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COTTON HOSIERY

REPORT

OF

THE UNITED STATES TARIFF COMMISSION

TO

THE PRESIDENT OF THE UNITED STATES

DIFFERENCES IN COSTS OF PRODUCTION OF COTTON HOSIERY IN THE UNITED STATES AND IN THE PRINCIPAL COMPETING COUNTRY, AS ASCERTAINED PURSUANT TO THE PROVISIONS OF SECTION 315 OF TITLE III OF THE TARIFF ACT OF 1922

Printed for the use of the Committee on Finance

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LETTER OF TRANSMITTAL

DECEMBER 22, 1926.

The PRESIDENT,
The White House.

MY DEAR MR. PRESIDENT: Herewith I have the honor to transmit the report of the Tariff Commission in the investigation, for the purposes of section 315 of the tariff act of 1922, of the costs of production in the United States and in the principal competing country of cotton hosiery. Accompanying the report is a "Nonconcurring Statement of Commissioner Costigan in the Investigation of Cotton Hosiery, Pursuant to the Provisions of Section 315 of the Tariff Act of 1922."

Respectfully,

THOMAS O. MARVIN, *Chairman.*

COTTON HOSIERY

UNITED STATES TARIFF COMMISSION,
Washington, December 22, 1926.

To the PRESIDENT:

The United States Tariff Commission respectfully submits the following report upon an investigation of the differences in costs of production of cotton hosiery in the United States and in the principal competing country, for the purposes of section 315 of Title III of the tariff act of 1922.

INTRODUCTORY

Reference to files.—The documentary and statistical materials upon which this report is based are in the files of the Tariff Commission and are available to the President. They comprise a transcript of the public hearing and the original cost schedules and other data. Aside from a transcript of the public hearing, they include confidential information the disclosure of which is forbidden by section 708 of the revenue act of 1916, to wit:

SEC. 708. It shall be unlawful for any member of the United States Tariff Commission, or for any employee, agent, or clerk of said commission, or any other officer or employee of the United States, to divulge, or to make known in any manner whatever not provided for by law, to any person, the trade secrets or processes of any person, firm, copartnership, corporation, or association embraced in any examination or investigation conducted by said commission, or by order of said commission, or by order of any member thereof. * * *

Rates of duty

Act of 1922, paragraph 916:	
Cut hosiery	30 per cent ad valorem.
Other hosiery	50 per cent ad valorem.
Act of 1913:	
Paragraph 259: Cut hosiery	20 per cent ad valorem.
Paragraph 260: Other hosiery, valued, per dozen pairs, at—	
Not more than $0.70	30 per cent ad valorem.
More than $0.70 and not more than $1.20	40 per cent ad valorem.
More than $1.20	50 per cent ad valorem.
Act of 1909:	
Paragraph 327: Cut hosiery	30 per cent ad valorem.
Paragraph 328: Other hosiery, valued, per dozen pairs, at—	
Not more than $1	$0.70 per dozen pairs and 15 per cent ad valorem.
More than $1 and not more than $1.50	$0.85 per dozen pairs and 15 per cent ad valorem.
More than $1.50 and not more than $2	$0.90 per dozen pairs and 15 per cent ad valorem.
More than $2 and not more than $3	$1.20 per dozen pairs and 15 per cent ad valorem.
More than $3 and not more than $5	$2 per dozen pairs and 15 per cent ad valorem.
More than $5	55 per cent ad valorem.

HISTORY OF THE INVESTIGATION

On March 27, 1923, the Tariff Commission ordered an investigation of cotton hosiery for infants for the purposes of section 315 of Title III of the tariff act of 1922. On June 21, 1923, after consultation with the President, the commission ordered, for the purposes of said section 315, an extension of the investigation to include all cotton hosiery described in paragraph 916 of Title I of said tariff act. On January 15, 1923, an application for an investigation looking to an increase in the rate of duty on cotton hosiery for infants was received from the National Association of Hosiery and Underwear Manufacturers, of New York, N. Y. The domestic field work was conducted from April to November, inclusive, 1923, and the foreign field work from July to October, inclusive, 1923.

Public notice in the usual form was posted in the Washington and New York offices of the commission and published in Treasury Decisions and Commerce Reports. A public hearing was held at the offices of the commission in Washington on November 20, 1923, after due public notice as prescribed by law had been given; at which hearing all parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard with regard to the differences in cost of production and all other facts and conditions enumerated in section 315 of the tariff act of 1922, with respect to cotton hosiery. The hearing was continued on January 10, 11, and 30, 1924. At its conclusion, further oral argument being waived by the parties appearing, the date for filing written briefs was set for February 20, 1924, and one brief was submitted. Prior to the hearing, the commission had prepared a statement of the information obtained in its investigation, exclusive of such information as was protected by statute from disclosure. This statement was submitted to interested parties.

INFORMATION OBTAINED IN COMMISSION'S INVESTIGATION

From the investigation of cotton hosiery, conducted as indicated above, the following information has been obtained.

DESCRIPTION OF COTTON HOSIERY AND METHODS OF MANUFACTURE

General.—There are three general types of hosiery classified according to method of manufacture: Full fashioned, seamless, and "cut."

Full-fashioned hosiery is knit as a single flat piece of goods, so shaped that when the edges are seamed together a stocking or sock is formed. The leg is knit on one machine and then, for the purpose of gaining the necessary form at the angle of the heel, is transferred to another machine which knits the foot portion in a piece continuous with the leg portion; the fabric is then taken off the last machine and the edges seamed together. In the manufacture of ribbed-top full-fashioned hosiery, the top is knit flat on one machine, transferred to the legger which knits on the leg portion, and next to the footer which knits on the foot portion; the fabric is then taken off the machine and seamed together.

Seamless hosiery is knit in tubular form on the circular knitting machine. The heel and toe are made, by a reciprocating motion of

the cylinder of the machine, in the form of pockets. After the stocking leaves the knitting machine the open toe pocket is closed by looping. In the manufacture of ribbed-top seamless hosiery it has, until recently, been necessary to use two machines, but a machine has been perfected which will knit this type also in a continuous operation. Because of the constant diameter of the needle cylinder, seamless hosiery can not be shaped to the leg as can full-fashioned hosiery. Some slight shaping is effected by applying special tension at the ankle but otherwise the shaping is dependent on the "boarding" process in which the finished hose, slightly dampened, is stretched over a board conforming to the contour of the leg and foot, and dried in position. Some seamless hosiery is given, superficially, the appearance of full-fashioned hosiery by means of a false seam.

"Cut" hosiery is produced from long tubular webs made on large circular machines, or from the good portions of other knit goods which have been partially spoiled in the making. "Blanks" of the desired shape are cut with shears or stamped with dies from the knit material and sewed up in tubular form to make stockings.

Comparison of the three types of hosiery.—Full-fashioned hosiery, knit to correspond to the form of the leg and foot, retains its shape during wear, but seamless hosiery does not so well retain the shape imparted to it by "boarding." In this respect and in its greater elasticity, full-fashioned hosiery is superior to the seamless, but because of less careful construction or cheaper material it may be less desirable. Full-fashioned hosiery, as compared with seamless hosiery of similar quality, costs more to manufacture because more processes are involved and because the knitting requires a skilled operator, usually a man. The circular knitting machine, employed in the manufacture of seamless hosiery, is more productive in volume of output per machine per day, and is usually operated by comparatively unskilled female labor. European hosiery is mostly full fashioned, American cotton hosiery almost entirely seamless.

Very little "cut" hosiery, the cheapest type, is made in the United States, the salvaging of imperfect hose being practically the only reason for its continued domestic production. In Europe "cut" hosiery forms a substantial, although minor, part of the total output. In infants' fancy socks German manufacturers sometimes join a "cut" foot to a fancy top made in color combinations on the same type of machine as that used in making full-fashioned hosiery.

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PRODUCTION, IMPORTS, EXPORTS, AND CONSUMPTION

Production.

The domestic production of cotton hosiery [1] is recorded by the Bureau of the Census as follows:

TABLE 1.—*Cotton hosiery: Domestic production, 1899–1923*

	Quantity	Per cent of total	Value	Unit value
	Dozen pairs			*Per dozen pairs*
Total, 1899	26,350,254	100.00	$21,182,677	$0.803
Total, 1904	39,393,047	100.00	34,586,629	.878
Total, 1909	57,305,021	100.00	55,909,987	.976
Total, 1914	61,409,575	100.00	59,631,474	.971
Total, 1919	60,613,342	100.00	153,497,456	2.532
Seamless	57,473,624	94.82	141,960,252	2.470
Full fashioned	3,139,718	5.18	11,537,234	3.675
Total, 1921	50,894,090	100.00	94,255,674	1.852
Seamless	49,081,158	96.44	89,525,712	1.824
Full fashioned	1,812,932	3.56	4,729,962	2.609
Total, 1923	57,619,523	100.00	106,944,759	1.839
Seamless	53,232,287	95.86	98,865,891	1.790
Full fashioned	2,387,236	4.14	7,078,868	2.965

Imports.

Table 2 shows imports for consumption of cotton hosiery of all kinds from the beginning of the tariff act of 1890 to the end of June, 1926, the latest month for which data are available. Details relative to imports are shown for each year and fraction of a year under the various tariff acts, together with the totals and the average annual importations under each act.

TABLE 2.—*Total cotton hosiery:* [a] *Imports for consumption, 1891–1926*

[Compiled according to tariff acts by United States Tariff Commission]

Fiscal year (unless otherwise stated)	Quantity	Value	Duty collected	Value per unit	Equivalent ad valorem rate	Equivalent specific rate
	Dozen pairs				*Per cent*	*Per doz. pairs*
1891 (Oct 6, 1890 to June 30, 1891)	2,627,096	$3,418,346	$2,362,363	$1.301	69.11	$0.899
1892	4,863,840	5,176,537	3,557,445	1.058	68.72	.729
1893	5,365,029	5,752,710	3,952,714	1.072	68.71	.737
1894	3,476,936	3,670,858	2,513,161	1.056	68.46	.723
1895 (July 1 to Aug. 27, 1894)	340,123	297,381	202,510	.874	68.10	.595
Total (1,422 days, act of 1890)	16,703,026	18,315,832	12,598,193	1.097	68.78	.754
Annual average (act of 1890)	4,287,345	4,701,321	3,233,713	1.097	68.78	.754

[a] Total, including "cut," seamless, and fashioned, dutiable as cotton hosiery. It does not include embroidered cotton hosiery which is dutiable, under a separate paragraph, as embroidery rather than as hosiery.

[1] Seamless and full fashioned: The Bureau of the Census has no data as to "cut" cotton hosiery, the director stating: "The fact that no 'cut' cotton hosiery has ever been shown on any report makes it quite certain that if any of it is manufactured in this country the quantity is so small as to be negligible."

TABLE 2.—*Total cotton hosiery: Imports for consumption, 1891–1926*—Contd.

Fiscal year (unless otherwise stated)	Quantity	Value	Duty collected	Value per unit	Equivalent ad valorem rate	Equivalent specific rate
	Dozen pairs				*Per cent*	*Per doz. pairs*
1895 (Aug. 28, 1894, to June 30, 1895)	5,581,390	$5,838,396	[illegible]	$1.046	49.86	$0.522
1896	5,218,281	5,623,737	2,808,169	1.078	49.93	.538
1897	5,402,180	5,491,061	2,744,425	1.016	49.98	.508
1898 (July 1–24, 1897)	327,438	338,747	169,160	1.035	49.94	.517
Total (1,062 days, act of 1894)	16,526,279	17,291,941	8,632,983	1.046	49.92	.522
Annual average (act of 1894)	5,679,936	5,943,067	2,967,080	1.046	49.92	.522
1898 (July 25, 1897 to June 30, 1898)	2,773,394	3,244,5[illegible]	2,089,502	1.170	64.40	.753
1899	3,328,209	3,895,911	2,489,765	1.171	63.91	.748
1900	3,488,106	4,207,755	2,658,213	1.206	63.17	.762
1901	3,519,723	4,799,106	2,885,185	1.363	60.12	.820
1902	3,519,925	4,786,413	2,882,266	1.360	60.22	.819
1903	3,814,054	5,247,383	3,149,861	1.376	60.03	.826
1904	4,119,784	5,430,914	3,264,088	1.318	60.10	.792
1905	4,232,031	5,431,063	3,267,522	1.283	60.53	.777
1906	4,690,759	6,119,190	3,675,830	1.305	60.07	.784
1907	5,126,730	7,035,397	4,138,742	1.372	58.83	.807
1908	4,829,125	6,855,080	3,994,827	1.420	58.28	.827
1909	5,068,003	6,390,923	3,860,419	1.261	60.40	.762
1910 (July 1 to Aug. 5, 1909)	1,111,931	1,360,705	826,663	1.224	60.75	.744
Total (4,394 days, act of 1897)	49,623,778	64,804,430	39,202,903	1.306	60.49	.790
Annual average (act of 1897)	4,122,139	5,383,163	3,256,500	1.306	60.49	.790
1910 (Aug. 6, 1909, to June 30, 1910)	3,365,852	4,464,395	3,315,026	1.326	74.25	.985
1911	2,933,129	3,824,969	2,805,[illegible]50	1.304	73.31	.956
1912	2,349,663	2,912,430	2,116,08[illegible]	1.240	72.66	.901
1913	2,028,988	2,553,928	1,792,59[illegible]	1.259	70.19	.883
1914 (July 1 to Oct. 3, 1913)	253,889	388,377	264,708	1.530	68.16	1.043
Total (1,520 days, act of 1909)	10,931,521	14,144,099	10,292,362	1.294	72.77	.942
Annual average (act of 1909)	2,625,003	3,396,445	2,471,521	1.294	72.77	.942
1914 (Oct. 4, 1913, to June 30, 1914)	1,940,482	2,551,301	1,142,404	1.320	44.60	.589
1915	1,364,757	1,705,347	747,151	1.250	43.81	.547
1916	218,760	358,765	175,284	1.686	47.53	.801
1917	64,584	147,281	71,581	2.316	48.60	1.126
1918	117,056	142,136	60,521	1.214	42.58	.517
1918 (July 1 to Dec. 31, 1918)	24,240	49,804	22,454	2.055	45.08	.926
1919 (calendar year)	65,513	131,075	58,982	2.001	45.00	.900
1920 (calendar year)	154,337	656,443	320,977	4.253	48.90	2.080
1921 (calendar year)	[b] 703,884	1,414,210	678,529	2.009	47.98	.964
1922 (Jan. 1 to Sept. 21, 1922)	[c] 1,096,490	1,601,453	749,126	1.461	46.78	.683
Total (3,275 days, act of 1913)	5,749,103	8,777,815	4,027,009	1.527	45.88	.700
Annual average (act of 1913)	640,740	978,291	448,812	1.527	45.88	.700
1922 (Sept. 22 to Dec. 31, 1922)	113,693	272,543	133,052	2.397	48.82	1.170
1923 (calendar year)	427,091	1,101,123	538,642	2.578	48.93	1.262
1924 (calendar year)	378,691	1,151,230	566,006	3.040	49.17	1.496
1925 (calendar year)	463,097	1,677,731	829,363	3.623	49.43	1.791
1926 (Jan. 1 to June 30)	[d] 261,859	988,493	490,544	3.775	49.63	1.873
Total (1,378 days, act of 1922)	1,644,431	5,191,120	2,557,819	3.157	49.27	1.555
Annual average (act of 1922)	435,571	1,375,006	677,506	3.157	49.27	1.555

[b] Includes 265,254 dozen pairs (weighing 278,513 pounds), valued at $604,940, paying duty of $311,108 containing cotton of 1¼ inches or longer and subject to the emergency tariff act surtax of 7 cents a pound in addition to the regular ad valorem duties.

