Italy, Japan, the Netherlands, Norway, Prussia, Spain, and Sweden, which provide, in one form or another, that neither contracting party shall charge a lower rate of duty on merchandise imported in its own vessels than it charges on merchandise imported in vessels of the other contracting party.

The earliest of these treaties now in force is that with Great Britain, concluded July 3, 1815, during the administration of Madison. It contains (art. 2) the following clause:

The same duties shall be paid on the importation into the United States of any articles the growth, produce, or manufacture of His Britannick Majesty's territories in Europe, whether such importation shall be in vessels of the United States or in British vessels, and the same duties shall be paid on the importation into the ports of any of His Britannick Majesty's territories in Europe of any article the growth, produce, or manufacture of the United States, whether such importation shall be in British vessels or in vessels of the United States.

The convention of commerce and navigation with Denmark concluded April 26, 1826, during the administration of John Quincy Adams, contains (Art. I) the following clause:

They (the contracting parties) likewise agree that whatever kind of produce, manufacture, or merchandise of any foreign country can be, from time to time, lawfully imported into the United States, in vessels belonging wholly to the citizens thereof, may be also imported in vessels wholly belonging to the subjects of Denmark; and that no higher or other duties upon the tonnage of the vessel or her cargo shall be levied and collected, whether the importation be made in vessels of the one country or of the other.

Following this passage, there is a reciprocal provision as to importations in American vessels into Denmark.

Substantially similar stipulations may be found in Article III of the treaty of commerce and navigation with Sweden and Norway, concluded July 4, 1827.

Article III of the treaty of commerce and navigation with Prussia, concluded May 1, 1828, contains the following stipulation:

All kinds of merchandise and articles of commerce, either the produce of the soil or of the industry of the Kingdom of Prussia, or of any other country, which may be lawfully imported into the ports of the United States in vessels of the said States, may also be so imported in Prussian vessels, without paying other or higher duties or charges, of whatever kind or denomination, levied in the name or to the profit of the Government, the local authorities, or of any private establishments whatsoever, than if the same merchandise or produce had been imported in vessels of the United States of America.

The article contains a reciprocal provision as to importations into Prussia in American vessels.

Similar clauses exist in the treaty of commerce and navigation between the United States and Austria-Hungary, concluded August 27, 1829.

The convention of commerce and navigation between the United States and the Netherlands, concluded August 26, 1852, contains the following article:

ARTICLE I. Goods and merchandise, whatever their origin may be, imported into or exported from the ports of the United States from and to any other country in vessels of the Netherlands shall pay no higher or other duties than shall be levied on the like goods and merchandise imported or exported in national vessels. Reciprocally, goods and merchandise, whatever their origin may be, imported into or exported from the ports of the Netherlands from and to any other country in vessels of the United States shall pay no higher or other duties than shall be levied on the like goods and merchandise imported or exported in national vessels.

The treaty of commerce and navigation with the Argentine Republic, concluded July 27, 1853, briefly provides as follows:

ART. VI. The same duties shall be paid and the same drawbacks and bounties allowed upon the importation and exportation of any article into or from the Territories of the United States, or into or from the Territories of the Argentine Confederation, whether such importation or exportation be made in vessels of the United States or in vessels of the Argentine Confederation.

It will be observed that Article VI, above quoted, refers to drawbacks and bounties. Similar stipulations are found in other treaties.

The various stipulations above quoted suffice to show the purport of the treaty provisions with which the proposed subsection is alleged to conflict. This allegation appears to be well founded if, as seems to be the case, it is intended by the subsection to allow the discount on duties only on merchandise imported in American registered vessels. Governments having treaty stipulations with the United States such as those above quoted probably would not object to the discount if it were extended, in conformity with those stipulations, to merchandise imported into the United States in their respective vessels; but they would not acquiesce in a discriminatory levy of lower duties on goods imported into the United States in American registered vessels because it was called a discount. It is the fact that a lower duty is charged, and not the term by which the reduction is described, with which the department is obliged to deal.

The department has received one communication from a government with which we have at present no such treaty stipulations as those above quoted. This communication proceeds from the Government of France, whose ambassador at this capital has made to the department, with reference to the subsection in question, the following statement:

This is tantamount to what was formerly styled the "flag surtax" that was given up because, as every nation availed itself of it, there was no advantage in maintaining a system that was bringing inconvenience to all and profit to none. If such a clause were enacted, reciprocal measures would unfailingly be taken. The French administration would have no choice in the matter, since it would be bound to act upon article 6 of the law of May 19, 1866, which directs the levying of countervailing duties on the vessels of any government which, to the detriment of our own marine, adopts a system of duties or taxes from which its own is exempt.

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

J. B. MOORE,
Counselor.

(For the Secretary of State.)