[c] Includes 550,760 dozen pairs (weighing 491,926 pounds), valued at $1,095,884, paying duty of $559,343 subject to emergency tariff act surtax of 7 cents a pound.

[d] Imports for the first 6 months of 1925 were 272,877 dozen pairs; 11,018 dozen pairs more than for the first 6 months of 1926.

Table 2a shows the quantity and volume, also rate of duty, for the two classes of cotton hosiery, that is (*a*) "cut" hosiery, and (*b*) other hosiery (including full-fashioned and seamless), into which the inclusive totals shown in Table 2 are subdivided in import records.

TABLE 2A.—*Cotton hosiery: Average annual imports for consumption, by classes*

[Source: Foreign Commerce and Navigation of the United States]

	Cut hosiery			Other (full-fashioned and seamless) hosiery		
	Quantity	Value	Average ad valorem rate of duty	Quantity	Value	Average ad valorem rate of duty
	Dozen pairs		*Per cent*	*Dozen pairs*		*Per cent*
Act of 1890	95,662	$55,860	35.00	4,191,083	$4,645,461	60.19
Act of 1894	49,561	22,542	30.00	5,690,075	5,920,345	50.00
Act of 1897	21,607	12,247	30.00	4,100,532	5,370,916	60.56
Act of 1909	248,115	134,644	30.00	2,376,898	3,261,801	74.53
Act of 1913	119,549	67,138	30.16	521,191	911,133	47.77
Act of 1922 [1]	56,520	49,986	30.00	379,051	1,225,022	50.00
Calendar year:						
1922 [2]	22,478	16,049	30.00	91,215	256,494	50.00
1923	79,685	58,599	30.00	347,405	1,042,324	50.00
1924	57,682	48,037	30.00	321,009	1,103,193	50.00
1925	43,743	47,511	30.00	419,354	1,630,220	50.00
1926 [3]	9,796	18,511	30.00	252,063	969,982	50.00

[1] Annual average for period from Sept. 22, 1922, to June 30, 1926, inclusive.
[2] Sept. 22 to Dec. 31, 1922, inclusive.
[3] Jan. 1 to June 30, 1926, inclusive.

"Cut" hosiery is usually much inferior to other types. For the entire period from October 6, 1890, to June 30, 1926, covered by the above data, imports of "cut" cotton hosiery had an average invoice value of $0.576 per dozen pairs and "all other" cotton hosiery (full-fashioned and seamless) had an average invoice value of $1.292 per dozen pairs. Imports of "cut" cotton hosiery had an average invoice value per dozen pairs of $0.735 in 1923, of $0.833 in 1924, of $1.086 in 1925, and of $1.889 in the first six months of 1926. Imports of all other cotton hosiery had an average value of $3.001 per dozen pairs in 1923, of $3.437 in 1924, of $3.887 in 1925, and of $3.848 in the first six months of 1926.

Of the cotton hosiery imported under the tariff act of 1922, up to and including June 30, 1926, "cut" hosiery has constituted 12.98 per cent in quantity and 3.64 per cent in value.

Very little seamless hosiery of foreign manufacture is sold in the United States. The cotton hosiery listed in import statistics as "all other" constituting 80 to 96 per cent of the total in quantity and 94 to 98 per cent in value, is almost entirely full fashioned.

There are no statistical records of the proportionate amount of infants', women's, and men's hosiery imported into this country and estimates by various importers and by appraisers show wide variance. It seems to be agreed that imports of full-fashioned hosiery were formerly predominantly for women, with relatively small amounts for infants, and negligible amounts for men. With the change in styles, women are using less cotton hosiery, either imported or domestic. Of the total imports of full-fashioned cotton hosiery, it is estimated that infants' socks and men's half hose now constitute more than one-half in quantity, although women's hose, because of their higher unit values, still account for more than one-half of the total value. Of the smaller group listed in import statistics as "cut" cotton hosiery, the bulk is for infants, a small amount for men, and practically none for women.

Infants' socks are estimated at approximately one-fourth of the total cotton-hosiery imports. It is probable that in quantity they amount to somewhat more than one-fourth of the total, but in value,

to somewhat less. Their average unit value is very small, 2 dozen of them being about the equivalent in value of 1 dozen men's half hose, and 4 dozen about the equivalent of 1 dozen women's hose. This low average value is not due to inferiority in quality, but to the predominance of the smaller sizes imported, for the wholesale prices are graded according to sizes. Since the differential is not carried over into the retail price, it is more profitable to import the smaller sizes. Moreover, the style for larger children has changed from socks to golf hose, known as seven-eighths length hose, very few of which are imported.

One reason for the importation of infants' cotton socks is the attractiveness of the elaborate Jacquard and fancy-striped tops developed by foreign manufacturers. But some are plain, imported for a certain trade demanding infants' full-fashioned hosiery which, so far as can be ascertained, is not made in this country. Then, too, without regard to particular characteristics, infants' socks are imported for a limited class of people to whom the term "imported" connotes a superior article.

The cotton hosiery imported for men and for women is for the most part fancy goods which are almost as expensive as the silk. Some of those entered as cotton hosiery are part cotton and part rayon—the rayon used to form the design or in the knitting of the "boot" and the cotton for the tops and the soles.

Exports.

Table 3 shows exports of domestic cotton hosiery for 1918 and subsequent years.

TABLE 3.—*Cotton hosiery: Domestic exports, 1918–1925*

[Source: Foreign Commerce and Navigation of the United States]

Exported to—	1918	1919	1920	1921	1922
	Quantity	Quantity	Quantity	Quantity	Quantity
	Dozen pairs	*Dozen pairs*	*Dozen pairs*	*Dozen pairs*	*Dozen pairs*
Cuba	869,621	667,767	1,320,746	175,827	903,523
Argentina	1,347,046	691,347	501,857	340,845	729,804
United Kingdom	294,398	1,805,178	2,251,711	564,476	1,027,305
Canada	479,816	511,636	309,343	272,365	499,917
Mexico	147,004	164,343	132,609	181,083	150,394
Uruguay	159,323	199,494	196,628	22,129	162,316
Australia	577,274	698,852	1,263,170	140,440	170,367
British South Africa	133,433	133,590	237,232	40,644	66,179
All other countries	1,516,348	4,614,131	5,342,359	770,449	1,112,799
Total	5,574,343	9,477,338	11,575,655	2,508,258	4,792,604
Average unit value	$2.378	$2.837	$3.272	$2.485	$1.924

Exported to—	1923		1924		1925	
	Quantity	Value	Quantity	Value	Quantity	Value
	Dozen pairs		*Dozen pairs*		*Dozen pairs*	
Cuba	1,229,457	$2,258,575	893,836	$1,607,292	697,142	$1,245,903
Argentina	768,263	1,982,460	628,821	1,423,845	843,357	1,954,788
United Kingdom	511,769	1,180,647	619,201	881,483	874,249	1,301,205
Canada	499,004	832,677	342,807	534,611	414,563	637,760
Mexico	211,562	546,331	329,635	819,847	350,937	817,797
Uruguay	202,122	372,986	189,047	335,031	167,020	264,387
Australia	178,411	292,879	164,518	242,942	169,767	268,284
British South Africa	107,380	204,132	95,666	151,944	149,314	250,337
All other countries	1,451,782	2,851,216	1,561,982	3,068,510	1,877,873	3,710,920
Total	5,159,750	10,525,153	4,825,563	9,095,505	5,534,222	10,494,371
Average unit value		2.040		1.885		1.896

Prior to 1918, statistics of exports of domestic cotton hosiery were included in Commerce and Navigation, without separate enumeration, in the general classification of "cotton knit goods." The recorded exports of cotton hosiery, listed above, are inclusive totals and there are no official data as to their character. However, domestic production is shown by the Bureau of the Census to be mainly of the seamless type, and it is stated by the trade that this is also true of domestic exports and that very little full-fashioned cotton hosiery of American manufacture enters international trade.

During the World War the United States succeeded Germany as the world's main source of cotton hosiery by a rapidly increasing exportation culminating in 1920 with 11,575,655 dozen pairs, valued at $37,879,665. Following that year, when prices attained a new height, there was a sharp decline in the demand, and in 1921 the United States sold abroad only 2,508,258 dozen pairs. With the subsequent recovery of foreign demand, the American industry, although not equaling its 1920 record, resumed an important position in world trade, exporting 4,792,604 dozen pairs in 1922; 5,159,750 dozen pairs in 1923; 4,825,563 dozen pairs in 1924; and 5,534,222 dozen pairs in 1925. The average value of exports was $1.924 per dozen pairs in 1922, $2.040 in 1923, $1.885 in 1924, and $1.896 in 1925.

In recent years the principal purchasers have been Cuba, Argentina, the United Kingdom, and Canada. The United States now ranks second only to Germany in supplying the international demand for cotton hosiery. Post-war exports have greatly exceeded imports.

Consumption.

Table 4 shows the volume of cotton hosiery available for domestic consumption in the census years 1914, 1919, 1921, and 1923.

TABLE 4.—*Cotton hosiery: Domestic consumption, 1914–1923*

	1914	1919	1921	1923
	Dozen pairs	*Dozen pairs*	*Dozen pairs*	*Dozen pairs*
Domestic production	61, 409, 575	60, 613, 342	50, 894, 096	57, 619, 523
Imports for consumption	2, 194, 371	65, 513	703, 884.	427, 091
Total supply	63, 603, 946	60, 678, 855	51, 597, 980	58, 046, 614
Less domestic exports	[1] 500, 000	9, 477, 338	2, 508, 258	5, 159, 750
Available for consumption	63, 103, 946	51, 201, 517	49, 089, 722	52, 886, 864

[1] Exports for 1914 were not separately recorded in American statistics but have been estimated at 500,000 dozen pairs on the basis of such foreign statistics as are available showing imports from the United States.

The above table, taken in connection with Table 1 (domestic production), shows that the consumption of cotton hosiery in the United States reached its highest point about 1914. The subsequent decline in consumption, which has been greater than the decline in production, is stated by the trade to be due to the growing popularity of silk and of rayon hosiery. This statement is substantiated by data for successive census years showing a steadily increasing production of these two types of hosiery.[1]

[1] See Table 5.

CHANGING TRENDS IN THE DEMAND FOR COTTON HOSIERY

Hosiery, at one time almost as staple a product as sugar, is now subject to the vagaries of fashion. The most pronounced effect of style influence in the years since the war has been the change from lisle to silk hosiery. The increased price of cotton and the curtailment of imports of lisle hose during the war had something to do with effecting this change, but the generally higher level of wages in the United States, the restriction of immigration, and the greater economic independence of women are probably more important and more permanent causes. On the other hand, the production of silk hosiery has advanced to large-scale proportions whereby greater savings in manufacture can be effected, and the pressure of competition has caused some of this saving to be reflected in relatively lower prices. Most of the silk hosiery worn by women is, in reality, more than half cotton in weight, only the top of the foot and a portion of the hose known as the "boot" being made of silk.

A more recent development is the use of rayon for hosiery, or of rayon mixed with silk or with cotton. Rayon hosiery has much the appearance of silk and competes with cotton hosiery on a lower price basis than does silk. Though most noticeable in women's hosiery this competition extends to hosiery for men and for infants.

These changes in style are reflected in imports, which have greatly diminished, and in domestic production, which, though continuing to increase, has markedly changed in character, as shown by the following comparison of the domestic hosiery production in 1914, the last pre-war census year, and in 1923, the latest census year.

TABLE 5.—*Hosiery of all kinds and materials: Domestic production, 1914 and 1923*

	Quantity			Value		
	1914	1923	Rate of increase	1914	1923	Rate of increase
	Dozen pairs	*Dozen pairs*	*Per cent*			*Per cent*
Cotton	61,409,575	57,619,523	−6.17	$59,631,474	$105,044,759	77.67
Wool	1,985,833	1,177,151	−40.72	3,575,486	8,157,282	110.48
Merino[1]	3,059,294	7,890,658	157.92	4,798,949	25,352,576	428.29
Silk	3,660,440	4,640,327	26.77	18,553,220	45,929,047	147.55
Rayon	(2)	2,758,457	416.96	(2)	10,646,769	1,620.27
Silk or rayon mixed with other fibers	5,049,769	23,346,811		11,239,461	182,702,445	
Total	75,164,911	97,432,927	29.63	98,098,590	378,732,878	286.07

[1] Wool and cotton mixed. [2] Not separately recorded.

As shown in Table 5, cotton hosiery production has declined not only absolutely but to an even greater extent relatively. Of the 75,164,911 dozen pairs of hosiery produced in the United States in 1914, 81.70 per cent was cotton, whereas of the 97,432,927 dozen pairs produced in 1923, only 59.14 per cent was cotton. During the same period hosiery of silk, rayon, and mixtures of these with other fibers, increased from 11.59 per cent to 31.56 per cent of the total quantity of hosiery produced in the United States.

In 1923 imports of cotton hosiery were 80.54 per cent less than in 1914, and imports of silk hosiery amounted to only 10,363 dozen

pairs. It is evident, therefore, that the decreased demand for cotton hosiery has been due mainly to the competition of hosiery made in the United States, wholly or in part of silk and of rayon.

Not only has there been a change from one type of material to another but in recent seasons there has been a marked demand for novelty goods, especially in men's half hose, tending to popularize fancy lisle hosiery. What effect this may have had upon domestic production can not be ascertained because the 1923 census figures are the latest available. Imports since 1923 do not show any marked tendency to increase. (See Table 2.) Fancy designs in men's socks were introduced from Germany in 1923 and 1924, but American manufacturers were soon able to produce half hose equally as good in style and quality as the German. Many jobbers consider the domestic product superior to all but the highest priced foreign.

Novelty hosiery has brought about altered marketing conditions. As a pattern which has been exploited is no longer desirable, manufacturers make such goods only on order. Quantity production is essential to the success of the American industry, and domestic manufacturers do not care to take orders for less than 60 dozen. Jobbers desiring exclusive designs of hose or half hose may order from foreign manufacturers who will make them up in small quantities. But as time is an important element in the factor of style, most dealers prefer to buy from American manufacturers who usually deliver the goods a few weeks after accepting the order. Foreign orders take from three to six months and are usually paid for in advance; before the delivery of the order the demand for the particular goods may have ceased.

Figured cotton hosiery for men has been developed in the cheaper grades, but the full-fashioned Jacquard-figured lisle hose for women are so expensive, that, although fashionable, they will probably not displace silk hose to any great extent. Most of the Jacquard-figured hosiery for women is imported.

Prior to the war fancy-topped socks for infants were imported from Germany in large quantities. During the years that German goods could not be obtained the industry was built up in this country. So much progress has been made in designing new styles that the German product no longer serves as a model. An important style change in children's hosiery was the adoption in 1923 of the seven-eighths length golf hose for large children in place of the socks known as infants' socks, which had previously been worn. The seven-eighths length hose continues popular and restricts the imports of hosiery for infants and children.

PRINCIPAL COMPETING COUNTRY

An analysis of import statistics shows that Germany is the principal competing country. That this was true in pre-war, as in post-war, years, is shown by the following table:

TABLE 6.—*Cotton hosiery: General imports, by countries, 1914, 1923, 1924, and 1925*

[Source: Foreign Commerce and Navigation of the United States]

Imported from—	Quantity	Value	Unit value
	Dozen pairs		*Per dozen pairs*
Fiscal year 1914:			
Germany	2,375,494	$3,050,939	$1.284
United Kingdom	17,604	43,666	2.480
France	8,977	35,683	3.975
All other countries	17,326	14,357	.829
Total	2,419,401	3,144,645	1.300
Calendar year 1923:			
Germany	571,182	1,156,567	2.025
United Kingdom	22,556	123,982	5.497
France	4,101	32,049	7.815
All other countries	13,879	13,993	1.008
Total	611,718	1,326,591	2.169
Calendar year 1924:			
Germany	480,426	1,178,181	2.452
United Kingdom	33,918	170,484	5.026
France	5,027	36,584	7.278
All other countries	11,568	24,069	2.081
Total	530,939	1,409,318	2.654
Calendar year 1925:			
Germany	489,377	1,541,698	3.150
United Kingdom	51,585	280,813	5.444
France	13,190	89,553	6.789
All other countries	9,094	30,182	3.319
Total	563,246	1,942,246	3.448

Germany thus supplied in quantity 98.19 per cent of the 1914 imports, 93.37 per cent of the 1923 imports, 90.49 per cent of the 1924 imports, and 86.89 per cent of the 1925 imports. It is the only country that exports more cotton hosiery to the United States than it imports from the United States. As suggested by the value per dozen pairs, the imports from the United Kingdom and France consist mainly of high-priced novelties.

PRICES

The trend of prices in the domestic market is shown by the trade quotations in Table 7 for typical makes of men's half hose and of women's hose, both seamless, from 1913 to 1926, inclusive.

TABLE 7.—*Domestic seamless cotton hosiery, average mill prices to the wholesaler, 1913–1926* [1]

Year	Men's half hose, 60/2 or 70/2, combed, mercerized, 220 needles	Women's hose, 70/2, combed, mercerized, 220 needles	Year	Men's half hose, 60/2 or 70/2, combed, mercerized, 220 needles	Women's hose, 70/2, combed, mercerized, 220 needles
	Per dozen pairs	*Per dozen pairs*		*Per dozen pairs*	*Per dozen pairs*
1913	$1.60	$1.60	1920	$3.75	$7.50
1914	1.55	1.60	1921	2.35	2.85
1915	1.50	1.60	1922	2.30	2.70
1916	1.75	1.75	1923	2.30	2.75
1917	2.00	2.50	1924	1.75	2.40
1918	2.33	3.75	1925	1.80	2.30
1919	3.23	4.50	1926 [2]	1.70	2.20

[1] Quotations obtained from leading manufacturers, and from trade journals.
[2] First 6 months of 1926.

As shown above by quotations from the trade, prices declined in 1915, after the outbreak of the war, but thereafter rose steadily until in 1920, the peak year, men's 220-needle half hose of cotton sold at $5.75, and women's 220-needle hose of cotton at $7.50 per dozen pairs. The unprecedentedly high prices of the autumn of 1919 and the spring of 1920 resulted in a great curtailment of consumption, which had its reaction in a sharp price decline.

COST OF PRODUCTION

Scope and method of investigation.

As cotton hosiery is produced in many styles and qualities, the investigation was directed toward obtaining cost data of representative samples, domestic and foreign, of men's, women's, and infants' cotton hosiery.

Domestic investigation.

In the manufacture of cotton hosiery, the Southern States lead and are followed by the Middle Atlantic States, the East North Central States, and the New England States in the order named. The mills operated by the companies included in the investigation were situated in the following States: Pennsylvania, New Jersey, Delaware, North Carolina, Tennessee, Georgia, Alabama, Louisiana, Mississippi, Virginia, West Virginia, Ohio, Indiana, Illinois, Michigan, Wisconsin, Massachusetts, Connecticut, and New Hampshire. The scope of the investigation in each of the geographical sections important in the manufacture of cotton hosiery is shown in Table 8.

TABLE 8.—*Scope of domestic cotton hosiery industry covered by cost of production investigation, 1923*

(a) GEOGRAPHIC DISTRIBUTION OF DATA OBTAINED FROM ALL COMPANIES COVERED IN THE INVESTIGATION

Geographic division	Costs obtained	Companies	Mills operated	Capital	Seamless knitting machines	Full-fashioned knitting machines	
						Leggers	Footers
Total	194	55	126	$57,714,992	44,039	427	206
Middle Atlantic States	82	27	56	20,344,192	15,480	140	77
Southern States	57	13	45	19,945,900	13,791	14	6
East North Central States	41	10	17	13,224,700	9,956	273	123
New England States	14	5	8	4,100,200	4,812	.....	.....

(b) GEOGRAPHIC DISTRIBUTION OF DATA OBTAINED FROM COMPANIES WHOSE COSTS WERE SELECTED FOR USE IN THE INVESTIGATION

Geographic division	Costs used	Companies	Mills operated	Capital	Seamless knitting machines	Full-fashioned knitting machines	
						Leggers	Footers
Total	52	32	92	$48,291,509	32,337	427	206
Middle Atlantic States	31	17	43	17,950,409	12,706	140	77
Southern States	11	8	35	18,703,300	11,083	14	6
East North Central States	8	5	10	7,914,700	4,005	273	123
New England States	2	2	4	3,723,100	4,541	.....	.....

TABLE 8.—*Scope of domestic cotton hosiery industry covered by cost of production investigation, 1923*—Continued

(c) GEOGRAPHIC DISTRIBUTION OF DATA OBTAINED FROM MILLS WHOSE COSTS WERE SELECTED FOR USE IN THE INVESTIGATION

Geographic division	Costs used	Companies	Mills	Seamless knitting machines	Full-fashioned knitting machines	
					Leggers	Footers
Total	52	32	32	16,661	263	125
Middle Atlantic States	31	17	17	5,715	140	77
Southern States	11	8	8	5,565	14	6
East North Central States	8	5	5	3,022	109	42
New England States	2	2	2	2,359	.....	.....

Approximately one-half of the knitting machines producing cotton hosiery in the United States were operated by the companies from which costs of samples were obtained in the investigation. Cost data were secured for 194 samples of domestic hose. Costs of 52 of these samples are included in the cost comparisons in this report. The percentage of the total production of hosiery that is represented by these samples is not ascertainable.

Table 8 (*a*, *b*, and *c*) is designed to show the geographical distribution of the companies and mills from which domestic cost of production data were obtained in this investigation, as well as a similar distribution of the companies and mills from which cost data that have actually been used in this report were obtained.

Table 8 (*a*) shows the geographical distribution of (1) the number of items for which cost data were obtained; (2) the number of the companies from which such cost data were obtained; (3) the number of mills operated by those companies, whether or not cost data were obtained from one or more of such mills; (4) the capital of the several companies; and (5) the number of knitting machines, by types, operated by those companies.

Table 8 (*b*) shows geographical distribution as in Table 8 (*a*), but relates only to the companies from which cost data actually used were obtained.

A large company sometimes operates mills in different sections of the country. It should be noted that in Table 8 (*a*) and 8 (*b*) the geographical distribution of mills and machinery is according to companies by which they were operated and not according to the location of the mills. As a matter of fact, only two of the companies operated mills in different geographical sections: (1) A company whose main mill was in the Middle Atlantic States operated five southern mills. Only 21.5 per cent of the machinery operated by the company was in the South; (2) a company whose main mill was in the South operated three mills in the Middle Atlantic States. Only 22.4 per cent of the machinery operated by the company was in the Middle Atlantic States.

Table 8 (*c*) shows the geographical distribution relating only to the mills from which cost data were actually used in this investigation. It therefore shows, by geographical sections, (1) the number of items for which cost data were used; (2) the number of companies operating the mills from which cost data were used; (3) the number of mills

from which cost data were actually used; and (4) the number of machines, by types, operated in the mills whose cost data were used.

The location of each of the mills given in Table 8 (c) corresponds to the location of the operating company. The item of capital does not appear in Table 8 (c), because in instances where companies operate several mills the capital can not be apportioned to the individual mills.

The official in charge of each mill included in the investigation selected two or more samples of hose that were typical and representative of the bulk of his output and on these samples the costs were computed.

Cost data were taken directly from mill books by accountants working in cooperation with a knitting expert.

The various cost elements and the total cost were ascertained as follows:

(A) Material cost was based on mill-book data showing the weights and prices of the yarns and other materials used in each style of hosiery selected.

(B) Manufacturing labor cost was obtained thus:

(1) Piecework-labor cost on each style was taken from the mill books, the piece-rate scale being a matter of record.

(2) The ratio of total time-labor cost to total piecework-labor cost was found in each factory for the period of time under consideration. The time-labor cost ascribed to each specific hose was a figure which bore the same ratio to the ascertained piecework-labor cost of that hose as the total time-labor cost of the factory bore to total piecework-labor cost of the factory.

(3) Time-labor cost, arrived at as described in (2), and piecework-labor cost were combined to give the manufacturing labor cost.

(C) The ratio of total manufacturing expense to total manufacturing labor cost was found in each factory for the 12-month period for which costs were obtained. The manufacturing expense ascribed to each specific hose was a figure which bore the same ratio to the ascertained manufacturing labor cost of that hose as the total manufacturing expense of the factory bore to the total manufacturing labor cost of the factory.

Total mill cost was obtained by adding the items (A) material, (B) manufacturing labor, and (C) manufacturing expense.

Foreign investigation.

Four agents of the commission, consisting of two knitting experts, a textile expert, and a cost accountant, in cooperation with members of the commission's foreign staff, conducted the investigation in Europe. At the offices of the American consulates at Berlin, Dresden, Paris, Lyons, London, and Nottingham, a careful study was made of invoices of cotton hosiery exported to the United States. Styles typical of the bulk of the exports were selected from the invoices and the names of the mills producing them were noted. Cost data relative to the production of cotton hosiery were obtained from seven German manufacturers who made hosiery typical of German exports to the United States. Cost data were obtained from two mills in England, but attempts to get cost data in France were wholly unsuccessful. Only the German costs are shown in this report, since Germany is considered the principal competing country for the purposes of this investigation.

Germany.—Before visiting the mills selected from a study of invoices, conferences were held with the hosiery association and with labor union leaders. The manufacturers attending the conferences were each presented with a translation of section 315 of the tariff act of 1922, and with specific cost sheets prepared in German explaining the method of cost computation to be employed. The hosiery association, after having given consideration to the request for cost data, decided that it would be inadvisable for it, as an association, to attempt to furnish costs of production and suggested that the agents of the commission confer directly with the manufacturers. At first this method was no more successful. Finally, after the agents of the commission had gone to France, seven of the leading German manufacturers agreed to furnish cost data on specific samples which they themselves selected from the styles submitted to them by the commission's agents as representative of German exports to the United States. Whereupon, one of the knitting experts with two of the commission's foreign agents returned to Chemnitz. Four of the seven German mills visited by the commission's agents were situated in Chemnitz, and one each in Talheim, Gorusdorf, and Neukierchen, all in the Chemnitz district.[1] From these mills on September 9 and 10, 1923, cost of production data were obtained for 15 specific samples of cotton hosiery which were regarded by the commission's agents as physically representative of the styles exported from Germany to the United States. In the case of only 8 of these 15 samples were the cost data found to be suitable for comparison with the American cost data. In the case of the other 7 cost data were not used for the following reasons: 3 because selling expenses were not separated from the total mill cost; 1 because the hose was a fine cotton chiffon, very expensive, and not at all comparable with any of the domestic samples; 1 because of a special feature, a patented elastic top interknit with rubber; 1 because, although costs were given, no sample was obtained, and, therefore, it was not possible to verify the technical details; and 1 because it was a "cut" hose, no comparable sample of which could be obtained in the United States.

The cost sheets as furnished by the German manufacturers show items for material cost, labor cost, manufacturing expense, loss on seconds, and selling expense. The prices of yarns were checked with purchase invoices at the mills and dyeing costs, usually on a commission basis, were checked with the prevailing price schedules for that kind of work. The pay rolls were also examined by the commission's agents. Mill expenses and overhead charges were accepted at the figures given by the manufacturers as they declined to allow these figures to be checked with their books. The items of mill expense and overhead are in fact estimates. These circumstances account for the fact that only two days were consumed in obtaining the costs in the Chemnitz district.

The item of material cost per unit for each style was computed from the records of the manufacturer. The majority of the finer yarns used were of English manufacture, and the prices paid for these were taken from receipted bills made out in pounds sterling.

[1] The German cotton hosiery industry is concentrated in and around Chemnitz, Saxony. Mills outside of Saxony are scattered and are unimportant in the export trade.

Labor cost was computed by the commission's agents by the method used in the domestic investigation. Piecework labor comprised the bulk of the total labor cost. The piecework rates for the various operations were verified from the factory schedules and a computation was made of the total piecework labor on each type of hose. The total timework-labor cost and the total piecework-labor cost for the entire output of the factory were verified from the factory books and the ratio between them was applied to the piecework-labor cost on each of the selected samples of hose to estimate the timework-labor cost applicable thereto. Piecework-labor cost and timework-labor cost as above described, were then added together to give the total manufacturing labor cost for each selected sample.

Wage data were recorded on the books of the manufacturers in gold marks, although the manufacturers actually paid in paper marks. The amounts paid were the number of paper marks equivalent at the time of payment to the gold-mark wage scale.

The manufacturing expense (works expense and fixed charges) did not, in most instances, admit of thorough checking, and for this item estimates supplied by the various manufacturers have been used.

In Comparison A, Table 10, the average total mill cost of the two domestic samples is made up of 25.83 per cent material, 42.59 per cent labor, 31.58 per cent manufacturing expense; the average total mill cost of the two foreign samples is made up of 48.04 per cent material, 38.79 per cent labor, and 13.17 per cent manufacturing expense.

In Comparison B, Table 10, the average total mill cost of the 25 domestic samples is made up of 39.13 per cent material, 37.55 per cent labor, 23.32 per cent manufacturing expense; the average total mill cost of the two foreign samples is made up of 52.29 per cent material, 37.36 per cent labor, 10.35 per cent manufacturing expense.

In Comparison A, Table 11, the average total mill cost of the 17 domestic samples is made up of 48.05 per cent material, 32.42 per cent labor, 19.53 per cent manufacturing expense; the average total mill cost of the two foreign samples is made up of 47.68 per cent material, 31.35 per cent labor, 20.97 per cent manufacturing expense.

In Comparison B, Table 11, the total mill cost of the one domestic sample is made up of 42.25 per cent material, 32.87 per cent labor, 24.88 per cent manufacturing expense; the total mill cost of the one foreign sample is made up of 43.19 per cent material, 35.22 per cent labor, 21.59 per cent manufacturing expense.

In comparison C, Table 11, the total mill cost of the one domestic sample is made up of 45.68 per cent material, 35.67 per cent labor, 18.65 per cent manufacturing expense; the total mill cost of the one foreign sample is made up of 50 per cent material, 30.26 per cent labor, 19.74 per cent manufacturing expense.

In comparison D, Table 11, the average total mill cost of the six domestic samples is made up of 60.73 per cent material, 22.36 per cent labor, 16.91 per cent manufacturing expense; the total mill cost of the one foreign sample is made up of 50 per cent material, 30.26 per cent labor, 19.74 per cent manufacturing expense.

Dyeing costs are separated into material and labor for the mills which have dyeing plants; but dyeing costs, including labor, for mills which have the dyeing done outside are included entirely in material. A few mills buy colored yarns; for these, dyeing costs, including labor,

necessarily are included entirely in material. Samples in Table 9 were from mills whose practices were as follows: A (Table 10), 1 sample from mill having dye plant, 1 sample from mill buying colored yarn; B (Table 10), 5 from mills having dye plant, 16 from mills having dyeing done outside, 2 from mills having dye plants but also having some outside work, and 2 from mills buying colored yarn; A (Table 11), 15 from mills having dye plants, and one from mill having dyeing done outside; B (Table 11), 1 from mill having dye plant; C (Table 11), 1 from mill having dye plant; and D (Table 11), 6 from mills having dye plants.

German mills have the dyeing done in outside establishments. The cost of dyes and of the dyeing labor for the German samples comes under the head of material cost.

The three items of material, manufacturing labor, and manufacturing expense were added to obtain the total mill cost.

TABLE 9.—*Cotton hosiery, percentage distribution of cost elements in total mill cost*

DOMESTIC SEAMLESS AND FULL-FASHIONED SAMPLES

	A (Table 10)	B (Table 10)	A (Table 11)	B (Table 11)	C (Table 11)	D (Table 11)
	Infants' mercerized Jacquard-top socks, fashioned tops, 2 samples	Infants' mercerized striped-top socks, seamless, 25 samples	Men's mercerized half hose, seamless, 17 samples	Women's combed hose, full fashioned, 1 sample	Women's mercerized hose, full fashioned, 1 sample	Women's mercerized hose, seamless, 6 samples
Material [1]	25.83	39.13	48.05	42.25	45.68	60.73
Labor	42.59	37.55	32.42	32.87	35.67	22.36
Manufacturing expense	31.58	23.32	19.53	24.88	18.65	16.91
Total mill cost	100.00	100.00	100.00	100.00	100.00	100.00

GERMAN FULL-FASHIONED SAMPLES

	A (Table 10)	B (Table 10)	A (Table 11)	B (Table 11)	C and D [2] (Table 11)
	Infants' mercerized Jacquard-top socks, 2 samples	Infants' mercerized striped-top socks, 2 samples	Men's mercerized half hose, 2 samples	Women's combed hose, 1 sample	Women's mercerized hose, 1 sample
Material [1]	48.01	52.29	47.68	43.19	50.00
Labor	38.79	37.34	31.35	35.22	30.26
Manufacturing expense	13.17	10.35	20.97	21.59	19.74
Total mill cost	100.00	100.00	100.00	100.00	100.00

[1] For mills which have dye plants the cost of the dyes and chemicals are included under material costs, and of the dyehouse labor under labor costs; for mills which have their dyeing done outside, the costs of dyes and labor in dyeing are included under material costs. Of the domestic samples used in this investigation, 29 were made in mills having dye plants; 18 in mills having dyeing done outside; 2 in mills having dye plants but also sending out goods to be dyed; 3 in mills which bought colored yarns. It seems to be the universal practice in Germany to have the dyeing done outside; in the case of infants' hosiery, not only dyeing, but finishing and even boxing are done outside. Hence, the cost of dyehouse labor, as well as of dyes and chemicals, is probably included in the material costs of all the German samples selected.

[2] Costs of 1 sample of women's mercerized hose used for both C and D (Table 11).

Domestic and foreign production costs.

"Cut" cotton hosiery is specially provided for in paragraph 916. Costs were obtained for one German sample of this type. Inasmuch as "cut" hosiery is not regularly manufactured in the United States, no domestic costs for this type were obtained, and no cost comparison is shown for cut hosiery. (See note 1, p. 4.)

Comparisons have been made of the several classes of cotton hosiery. Infants' fancy-top socks, differentiated from other seamless or fashioned hosiery by having ribbed tops made with yarns of two or more colors, have been grouped together in the comparative tables. Other classes of hosiery, seamless or fashioned, not specially provided for, have likewise been grouped together in the tables. Germany is the principal competing country and, therefore, in this report costs of German hose are compared with costs of domestic hose. The comparisons are shown herewith in Tables 10 and 11 and also in Tables 12, 13, and 14.

The foreign and domestic costs shown in this report do not take into account any interest, either actual or imputed. In Germany, as previously explained, no data were obtained for the computation of these items, and in order not to have items of cost on one side not found on the other side, the comparative cost tables do not show actual or imputed interest, either foreign or domestic.

Table 10 shows domestic and foreign costs of cotton hosiery for infants; it includes two group comparisons and a simple average of the two. A simple average has been used because no data were obtained by which the costs could be weighted.

In Comparison A of Table 10, the two domestic and two foreign costs shown are for infants' mercerized cotton socks of the special type made with fancy full-fashioned ribbed tops. Both of the foreign and one of the domestic full-fashioned tops are Jacquard knit; one domestic full-fashioned top is not Jacquard knit but embodies designs, made with printed yarn, in imitation of Jacquard effects. The two foreign socks are made with full-fashioned top and full-fashioned leg and foot, whereas the two domestic socks are made with full-fashioned top and seamless leg and foot. The difference between full-fashioned and seamless feet for infants' socks is a relatively unimportant difference as compared with stockings for women. In America the manufacture of the seamless feet involves a less expensive operation than the manufacture of the full-fashioned feet, and in general the seamless is regarded as preferable for infants' hosiery, as the seam under the foot may be uncomfortable for the wearer.

Hosiery is judged, as to quality, largely by the fineness of the yarn and the closeness of the knitting; the latter is best indicated by the number of "wales," each produced by a separate needle, that appear in the finished article. By actual count, the number of wales per inch in the two domestic and in the two foreign socks is the same, namely, 26. The main count of yarn used in the two domestic and in one of the foreign socks is 40/2, in the other foreign sock it is 60/4.

In Comparison B of Table 10 the 25 domestic and 2 foreign costs shown are for infants' mercerized cotton socks made with ribbed tops of the usual style—that is, striped, dyed, or bleached. The 2 foreign socks are full fashioned and the 25 domestic socks are seamless. Both foreign and domestic samples have ribbed tops and, as the construction of ribbed fabric is the same on either the flat or

the circular knitting machines, the seamless tops fit as well as the full fashioned.

By actual count, the number of wales in the 2 foreign socks is the same, namely, 26, whereas in the domestic socks they range from 20 to 30. The main count of yarn used in the 2 foreign socks is 45/2. The main count of yarn used in the 25 domestic samples is 30/2 for 10 of the samples; 32/2 for 1 of the samples; 36/2 for 4 of the samples; 40/2 for 3 of the samples; and 50/2 for 4 of the samples. In 2 of the domestic samples in which the total weight of yarn in each sample is 8.5 ounces, one-half of the yarn in each sample is 30/2 and one-half is 40/2; and in 1 of the samples in which the total weight of yarn is 7.75 ounces, 3 ounces are of 36/2 yarn; 1.5 ounces of 30/1 yarn; and 3.25 ounces of 20/1 yarn.

Table 11 shows domestic and foreign costs of cotton hosiery for men and for women; it includes comparisons for four classes of articles and simple averages of the four. As in Table 10, the simple average has been used because detailed production data for the foreign samples, on which to calculate a weighted average, were not available.

In Comparison A of Table 11 the 17 domestic and 2 foreign costs shown are for men's mercerized half hose. The 2 foreign socks are full fashioned, and the 17 domestic socks are seamless.

By actual count, the number of wales per inch in the 2 foreign socks are 26 and 39, respectively, whereas in the domestic socks the range is from 26 to 36. The main count of yarn used in one of the two foreign socks is 19/1 and in the other is 50/2. The main count of yarn used in 3 of the domestic samples is 36/2; in 2, it is 40/2; in 4, it is 50/2; in 6, it is 60/2; and in 2, it is 80/2.

In Comparison B of Table 11 the 1 domestic cost and the 1 foreign cost shown are for women's combed hose. Both the foreign and domestic hose are full fashioned. The foreign hose has 32 wales per inch and is made of 40/1 and 60/1 yarn; the domestic hose has 36 wales per inch and is made of 70/1 yarn; the weight is the same in both instances.

In Comparison C of Table 11 the 1 domestic cost and the 1 foreign cost shown are for women's mercerized hose. Both the domestic and foreign hose are full fashioned. The foreign hose has 28 wales per inch, and is made of 60/2 yarn with a small quantity of 60/1 yarn; the domestic hose has 36 wales per inch, and is made of 60/2 yarn with a small quantity of 80/2 yarn.

In Comparison D of Table 11 the 6 domestic and 1 foreign costs shown are for women's mercerized hose. The 1 foreign hose is full fashioned; the 6 domestic hose are seamless. The foreign hose, which is the same that was used in Comparison C, has 28 wales per inch and is made almost entirely of 60/2 yarn. The main count of yarn used in 1 of the domestic hose is 50/2, in 2 it is 60/2, in 2 it is 70/2, and in 1 it is 80/2.

TRANSPORTATION COST

Under the decision of the Attorney General of the United States, the commission is under a duty to report the data with reference to the cost of transportation of the foreign and domestic articles as constituting an advantage or disadvantage in competition.

Imported hosiery.

Substantially all the imported cotton hosiery of the classes compared in this report is manufactured in the Chemnitz district in Germany and transported to New York by way of Hamburg, Bremen, or Rotterdam.

The Department of Commerce, in its publication entitled "Stowage Factors," gives the following data as typical of cotton hosiery shipments:

Cases weighing 167 pounds gross measured 12⁹⁄₁₂ cubic feet.
Cases weighing 250 pounds gross measured 18⁷⁄₁₂ cubic feet.

Averaging the above, we find the gross weight to be 13½ pounds per cubic foot. One cubic meter being equal to 35.31445 cubic feet, this figure multiplied by 13½ gives 476.75 pounds gross weight per cubic meter. If a shipment weighs 500 pounds gross, it would, on the above basis, occupy $\frac{500}{476.75} = 1.05$ cubic meters. Data from invoices which show both gross and net weight indicate that the gross weight (hose plus tissue paper plus pasteboard boxes plus wooden case) on which freight is paid is approximately double the net weight of the hose itself.

(*a*) *Land freight.*—In 1923 the land freight rate from Chemnitz to Hamburg was $2.05 per 100 kilograms (gross weight), equal to $2.05 divided by 220.46 (pounds per 100 kilograms), or $0.0093 per pound gross. The gross weight of cotton hosiery averages double the net weight, therefore the above was equal to $0.0186 per pound net weight.

Applying this rate, for example, to infants' mercerized socks having, as will be presently shown, an average net weight of one-half pound per dozen pairs, the Chemitz-Hamburg freight rate for such goods packed would be $0.0093 per dozen pairs.

(*b*) *Ocean freight.*—Ocean freight is based on the ton of 40 cubic feet, or the metric ton of 1 cubic meter, ship's option. It appears that ocean freight from Hamburg to New York is commonly stated in terms of dollars per cubic meter. In 1923 the prevailing rate was $5 per cubic meter. As a cubic meter contains 35.31445 cubic feet, cotton hosiery shipments contain per cubic meter 476.75 pounds ($35.31445 \times 13\frac{1}{2}$), which is equivalent to 238.38 pounds net weight of hose. Thus a shipment weighing 500 pounds gross weight would, as previously calculated $\left(\frac{500}{476.75}\right)$, equal 1.05 cubic meters.

Applying this rate, for example, to infants' mercerized socks having, as will be presently shown, an average net weight of one-half pound per dozen pairs, the Hamburg-New York ocean freight rate for such goods packed would be $0.0105 per dozen pairs.

Combining the land and ocean freights stated above, the total transportation cost from Chemnitz to New York becomes $0.0198 per pound gross weight packed.

Having thus obtained the total freight rate per pound gross weight packed, it becomes necessary to apply these rates to the several classes of hosiery according to their respective weights per dozen pairs. The following table shows the net weights of the various articles, viz:

Type of hose	Weight of 1 dozen pairs		Type of hose	Weight of 1 dozen pairs	
	Ounces	Pounds		Ounces	Pounds
Infants'	5.75	0.36	Women's	20	1.25
Do	8	.50	do	24	1.50
Do	10	.625	do	26.50	1.66
Men's	16	1.00			

For convenience in computation, it seems legitimate to take the middle figure of the three given for infants' and for women's hose, respectively. Thus we get the following net weights per dozen pairs:

Infants', ½ pound net weight.
Men's, 1 pound net weight.
Women's, 1½ pounds net weight.

As already explained, the gross weight of the articles packed, upon which freight must be paid, is double these figures.

Insurance premium.—To the freight charges, as above, there is to be added in each instance a charge for ocean insurance. The best data in the possession of the commission indicate that the premium rate for such insurance is seven-eighths of 1 per cent. This rate is applied to the face value of the shipment.

Consular fee.—The consular fee is $2.50 per invoice of any size. Many invoices cover one case only; others cover many cases. The size of the average shipment is not known but probably does not exceed 500 dozen pairs. On this basis the consular fee would amount to one-half cent per dozen pairs.

Customhouse broker's charge.—The customhouse broker charges $5 per entry, irrespective of the size of the entry. Estimating, as above, that the average shipment is 500 dozen pairs, the customhouse broker's charge would amount to 1 cent per dozen pairs.

The aggregate of these transportation charges on foreign imported hosiery is shown in the following schedules.

(1) *Infants' mercerized Jacquard-top socks.*—Assume a shipment of 500 dozen pairs, invoiced at $2 per dozen pairs, or $1,000 for the shipment, weighing one-half pound net per dozen pairs, or 250 pounds net per 500 pairs, weighing packed 500 pounds (227 kilos) gross and measuring 1.05 cubic meters.

	500 dozen pairs	1 dozen pairs
Consular fee	$2.50	$0.005
Land freight, Chemnitz to Hamburg, 227 kilos, at $2.05 per 100 kilos	4.65	.0093
Ocean freight, Hamburg to New York, 1.05 cubic meters at $5 per cubic meter	5.25	.0105
Marine insurance, seven-eighths of 1 per cent of $1,000	8.75	.0175
Customhouse broker, for clearing goods	5.00	.01
Total	26.15	.0523

(2) *Men's mercerized half hose.*—Assume a shipment of 500 dozen pairs, invoiced at $4 per dozen pairs, or $2,000 for the shipment, weighing 1 pound net per dozen pairs, or 500 pounds per 500 dozen pairs, weighing packed 1,000 pounds (454 kilos) gross and measuring 2.10 cubic meters.

	500 dozen pairs	1 dozen pairs
Consular fee	$2.50	$0.005
Land freight, Chemnitz to Hamburg, 454 kilos, at $2.05 per 100 kilos	9.30	.0186
Ocean freight, Hamburg to New York, 2.10 cubic meters at $5 per cubic meter	10.50	.0210
Marine insurance, seven-eighths of 1 per cent of $2,000	17.50	.035
Customhouse broker, for clearing goods	5.00	.01
Total	44.80	.0896

(3) *Women's mercerized hose.*—Assume a shipment of 500 dozen pairs, invoiced at $5.50 per dozen pairs, or $2,750 for the shipment, weighing 1½ pounds net per dozen pairs, or 750 pounds net per 500 dozen pairs, weighing packed 1,500 pounds (681 kilos) gross and measuring 3.15 cubic meters.

	500 dozen pairs	1 dozen pairs
Consular fee	$2.50	$0.005
Land freight, Chemnitz to Hamburg, 681 kilos, at $2.05 per 100 kilos	13.96	.0279
Ocean freight, Hamburg to New York, 3.15 cubic meters at $5 per cubic meter	15.75	.0315
Marine insurance, seven-eighths of 1 per cent of $2,750	24.06	.0481
Customhouse broker, for clearing goods	5.00	.01
Total	61.27	.1225

Domestic hosiery.

With respect to domestic production, the chief centers of the production of the classes of cotton hosiery here compared were Pennsylvania, New Jersey, Massachusetts, Wisconsin, Tennessee, and North Carolina. The principal wholesale centers, the meeting points for buyers and sellers, are New York and Philadelphia. Cotton hosiery is sold f. o. b. mill, the cost of delivery not affecting the quoted selling price. It is shipped from the mills to wholesalers and retailers all over the country. Some hose is sent to New York wholesalers for reshipment elsewhere. New York being the city of largest population, it is probable that more cotton hosiery is actually shipped there than to any other single point. Under these circumstances, New York has been taken as the principal market to which transportation may be computed on both sides.

The domestic freight rates on cotton hosiery to New York are as follows:

Cotton hosiery: Freight rates to New York on gross weight of shipment

	Per 100 pounds	Routed
From Ipswich, Mass	$0.395	All rail or rail and ocean.
From Philadelphia, Pa	.415	All rail.
From Durham, N. C	.77	Rail and ocean.
	.97	All rail.
From Chattanooga, Tenn	.96	Rail and ocean.
	1.05	All rail.
From Milwaukee, Wis	1.30	Lake and rail.
	1.34	Rail and ocean.
	1.42	All rail.

These rates per hundred pounds are for the gross weight of the shipment. As already shown, the gross weight (hose plus tissue

paper, plus pasteboard boxes, plus wooden cases) on which freight is paid is approximately double the net weight of the hose itself. In order to arrive at the transportation cost per unit of actual hose, whether such units be pounds or dozens of pairs, the scheduled freight rate given above must, as in the case of the foreign hose, be doubled to arrive at the net rate.

Of the 52 samples of domestic hose used for comparison in this investigation, 29 were from mills in Pennsylvania and 2 from other Middle States; 11 from Southern States; 8 from Middle West; and 2 from New England. Shipments from the Pennsylvania mills would, of course, be represented by the relatively low rate of $0.415 per 100 pounds gross weight, or $0.83 per 100 pounds net weight.

There are, however, no data by which production of the several factories or the shipments from the several factories to any point can be weighted. Thus, there are no data indicating that the actual shipments of hose to New York from the several points of manufacture are in the ratio of the number of samples selected from the several points.

If the cost of transporting domestic hose to the assumed common market, New York, must be reduced to some supposedly representative figure, then it would appear that a fair average figure for that purpose would be approximately $1 per hundred pounds gross weight or $2 per hundred pounds net weight. This gives an average freight rate of 2 cents per pound of hose. Applying the rate per pound to the average weight of the several classes of hose, we get the following results:

Cotton hosiery: Transportation expense of domestic articles, 1928 (per dozen pairs)

Class of hose	Weight		Freight charge
	Ounces	Pounds	
Infants' mercerized Jacquard-top socks	8	0.5	$0.01
Men's mercerized half hose	16	1	.02
Women's mercerized hose	24	1.5	.03

The freight charge to New York, as stated above, has been used in all the tables in which the costs of the several classes of hosiery have been compared.

It is to be noted that, as in the case of transportation costs on the foreign articles, no charges for cartage are included. Loss or damage in shipment by rail is assumed to be fully covered by the liability of the common carrier under the terms of the contract of shipment. It is true that some domestic firms carry insurance in order to secure prompt payment of claims for loss, the insurance company, in consideration of a premium, taking the risk of long delay in settlement by the railroads. It is also true that some jobbers carry such insurance as a floating policy, paying a fixed premium per year. But insurance on domestic shipments of hosiery appears to be the exception rather than the rule and, in the instances where it occurs, appears to be an exceedingly small item. No charge for insurance of any kind is included in the domestic transportation figures. In short, domestic transportation cost is limited to the freight charge; foreign transportation cost includes, in addition to the freight charge, the expense for consular fees, marine insurance premiums, and customs brokers' charges.

COMPARISON OF FOREIGN AND DOMESTIC COST DATA

In the following Table 10 are shown the results of a comparison of the unadjusted cost figures for the following classes of hosiery:

A—Infants' mercerized Jacquard-top socks; 2 domestic fashioned, or partly fashioned, samples, and 2 foreign fashioned samples.

B—Infants' mercerized striped-top socks; 25 domestic seamless samples and 2 foreign fashioned samples.

For convenience, a simple unweighted average of A and B is also stated in a final column.

In the following Table 11 are shown the results of a comparison of the unadjusted cost figures for the following classes of hosiery:

A—Men's mercerized half hose; 17 domestic seamless samples and 2 foreign fashioned samples.

B—Women's combed hose; 1 domestic fashioned sample and 1 foreign fashioned sample.

C—Women's mercerized hose; 1 domestic fashioned sample and 1 foreign fashioned sample.

D—Women's mercerized hose; 6 domestic seamless samples and 1 foreign fashioned sample.

For convenience, simple unweighted averages of various combinations of these data are shown in the remaining columns.

The results of applying various statistical methods to the basic data which are to be found in the cost sheets annexed to this report as Appendix A, and which are summarized in Tables 10 and 11, are indicated in the following sections dealing respectively with Method I, Method II, and Method III.

TABLE 10.—*Cotton hosiery, full-fashioned and seamless, "having ribbed tops of two or more colors": Costs of production, and rates of duty necessary to equalize differences in costs of production* [1] *in the United States and principal competing country (Germany)*

[Per dozen pairs]

	A Infants' mercerized Jacquard-top socks		B Infants' mercerized striped-top socks		Simple average of A and B	
	Domestic (2 fashioned)[2]	Foreign (2 fashioned)	Domestic (25 seamless)	Foreign (2 fashioned)	Domestic	Foreign
I. Cost, transportation not included:						
Material	$0.601	$0.737	$0.646	$0.606	$0.624	$0.671
Labor	.991	.595	.620	.433	.805	.514
Manufacturing expenses	.735	.202	.385	.120	.560	.161
Total mill cost	2.327	1.534	1.651	1.159	1.989	1.346
Difference	$0.793		$0.492		$0.643	
Foreign valuation	$1.975		$1.400		$1.688	
Duty required to equalize (per cent)	40.15		35.14		38.09	
II. Cost, transportation included:						
Total mill cost	$2.327	$1.534	$1.651	$1.159	$1.989	$1.346
Transportation to New York [3]	.010	.052	.010	.052	.010	.052
Total cost (including transportation)[3]	2.337	1.586	1.661	1.211	1.999	1.398
Difference	$0.751		$0.450		$0.601	
Foreign valuation	$1.975		$1.400		$1.688	
Duty required to equalize (per cent)	38.03		32.14		35.60	

[1] These costs do not include any interest, either actual or imputed.

[2] Full-fashioned tops and seamless feet.

[3] Transportation charges on the foreign hosiery include consular fees, freight, marine insurance, and customs brokers' charges. These charges are nondutiable. Transportation charges on the domestic hosiery are the freight charges.

TABLE 11.—*Cotton hosiery, full-fashioned and seamless, not "having ribbed tops of two or more colors": Costs of production and rates of duty necessary to equalize differences in costs of production [1] in the United States and principal competing country (Germany)*

[Per dozen pairs]

	A		B		C		D	
	Men's mercerized half hose		Women's combed hose		Women's mercerized hose		Women's mercerized hose	
	Domestic (17 seamless)	Foreign (2 fashioned)	Domestic (1 fashioned)	Foreign (1 fashioned)	Domestic (1 fashioned)	Foreign (1 fashioned)	Domestic (6 seamless)	Foreign (1 fashioned)
I. Cost, transportation not included:								
Material	$1.156	$1.080	$1.720	$1.300	$2.143	$1.900	$1.641	$1.900
Labor	.750	.710	1.338	1.060	1.673	1.150	.604	1.150
Manufacturing expense	.470	.475	1.013	.650	.875	.750	.457	.750
Total mill cost	2.406	2.265	4.071	3.010	4.691	3.800	2.702	3.800
Difference	$0.141		$1.061		$0.891		[2] $1.098	
Foreign valuation	$3.75		$4.10		$5.50		$5.50	
Duty required to equalize (per cent)	3.76		25.88		16.20		[2] 19.96	
II. Cost, transportation included:								
Total mill cost	$2.406	$2.265	$4.071	$3.010	$4.691	$3.800	$2.702	$3.800
Transportation to New York [3]	.020	.090	.030	.122	.030	.122	.030	.122
Total cost (including transportation) [3]	2.426	2.355	4.101	3.132	4.721	3.922	2.732	3.922
Difference	$0.071		$0.969		$0.799		[2] $1.190	
Foreign valuation	$3.75		$4.10		$5.50		$5.50	
Duty required to equalize (per cent)	1.89		23.63		14.53		[2] 21.64	

	Simple averages					
	A, B, C, and D		A, B, and C		B and C	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
I. Cost, transportation not included:						
Material	$1.665	$1.545	$1.673	$1.427	$1.932	$1.600
Labor	1.099	1.018	1.264	.973	1.505	1.105
Manufacturing expense	.704	.656	.786	.625	.944	.700
Total mill cost	3.468	3.219	3.723	3.025	4.381	3.405
Difference	$0.249		$0.698		$0.976	
Foreign valuation	$4.712		$4.45		$4.80	
Duty required to equalize (per cent)	5.28		15.09		20.33	
II. Cost, transportation included:						
Total mill cost	$3.468	$3.219	$3.723	$3.025	$4.381	$3.405
Transportation to New York [3]	.027	.114	.026	.111	.030	.122
Total cost (including transportation) [3]	3.495	3.333	3.749	3.136	4.411	3.527
Difference	$0.162		$0.613		$0.884	
Foreign valuation	$4.712		$4.45		$4.80	
Duty required to equalize (per cent)	3.44		13.78		18.42	

[1] These costs do not include any interest, either actual or imputed.

[2] Foreign cost being higher than the domestic cost, the difference stated in a percentage of the foreign valuation, as in the other columns, becomes negative.

[3] Transportation charges on the foreign hosiery include consular fees, freight, marine insurance, and customs brokers' charges. These charges are nondutiable. Transportation charges on the domestic hosiery are the freight charges.

METHOD I

Commenting on the data secured in the investigation of cotton hosiery by the commission, as shown in Tables 10 and 11 on pages 24 and 25, Vice Chairman Dennis says:

The figures set forth in Tables 10 and 11 are based on data secured by the commission's textile experts, and represent their deliberate conclusions as to the comparability of samples, cost comparisons, and duties required to equalize differences in production costs.

While standing by the conclusions of the commission's experts, it is well to note that the cost data obtained in Germany during the chaotic conditions which prevailed in 1923 are not altogether satisfactory. We live in an imperfect world. Life itself is a pitiful compromise between what is ideally desirable and what is actually obtainable. The comparisons set up in Tables 10 and 11, despite obvious inadequacies, either have to be accepted as the best results obtainable under peculiarly adverse conditions, or else they should be rejected altogether. If these tables, therefore, are to be thrown out as untrustworthy, the entire case falls to the ground.

The most important question at issue is this: Can full-fashioned hosiery, typical and representative of the German national industry, be properly compared to seamless hosiery which is typical and representative of the American industry? There is no debate on this point in the case of women's hosiery, where full-fashioned foreign are compared to full-fashioned domestic samples. Nor is the issue raised in the case of infants' Jacquard-top socks where foreign full-fashioned are compared with domestic full-fashioned samples.

The issue obtrudes itself in the case of men's half hose and infants' striped-top socks, where comparisons are made between foreign full-fashioned and domestic seamless samples. In these two cases, are full-fashioned German hosiery like and similar to American seamless hosiery within the meaning of the statute? It is not contemplated in the statute that competitive articles should be practically identical. What is asked is that they should be like or similar. Trade practice supports the conclusions of the commission's textile experts that the comparisons of men's and infants' socks made in Tables 10 and 11 are fair and reasonable.

In the case of men's and infants' hosiery, the shaping of the stocking to fit the contour of the leg is a matter of minor consideration. What man in buying a pair of cotton hose over the counter stops to consider whether the article is seamless or full fashioned, and whether being full fashioned it is of foreign or American origin? The testimony elicited at the public hearing tended to show that purchasers of infants' socks frequently preferred seamless to full fashioned. In the case of women's hose, the question as to whether the article is seamless or full fashioned is of fundamental importance. Not so in the case of men's and children's socks.

The samples submitted in comparing foreign and domestic men's and infants' socks, while not identical, are substantially alike or similar commercially. They are of about the same quality with respect to material, number of wales per inch, and general appearance. The fact that the German socks are knit on full-fashioned machines

and the American on seamless is a matter of very minor importance in the actualities of trade.

The conclusions in Tables 10 and 11, as arrived at by the commission's experts, are strongly corroborated by our international trade figures. Averaged over the past 8½ years (January 1, 1918, to June 30, 1926) our exports of cotton hosiery were just about fourteenfold the volume and value of our imports. Trade statistics covering the past 25 years fully support the conclusion that our national hosiery industry has nothing to fear from destructive foreign competition. Facts brought out in the public hearing and in trade information gathered by the commission's experts warrant the view that American cotton hosiery enjoys a dominating competitive position not only in the home market but in the principal markets of the world.

From the standpoint of the consumer, it is well to note that over 50,000,000 dozen pairs of cotton hosiery are consumed yearly in the United States, purchases being made for the most part by the poorer classes of the population which can not afford silk.

METHOD II

FULL-FASHIONED HOSIERY—DOMESTIC AND FOREIGN DATA COMPARED

Comparing the data secured in the investigation of cotton hosiery by the commission, as shown in Tables 10 and 11 on pages 24 and 25, Commissioners Marvin, Brossard, and Lowell make the following comment:

In the investigation of the cost of production of cotton hosiery, cost data were secured for 194 samples of domestic hosiery. Costs of 52 of these domestic samples are used in the cost comparisons presented in Tables 10 and 11. Of these 52 domestic cost schedules, 27 are costs for samples of infants' socks, and 25 are costs for samples of men's and women's hose. Of the 27 samples of infants' socks, one is a full-fashioned Jacquard-top with seamless leg and foot; and one is an imitation Jacquard-top with seamless leg and foot. These two socks are used in the comparison shown in Table 10, column A, and the average cost of these two domestic socks is compared with the average cost of two foreign full-fashioned Jacquard-top socks. The other 25 samples of infants' socks are seamless striped-top socks. These 25 samples are used in the comparison in Table 10, column B, and the average cost of these 25 seamless domestic socks is compared with the average cost of two foreign full-fashioned mercerized striped-top socks. In the last column of Table 10, a simple average of the average cost of the two domestic socks in column A and the average cost of the 25 domestic seamless socks in column B, is compared with a simple average of the average cost of the two foreign full-fashioned Jacquard-top socks in column A and the average cost of the two foreign full-fashioned striped-top socks in column B.

Of the 25 domestic men's and women's samples used in the cost comparisons in Table 11, 17 are men's seamless mercerized half hose; 6 are women's seamless mercerized hose; one is a women's full-fashioned combed hose; and one is a women's full-fashioned mercerized hose. In column A of Table 11, the average cost of the 17 domestic seamless men's mercerized half hose is compared with the average cost of two foreign full-fashioned mercerized half hose. In

column B of Table 11, the cost of one domestic full-fashioned women's combed hose is compared with the cost of one foreign full-fashioned women's combed hose. In column C, the cost of one domestic full-fashioned women's mercerized hose is compared with the cost of one foreign full-fashioned women's mercerized hose. In column D, the average cost of six domestic seamless women's mercerized hose is compared with the cost of one foreign full-fashioned mercerized hose. Then in the first column of averages, Table 11, a simple average of the average cost of the 17 domestic seamless mercerized half-hose in column A, of the one domestic full-fashioned combed hose in column B, of the one domestic full-fashioned mercerized hose in column C, and of the average cost of the six domestic seamless mercerized hose in column D, is compared with the simple average of the average costs of the two foreign full-fashioned mercerized half hose in column A, of the one foreign full-fashioned combed hose in column B, of the one foreign full-fashioned mercerized hose in column C, and of the same foreign full-fashioned mercerized hose used again in column D.

This analysis of the cost comparisons in Table 11 shows that in column A, the average cost of 17 domestic seamless men's half hose is compared with the average cost of two foreign full-fashioned men's half hose; in column B, the cost of one domestic full-fashioned women's combed hose is compared with the cost of one foreign full-fashioned women's combed hose; in column C, the cost of one domestic full-fashioned women's mercerized hose is compared with the cost of one foreign full-fashioned women's mercerized hose; in column D, the average cost of six domestic seamless mercerized women's hose is compared with the cost of one foreign full-fashioned mercerized women's hose. The first column of averages, Table 11, as stated, is the average cost of these various types of domestic hose (17 men's seamless half hose, 6 women's seamless mercerized hose, 1 women's full-fashioned combed hose, and one women's full-fashioned mercerized hose) compared with the average cost of the foreign full-fashioned hose, consisting of two men's full-fashioned mercerized half hose, one women's full-fashioned combed hose, and one women's full-fashioned mercerized hose. It should be noted that the cost of the foreign full-fashioned women's mercerized hose appears twice in Table 11, once in column C, and once in column D. In column C, the cost of this foreign sample is compared with the cost of one domestic full-fashioned mercerized hose, and in column D, it is compared with the cost of six domestic seamless mercerized hose.

The results of the comparisons in Table 10 are for the samples compared in column A, an equalizing rate of 38.03 per cent; for the samples compared in column B, an equalizing rate of 32.14 per cent; and for a simple average of columns A and B, an equalizing rate of 35.60 per cent.

The comparisons presented in Table 11 indicate that when foreign men's full-fashioned half hose are compared with domestic men's seamless half hose, a slight duty, or none at all, is necessary to equalize the cost difference; and that when one sample of foreign full-fashioned combed hose for women is compared with one sample of domestic full-fashioned combed hose for women, a duty of 23.63 per cent is indicated as necessary to equalize the difference in costs of production; and that when one foreign full-fashioned mercerized hose for women

is compared with one domestic full-fashioned mercerized hose, a duty of 14.53 per cent apparently is necessary to equalize the difference.

These widely varying results, depending upon the inclusion of domestic seamless hosiery in the comparisons with foreign full-fashioned hosiery, naturally suggest a comparison of the costs of domestic full-fashioned hosiery with the costs of foreign full-fashioned hosiery. Such a comparison is possible from the data secured in this investigation. It should be noted that in the following comparisons of domestic full-fashioned hosiery with foreign full-fashioned hosiery the samples compared differ in the quality of material used, as is also the case in the comparisons shown in Tables 10 and 11. It is impossible from the data secured in the investigation to present comparisons of samples made with yarn of identical count, or of the same quality and value. To accomplish such comparisons, adjustments of cost factors in accordance with some equalizing theory or method would be necessary. In all of the comparisons in Tables 10 and 11, and in Table 12, the separate cost items are calculated from the basic data secured in the investigation, and no adjustments have been made for variations in size; in counts of yarn; in weight or quality of yarn; or other variations in the samples which affect the costs of production. Table 12 simply indicates differences in domestic and foreign costs of producing full-fashioned hosiery by comparing such data as are available for the selected samples of domestic and foreign infants', men's, and women's hosiery.

All the foreign costs presented in Tables 10 and 11 of the commission's report are costs of full-fashioned hose; four of the foreign costs are for infants' hose (Table 10, columns A and B); two of the foreign costs are for men's half-hose (Table 11, column A); and two of the foreign costs are for women's hose (Table 11, columns B and C).

In the domestic costs presented in Tables 10 and 11 are costs for two full-fashioned infants' socks (Table 10, column A); one full-fashioned women's combed hose (Table 11, column B); and one full-fashioned women's mercerized hose (Table 11, column C). It should be noted that the two so-called full-fashioned infants' socks (Table 10, column A) have full-fashioned tops only, the legs and feet being seamless.

TABLE 12.—*Comparison of domestic and foreign costs of full-fashioned hosiery. Costs of production and rates of duty necessary to equalize differences in costs of production in the United States and principal competing country (Germany)* [1]

[Per dozen pairs]

	A. Infants' mercerized Jacquard and striped-top socks		B. Men's full-fashioned mercerized half hose		C. Men's full-fashioned mercerized half hose		D. Women's full-fashioned hose, average of combed and mercerized		E. Simple average of C and D	
	Domestic, 2 samples, fashioned tops, seamless legs and feet	Foreign, 4 samples, full fashioned	Domestic, 1 sample	Foreign, 2 samples	Domestic, 1 sample	Foreign, 1 sample [3]	Domestic, 2 samples	Foreign, 2 samples	Domestic	Foreign
Cost, transportation not included:										
Material	$0.601	$0.672	$1.268	$1.080	$1.268	$1.150	$1.932	$1.600	$1.600	$1.375
Labor	.991	.514	2.350	.710	2.350	.790	1.505	1.105	1.928	.948
Manufacturing expense	.735	.161	.974	.475	.974	.530	.944	.700	.959	.615
Total mill cost	2.327	1.347	4.592	2.265	4.592	2.470	4.381	3.405	4.487	2.938
Difference	$0.98		$2.327		$2.122		$0.976		$1.549	
Foreign valuation	$1.69		$3.75		$4.00		$4.80		$4.400	
Duty required to equalize	57.99%		62.05%		53.05%		20.33%		35.20%	
Cost, transportation included:										
Total mill cost	$2.327	$1.347	$4.592	$2.265	$4.592	$2.470	$4.381	$3.405	$4.487	$2.938
Transportation to New York [2]	.010	.052	.020	.090	.020	.090	.030	.122	.025	.106
Total cost (including transportation) [2]	2.337	1.399	4.612	2.355	4.612	2.560	4.411	3.527	4.512	3.044
Difference	$0.938		$2.257		$2.052		$0.884		$1.468	
Foreign valuation	$1.69		$3.75		$4.00		$4.80		$4.40	
Duty required to equalize	55.50%		60.19%		51.30%		18.42%		33.36%	

[1] These costs do not include any interest, either actual or imputed.

[2] Transportation charges on foreign hosiery include consular fees, freight, marine insurance, and customs brokers' charges. These charges are nondutiable. Transportation charges on the domestic hosiery are the freight charges.

[3] The foreign sample more nearly like the domestic sample in yarn count is used in this comparison.

Infants' hosiery.

A comparison of the cost of domestic partly fashioned infants' socks with the cost of foreign full-fashioned infant's socks yields the results indicated in Table 12, column A. Cost data for domestic partly fashioned infants' socks are used in this comparison as no cost data for infants' cotton socks, full-fashioned in legs and feet as well as tops, are available The total mill cost of domestic full-fashioned socks would be greater than the total mill cost of domestic partly fashioned socks. It would follow, therefore, that a higher rate of duty would be necessary to equalize the costs of producing infants' full-fashioned Jacquard-top socks in the United States and the costs of producing like or similar socks in Germany than is indicated by the cost comparisons in Table 12, column A.

Men's full-fashioned half hose.

Table 11, column A, contains, as stated above, a comparison of 2 samples of foreign full-fashioned men's mercerized half hose with 17 samples of domestic seamless men's mercerized half hose. Let us observe what would be the corresponding indications of a comparison of domestic full-fashioned with foreign full-fashioned half hose.

In the domestic cost data secured by the agents of the commission in the course of the investigation is the cost of one full-fashioned men's half hose which has not been included in the cost comparisons in Tables 10 and 11. The cost of this domestic full-fashioned men's half hose compared with the cost of two samples of foreign full-fashioned men's half hose appears in Table 12, column B.

The two foreign samples of men's full-fashioned half hose used in the comparison in Table 12, column B, differ in quality and in cost; one is made mainly of 50/2 yarn at a total material cost of $1.15, the other is made mainly of 19/1 yarn at a total material cost of $1.01. The total mill cost of one is $2.47, the total mill cost of the other is $2.06.

In order that a comparison may be made of the domestic sample with the better grade foreign sample, column C of Table 12, is added.

It should be noted that the domestic sample of full-fashioned men's mercerized half hose used in column B and in column C of Table 12 is a sample of domestic full-fashioned half hose which was not made use of in Table 11. It will be remembered, however, that the comparison of men's half hose in Table 11 is a comparison of domestic seamless with foreign full-fashioned. The only cost data in possession of the commission on domestic full-fashioned men's hose are the data relating to the sample used in columns B and C of Table 12. It is true that a relatively small amount of men's full-fashioned hose is made in the United States, and the sample here used is from a mill in which the greater part of the production consists of silk hosiery, slightly less than 2 per cent being cotton hosiery. But it must not be overlooked that the comparisons in column A of Table 11 contain two samples of men's seamless half hose manufactured in this same mill. Therefore, it is proper to assume that if the cost data of two samples of seamless hosiery can be used in the comparisons in Table 11, the cost data of the sample of men's full-fashioned half hose from this mill can be used in the comparisons in columns B and C of Table 12. While it is true that this particular mill makes much more silk than cotton hosiery, nevertheless the production of the cotton hosiery

proceeds under the conditions of mass production on a commercial scale.

Women's full-fashioned hose.

A comparison of the costs of domestic full-fashioned women's hose with the costs of foreign full-fashioned women's hose is shown in column D of Table 12.

A simple average of the equalizing rates contained in columns A, B, and D of Table 12—55.50 per cent for infants' socks, 60.19 per cent for men's half hose, and 18.42 per cent for women's hose—is 39.82 per cent, whereas a corresponding average of the equalizing rates contained in columns A, C, and D of Table 12—55.50 per cent for infants' socks, 51.30 per cent for men's half hose, and 18.42 per cent for women's hose—is 36.92 per cent.

The foregoing comparisons show that when domestic full-fashioned hosiery is compared with foreign full-fashioned hosiery, the domestic costs of production are found to be higher than the foreign costs of production of the similar article. This shows that the absence of an appreciable cost difference when domestic seamless hosiery is compared with foreign full-fashioned hosiery is the result of substantial inequality in the aggregate factors of production due to an essential dissimilarity in the things compared.

The domestic seamless hosiery is an article the production of which involves operations essentially less expensive. The product of these operations is intrinsically different from the foreign full-fashioned product with which it has been compared in Tables 10 and 11 and is of less economic value. A comparison of foreign full-fashioned hosiery with domestic full-fashioned hosiery is a comparison of like or similar products. A comparison of foreign full-fashioned hosiery with domestic seamless hosiery is a comparison of unlike and dissimilar products.

It has been shown in the earlier pages of the report that approximately 95 per cent of the German production of cotton hosiery is full fashioned; therefore costs of full-fashioned hosiery can be considered representative of the German hosiery industry. It has also been shown in the report that approximately 95 per cent of the domestic production of cotton hosiery is seamless and only 5 to 7 per cent full fashioned; therefore costs of production of full-fashioned hosiery only are not representative of the entire domestic cotton hosiery industry.

A comparison of the costs of domestic full-fashioned hosiery with the costs of foreign full-fashioned hosiery is an indication, however, of the cost differences of foreign and domestic hosiery that is most nearly "like or similar" in type and in process of manufacture.

METHOD III

Commenting on the data secured in the investigation of cotton hosiery by the commission, as shown in Tables 10 and 11 on pages 24 and 25, Commissioner Glassie says:

The investigation of the costs of production of cotton hosiery is one of the early investigations ordered by the Tariff Commission for the purposes of section 315. At the time of its institution the application before the commission was one limited to special cotton hosiery for infants which had been submitted by certain domestic manufac-

turers with a view to an increase in the duty on infants' hose having Jacquard or other fancy colored tops. Following the usual preliminary study the commission instituted an investigation and, after consultation with the President, extended it to include cotton hosiery of all kinds.

When the cost data were collected at home and abroad, the commission's staff had not yet had any large experience in the collection of such data for the purposes of section 315. Up to that time, practically no data had been obtained in section 315 investigations except in those investigations concerning commodities in the chemical schedule. There is, obviously, a wide difference between ascertaining costs of production for some chemical substance, often produced at a limited number of factories, and obtaining costs for an article like cotton hosiery, where there exists an immense variety of types, styles, and grades. In order to deal with the inherent complexities of the subject, it was deemed advisable at that time to secure comparative cost data upon the basis of selected samples. For this purpose certain samples of imported hosiery were chosen which the staff regarded as representative of the several kinds constituting the bulk of importation. An effort was then made to secure in the United States costs of production of domestic articles corresponding to the selected imported articles. In all, costs for 194 samples were secured. But, for sundry reasons, principally a lack of identity between the domestic and foreign samples, only 52 domestic samples were made use of in the cost comparisons comprised in this report. Over against the costs of these domestic samples the costs of some 15 German made socks and stockings were secured, of which, as will be explained presently, only 8 were deemed available for comparison. This investigation, therefore, presents in a somewhat acute form the difficulties involved in an effort to ascertain comparative costs of production through the method of matching selected samples and comparing their respective costs.

General nature of the cost data.

The description of the various cost elements given on page 14 makes it plain that material cost and piece-labor cost are the only cost items in which data were directly ascertained from books of account. All other items of mill cost were arrived at by applying to the several selected samples the general ratios for the whole factory output of (a) total time-labor cost to total piece-labor cost, and (b) total manufacturing expense to total manufacturing labor cost. In other words, in order to arrive at a unit cost for each of the samples, an assumption was first made that the time-labor cost on that sample bore to the piece-labor cost on that sample precisely the same relation that all the time-labor cost of all the products made by the factory bore to all the piece-labor cost of all the products made by that factory. A similar assumption was then made with respect to the total manufacturing expense, namely, that total manufacturing expense (including overhead) attached to each selected sample was precisely the same percentage of its total labor cost as the whole manufacturing expense of all products made in the factory was of the total labor cost of all such products.

While the accounting convention here involved is commonly employed by manufacturers as a rough and ready method of allocating or distributing nonspecific costs and is not without its uses for the

purposes of ordinary factory accounting, manifestly the broad assumption on which it rests is not in accordance with actual realities. It is hardly possible that the many differing products of a factory should each absorb a proportion of general expense that is precisely the same percentage of its labor cost as the general expense of all the products taken together is of all labor costs. Hence the procedure is essentially arbitrary, and is of doubtful value for the purpose of comparing unit costs of selected samples as between factory and factory, country and country. Its employment in such instances results from an effort to produce some definite mathematical result without duly ascertaining the adequacy of the data for the purpose. Its effect is to lend an apparent though often illusory objectivity. For, it attaches to the piece-labor cost of the samples—the only specific cost found and upon which, as a basis, all other cost items are built up—definite proportions of the other (nonspecific) costs without any evidence that such proportions are so attached in reality.

Foreign cost data.

In addition to what has just been noted concerning the method by which the cost items are built up, it should be further observed that the cost data obtained in Germany are marked by certain infirmities not found in the domestic data. In the United States the basic figures used for assigning the nonspecific costs, as well as the figures used for the specific costs, were obtained from factory books of account. In Germany practically no figures were obtained from factory books of account. It is true that the sample piecework costs supplied by the German manufacturers were checked by reference to the actual rates for piecework labor prevailing in the respective factories, just as the prices paid for yarns and dyes were checked with invoices at the mills. But all general manufacturing expenses and overhead charges were accepted by the commission's agents at the figures given by the German manufacturers, none of whom would permit his books to be examined in that regard. No particulars, therefore, were obtained as to capital employed, depreciation of plant, or any other administrative or overhead expense. At the time when these costs were obtained in Germany, conditions were very unstable. The commission's agents, who obtained the cost data here employed, found themselves obliged to express, at the time, the opinion that these costs should be received "with caution," mainly in relation to labor costs and general expense.

With respect to foreign costs the chief economist and three other members of the economics division expressed the view that a labor cost per unit of product was extremely difficult if not impossible of accurate determination from the foreign data, and that dependable data with respect to this important item not being available in the principal competing country, it seemed that definite conclusions could not be drawn for purposes of comparison. It may be questioned whether it would not have been better to recognize that fact rather than to struggle, as the commission has done, to utilize data marked by such inherent imperfections.

These circumstances cause serious doubt as to the intrinsic validity of the foreign mill costs for comparison with the domestic mill costs, apart from the question whether, in industries of this nature, any comparative costs can be truly representative which do not include the

respective items of cost of capital employed in the business. Where the national industries compared differ widely in point of capital investment, any comparison which leaves this item out necessarily distorts the resulting differences in costs of production. And the fact that adequate data have not been secured on one side is not warrant for making a comparison which ignores an important element of cost.

Comparability of the cost data.

Assuming, for the moment, that, with respect to each of the samples, we have a figure which truly represents the mill cost of that sample, we come to the question whether a comparison of the mill costs of these samples constitutes that comparison of domestic and foreign costs of production required by the statute. For the statutory purpose is not to ascertain whether the cost of domestic sample QX–1 is greater or less than the cost of foreign sample QX–2. The purpose of the statute is to ascertain whether costs in the United States are greater or less than costs in the principal competing country. The duty, even if adjusted by the differences between the cost of hosiery sample QX–1 and the cost of hosiery sample QX–2, will not be applied merely to importations of hosiery just like that sample. It becomes the rate of duty applicable generally to the whole subject matter. The vital point, then, is not whether each one of the set of domestic samples is a physical match for some one of the set of foreign samples, but whether the costs indicated by those samples are in truth and in fact the costs of production, or representative of the costs of production, in this country and in the foreign competing country The sample costs are but a means to an end. Such costs, as well as the samples themselves, must be carefully scrutinized from the standpoint of representative comparability.

Analysis of the comparisons attempted.

It thus becomes necessary to examine, in their order, the several comparisons made in Tables 10 and 11. It should be noted that in all these tables transportation includes transportation on the foreign and on the domestic article to New York City.

Table 10 contains two comparisons: Infants' mercerized Jacquard-top socks; infants' mercerized striped-top socks. The first comparison, A, is made between two full-fashioned domestic hose [1] and two full-fashioned foreign hose. The costs compared show a mill cost difference of $0.793, or, including transportation, a cost difference of $0.751, which would require, on the stated foreign valuation, a duty of 38.03 per cent.

The second comparison, B, is made between 25 seamless domestic hose and 2 full-fashioned foreign hose. The costs compared show a cost difference of $0.492, or, including transportation, a cost difference of $0.450, which would require, on the stated foreign valuation, a duty of 32.14 per cent.

The two sets of costs are then combined by taking a simple average. The duty thus indicated would be 35.60 per cent.

Table 11 contains four comparisons: Men's mercerized half hose, women's combed hose, and two comparisons of women's mercerized hose.

[1] Really full-fashioned tops and seamless feet, but treated as full-fashioned for comparison.

Comparison A, men's mercerized half hose, is made between 17 seamless domestic hose and 2 full-fashioned foreign hose. The costs compared show a cost difference of $0.141, or, including transportation, a cost difference of $0.071, which would require, on the stated foreign valuation, a duty of 1.89 per cent.

Comparison B, women's combed hose, is made between 1 full-fashioned domestic hose and 1 full-fashioned foreign hose. The costs compared show a cost difference of $1.061, or, including transportation, a cost difference of $0.969, which would require, on the stated foreign valuation, a duty of 23.63 per cent.

Comparison C, women's mercerized hose, is made between 1 full-fashioned domestic hose and 1 full-fashioned foreign hose. The costs compared show a cost difference of $0.891, or, including transportation, a cost difference of $0.799, which requires, on a stated foreign valuation, a duty of 14.53 per cent.

Comparison D, also women's mercerized hose, is made between 6 seamless domestic hose and 1 full-fashioned foreign hose. The single foreign hose here used is the same sample that was previously used for comparison with the single domestic full-fashioned women's mercerized hose. The costs compared show a negative cost difference of $1.098 (foreign cost higher than domestic), or, including transportation, a negative cost difference (foreign cost higher than domestic) of $1.190. The duty thus indicated is less than zero. To really equalize foreign and domestic costs would require a bounty of 21.64 per cent on the stated foreign valuation.

These four comparisons (A, B, C, and D) in Table 11 are then combined by taking a simple average. The duty thus indicated would become 3.44 per cent.

Doubt as to validity of the comparison of domestic seamless with foreign full-fashioned has led to the addition of an average of A, B, and C. The duty thus indicated would become 13.78 per cent.

Thus we see that the duty indicated by these several sample comparisons would range from nothing at all (really less than nothing), when seamless domestic women's mercerized is compared with full-fashioned foreign women's mercerized, all the way to 38.03 per cent, when full-fashioned domestic is compared with full-fashioned foreign infants' mercerized Jacquard-top socks. In other words, the differences measured in ad valorem percentages as duties are measured, have the following range:

$$-21.64,\ +1.89,\ +14.53,\ +23.63,\ +32.14,\ +38.03$$

Such widely divergent and scattered cost differences are hardly susceptible of rational synthesis into a single figure to serve as a basis for a single uniform customs duty. Are we then to have five or more duties depending on whether the cotton hosiery imported is infants' Jacquard-top or infants' striped-top hose, men's half hose, women's combed hose, or women's mercerized hose, full-fashioned or seamless? It is not to be overlooked, besides, that two of the divergent figures are presumptively to serve as a basis for the same article, women's mercerized hose, the duty indicated being −21.64 per cent, or 14.53 per cent, depending on whether you compare a sample of foreign full-fashioned hose with domestic full-fashioned hose or the same foreign full-fashioned sample with domestic seamless hose.

How can these differing figures be made into a single rate of duty for cotton hosiery? The simple averages proposed obviously combine

in a merely mechanical way cost figures which—assuming them to be valid—represent discrete phenomena, having no common basis and no internal logical connection. What does such an average represent? Is the difference found for Jacquard-top infants' samples any indication of the rate of duty "necessary to equalize" differences for women's mercerized full-fashioned hose? Does the negative rate of duty indicated by a comparison of foreign full-fashioned with domestic seamless women's hose truly measure the rate necessary to equalize the indicated cost disadvantage resting on the manufacturers of domestic full-fashioned women's hose? Even if two subclassifications are made and infants' "socks having ribbed tops of two or more colors" are separated from men's and women's hose, the problem, while restricted in its scope, remains essentially the same.

It must be remembered, too, that there are no weights in these figures. In calculating the several sample costs, as well as in calculating the averages, no attention has been given to the relative quantities of the various styles as produced in either country. Nor do the figures take into account how much of the total quantity produced in each factory is of the kind represented by each of the selected samples. This was because no foreign data on these subjects were procurable.

A Member of the National Legislature, invested with full discretionary power in the enactment of customs duties, might, upon a general consideration of these various cost figures, form a broad conclusion as to what uniform duty would, in his judgment, be sufficient to put into effect his conception of a proper tariff. But such a process of general judgment is by no means equivalent to the ascertainment of an objective fact such as is required as a basis for the application of a prescribed statutory formula. Nor would it appear to be the function of the Tariff Commission to exercise a general discretion of that nature. Section 315 contemplates the statement, after investigation by the Tariff Commission, of "ascertained" cost differences which can serve as mathematical measures of the rates of duty.

Considering in this connection the question of seamless and full-fashioned hose, it is an undisputed fact that the bulk of the importation of women's hose is of the full-fashioned type, whereas only about 5 per cent of the domestic production of women's hose is of that description. It is contended that the reason why domestic manufacturers have not reached a larger production in full-fashioned hose is because hose of that type involves costs so much higher than the costs of seamless hose that the manufacture of full-fashioned hose, under the conditions hitherto prevailing, does not afford a return necessary for the maintenance of the industry. Is it, then, the purpose of section 315 to provide such a rate of duty as will measure the difference in costs of production of that kind of hose? If so, then no rate measured by a difference based on the production cost of a cheaper grade of domestic hose can equalize the cost disadvantage resting on the domestic producer of full-fashioned hose.

The function of the Tariff Commission would seem to be fully performed when it has reported all the facts in as succinct and definite a way as the data secured will permit. Nevertheless, it is of the highest importance that in so reporting the commission shall not state cost differences which are apparent only; but that it shall, so far as possible, present comparisons which reflect the actualities of the

economic situation. Let us observe whether that is done in the comparisons in Tables 10 and 11.

Apparent equalization and true equalization.

As already pointed out in the previous analysis of the comparisons attempted in Tables 10 and 11 when domestic full-fashioned women's mercerized hose is compared with foreign full-fashioned women's mercerized hose, the domestic cost is higher than the foreign. But when seamless domestic hose is compared with full-fashioned foreign hose the foreign cost is higher than the domestic. This fact makes it probable also that the negligible cost difference (amounting to 1.89 per cent) appearing in the comparison of men's mercerized half hose is likewise the result of comparing seamless with full-fashioned, for in every comparison of full-fashioned with full-fashioned the resulting cost difference is strikingly greater.

Is not this apparent difference in costs the result, in part at least, of an intrinsic difference in the things compared, and not solely of the varying costs of producing the same things? If so, then the comparison is not that contemplated by section 315. For the plain intent of section 315 is to find out how much more or less it costs to produce a thing in this country than in the foreign competing country. If the things compared are themselves different in composition, structure, or intrinsic quality so that they would naturally have differing costs even when produced in the same country, then their costs can not be directly compared simply because one is made in one country and the other is made in another country. Such a comparison would not be measuring the differing costs of production of the same thing, but measuring the cost of production of different things. Instead of a constant thing with varying costs, foreign and domestic, you would have varying things with varying costs. And it would be impossible to tell, by looking at the figures, how much of the difference stated was due to intrinsic differences between the things themselves, involving concomitant differences in cost, and how much was due to real differences in cost resulting from differences in wages and other cost factors in the respective countries. In order to compare foreign and domestic costs, the things compared must first be on a parity; and if they are not naturally so they must be placed on a parity. That is what the statute means by "like or similar." Only with such a parity will the cost difference stated measure the actual difference in the costs of production.

Lack of parity in Tables 10 and 11.

Manifestly such a parity does not exist with respect to several of the comparisons attempted in Tables 10 and 11.

Take, for example, comparison B in Table 10: Infants' mercerized striped-top socks. The 2 foreign hose are full fashioned; the 25 domestic hose are seamless. The 2 foreign samples exhibit very little variety, whereas the 25 domestic samples represent a wide variation in the articles. Let us now examine the prices of the foreign and domestic articles as they appear, along with the cost items and totals on the cost sheets used in making up Tables 10 and 11. The average of the United States wholesale selling prices of the 25 varieties of domestic seamless hose is $2.23 per dozen pairs. The average United States wholesale selling price of the two foreign full-fashioned hose is $2.75 per dozen pairs. Some of the domestic hose

used in the comparison have a wholesale price as low as $2 per dozen pairs.

When we examine the hose compared in Table 11 we find even more striking instances of wide divergence between the United States market value of the foreign article and the United States market value of the domestic article. Take the first comparison (A) in Table 11: Men's half hose. The average wholesale selling price in the United States of the 17 samples of domestic seamless half hose is $3.68 per dozen pairs. The average wholesale selling price in the United States on the two foreign full-fashioned half hose with which the domestic seamless are compared is shown at $7.20 per dozen pairs. Can it be said that the things here compared are alike? It would appear, on the contrary, that a comparison has been attempted between things that are intrinsically different. Socks which sell in the wholesale market at $7.20 per dozen are not likely to be the same things that, in the same market, sell for $3.68 per dozen. It is by comparing these articles that Table 11 shows a cost difference, with transportation, of 3.01 per cent; that is, practically no difference at all. The lack of any substantial difference between the average cost of the two foreign articles and the average cost of the domestic articles does not prove that it costs practically the same to make an article abroad and in this country, but that the domestic articles selected for comparison are, taken on the average, articles of a different and lower grade than the two foreign articles.

The same fact appears in other comparisons in Table 11. Take women's mercerized hose. The average wholesale selling price of the six samples of domestic seamless hose is $5 per dozen pairs. The wholesale selling price of the foreign full-fashioned hose with which the domestic are compared is $8 per dozen pairs. Hose that sells in the wholesale market around $5 per dozen pairs is not the same kind of hose that sells in the same market at $8 per dozen pairs. To compare costs of $5 hose with costs of $8 hose is not to compare the varying costs of producing the same thing but, on the contrary, to compare the costs of producing varying things. Such is not the cost comparison intended by section 315.

A further comparison contained in Table 11 has the quality of a demonstration. It will be remembered that the same foreign full-fashioned hose is there used for comparison twice, once with domestic seamless hose and once with domestic full-fashioned hose. Note the resulting cost differences. When the foreign full-fashioned is compared with domestic seamless, the cost difference is negative; that is, foreign cost is greater than domestic. In other words, the duty indicated is minus 21.64 per cent. When the same foreign full-fashioned hose is compared with a domestic article of its own grade, that is, domestic full-fashioned hose, the cost difference becomes positive. Instead of minus 21.64 per cent we now find plus 14.53 per cent. Yet the foreign cost used throughout is the same. Clearly, then, the difference is the result of comparing different things, not varying costs. To compare full-fashioned foreign hose at $8 per dozen with seamless domestic hose at $5 per dozen is to compare articles intrinsically different. And this intrinsic difference in the articles finds its natural and regular reflection in "the difference in wholesale selling prices of the foreign and domestic articles in the principal markets of the United States." The wholesale price

difference exists because, in the judgment of the trade, the articles are not the same but different—not like or similar, but unlike and dissimilar to the extent measured by the respective wholesale prices.

The summarizations of the cost data attempted in Tables 10 and 11 have their value as exhibiting the contrasting results obtained by comparing the selected foreign hosiery with different types of domestic hosiery. They do not furnish, however, a stable basis for ultimate cost comparison. For it is impossible directly to compare the production costs of articles which, because of intrinsic differences, have widely divergent values. When we take articles having widely divergent worth and compare their costs merely on the basis of the same physical quantity—one dozen domestic against one dozen foreign—we are comparing things that are not commercially or economically comparable. We are in truth comparing things which are not "like or similar," things whose respective costs are largely due to their unlikeness. The true comparison proceeds on the theory that all divergence between the two costs is the result of difference in the factors of production. Here this is plainly contrary to the fact.

Necessity for parity between articles compared.

Before their costs can be compared articles must rest upon a footing of equality. For this reason it is desirable in every investigation to obtain for comparison foreign and domestic articles that are intrinsically alike. In that case no further steps are necessary. For the extent of their apparent cost difference can be taken as a measure of the difference in the cost factors involved in producing them in this country and in the other country, respectively. The cost difference then measures magnitudes of the same order. Conditions of production prevailing abroad are measured against conditions of production prevailing here, the articles involved being substantially the same.

It is not, however, always possible to secure full cost data for a sufficient number of foreign and domestic articles having this degree of likeness. Manifestly, it was not possible with respect to the data secured in this investigation. When a foreign article, compared with a supposedly comparable domestic article, shows a cost difference of plus 14 per cent, whereas the same foreign article, compared with another supposedly comparable domestic article, shows a cost difference of minus 21 per cent, plainly the two domestic articles are not equal to each other, nor can both be equal to the foreign. And when we find that the domestic article producing the minus 21 per cent difference is an article whose value, registered in wholesale selling price, is but five-eighths of the value of the foreign article, we discover not only the source of the trouble but a reasonable method of removing it.

Substantial parity in respect of the articles compared is indispensable. In the case of articles intrinsically unlike there must be found and applied what may be called a coefficient of comparability. In the absence of any power to vary the physical things themselves this may be done by varying the physical quantities of the things in such manner as to make the quantities of economic worth equal on each side. In the case of ordinary staple articles, the most obvious and simple method of doing this is to vary the physical quantities compared in the ratio of their respective wholesale selling prices. In this way costs are obtained for things that are commercially and economically equivalent and the costs for which are therefore comparable. And what is commercially and economically comparable

would seem to be comparable for the purposes of measuring the customs duty required to equalize divergence in cost.

Use of differences in wholesale selling prices under subdivision (c).

The employment of the foregoing method of equalization would seem to be clearly indicated by Congress in subdivision (c) of section 315. It is there provided:

> That in ascertaining the differences in costs of production, under the provisions of subdivisions (a) and (b) of this section, the President, in so far as he finds it practicable, shall take into consideration * * * (2) the differences in the wholesale selling prices of domestic and foreign articles in the principal markets of the United States.

In what other conceivable way can the President, "in ascertaining the differences in costs of production," take into consideration "differences in the wholesale selling prices of domestic and foreign articles in the principal markets of the United States"? Obviously the intent of this provision is not to substitute prices for costs. The difference to be ascertained is, and throughout all the clauses of the statute remains, "the difference in costs of production." The duty can not be measured at the same time by the difference in cost and the difference in price. Differences in prices, therefore, are intended to be made use of "in ascertaining the differences in costs of production."

It can not be doubted that Congress realized that there would often exist a difference between the absolute cost of a foreign article and the absolute cost of a domestic article called by the same name and belonging to the same general description, and that, at the same time, the articles, though generally similar, might be so different in composition, structure, or intrinsic quality that the difference between them would be evidenced and registered by "the difference in the wholesale selling prices of the foreign and domestic articles in the principal markets of the United States." In that event, the equalization of the absolute difference in the two costs would result in a merely apparent equalization, unless the President should also "take into consideration" the differences in such wholesale selling prices "in ascertaining the differences in costs of production under the provisions of subdivisions (*a*) and (*b*)."

An equalization of the difference in the costs of these differing hosiery samples, by due allowance for "the differences in the selling prices of the foreign and domestic articles in the principal markets of the United States," is precisely what is contemplated and intended by clause (2) of subdivision (c) of section 315.

Comparative costs of equal quantities of value.

Tables 13 and 14 are an attempt to make an equalization by taking into consideration differences in wholesale selling prices as provided in said subdivision (c).

In these tables the cost data for equal physical quantities of the compared articles are taken without change from the same data that were used in Tables 10 and 11. Thus items (2), (3), and (4) are identical with the corresponding items in Tables 10 and 11. Item (1) is taken from the same cost sheets that were used in making up Tables 10 and 11. This additional item shows the average wholesale market price per dozen pairs of the domestic and of the foreign hose of the several classes compared, as such average prices appear on the cost sheets used in making up Tables 10 and 11. Starting with these two sets of facts as a basis, each table proceeds to compare equal quantities

of commercial and economic value for the several classes of hosiery. In other words, the quantities compared are put on a parity in accordance with this principle—wherever, in the case of staple commodities falling under the same general designation, there is found a substantial difference in intrinsic quality between the foreign and the domestic articles sufficiently great to be registered in differing wholesale selling prices in the same principal market, the costs indicated for the physical quantity of the article having the lower wholesale selling price should be adjusted in the ratio of the respective wholesale selling prices.

In each instance the average wholesale selling price here applied is, of course, the average market price of the samples of the several classes whose costs have been used throughout this investigation. It is unfortunate that here, as in Tables 10 and 11, the data have not a wider range. The wholesale selling prices here employed are necessarily the wholesale selling prices of the same number of samples for which costs are compared in Tables 10 and 11. Thus the wholesale price data are just as wide as, and no wider than, the cost data. With the material obtained in this investigation, it could not be otherwise.

How far accuracy can be predicated of these comparisons remains a question. No comparative cost computation can possess a validity that is lacking in the primary data. And it may be questioned whether the prices stated for these samples are any more accurate than the costs. But if the data in this investigation are to be used at all, there seems to be just as much ground for accepting the wholesale prices obtained by the commission's agents as their cost figures. As to their representative character, it must be noted that the wholesale prices used are the reported average prices of the identical things for which averaged costs are used; that is to say, the limited number of samples originally selected for the purposes of comparison. Obviously, their costs are no more representative than their wholesale selling prices.

But cost data, whether perfect or imperfect, may be further distorted by faulty methods of comparison. Such is the case when the cost of a high-grade article is directly compared with the cost of a low-grade article. The method employed in Tables 13 and 14 has the merit of correcting the distortion resulting from that faulty comparison. It can not, of course, cure defects in the original data. In that respect, the indications of Tables 13 and 14 are subject to the same reservations as the indications of Tables 10 and 11.

Possible alternatives.

Unless the data secured in this investigation are to be rejected as untrustworthy, the things for which the figures stand must be placed on a parity by some method, either that suggested or some other. For the data obtained in this investigation present only three alternatives.

(*i*) The first is, in effect, to say that seamless hose is the same thing as full-fashioned hose, and on that assumption to proceed to ascertain a cost difference based in whole or in part on a comparison of the costs of high-grade full-fashioned foreign hose with lower-grade seamless domestic hose. Only on that assumption can the comparisons set up in Tables 10 and 11 be taken without qualification.

(*ii*) The second alternative is to confine the cost comparison entirely to full-fashioned hosiery, comparing domestic full-fashioned

with foreign full-fashioned. With a sufficient number of samples on both sides that would be the natural course. But it would eliminate all consideration of domestic seamless hose. The articles compared, it is true, would be truly like and similar, but we would limit the statistical basis of the several comparisons to a single sample—or at most a pair of samples—on each side. It is true that the comparison is already so limited on the foreign side. But is it advisable, having a larger number of domestic costs, also to narrow the statistical basis for the domestic industry? More than 90 per cent of domestic production is of the seamless variety. A comparison excluding all seamless might involve risk of using domestic costs not fully representative of domestic production. While the domestic full-fashioned hose themselves are more comparable with the full-fashioned foreign samples, it is possible that their manufacture may not represent operations characteristic of the usual conditions of mass production in this country.

(*iii*) The third alternative is to find some method of placing all foreign samples and all domestic samples on a parity for each class of hosiery. For the reasons stated above, it seems preferable, if some proper method can be found, to make use of both domestic seamless and domestic full-fashioned hose, the seamless being the more characteristic form of domestic product. To do this, however, it is necessary to place the domestic seamless hose on a parity with the foreign full-fashioned hose whenever the costs of seamless are to be compared with the costs of full-fashioned, so that there may be an equal quantity of economic value on each side. Only in that manner can we measure the relative cost of producing that value here and abroad. The desirability of similar adjustments, involving the recognition of this principle, has been suggested in other investigations; but it would seem that this specific method of arriving at a parity was not definitely proposed. In one investigation it was suggested, in view of the different market values of the foreign and domestic articles, that the differences between their wholesale prices be deducted from the difference between their costs. Such a procedure could hardly be sound. The absolute difference between prices and the absolute difference between costs, while they have an interrelation, are not magnitudes of the same order. Prices being in general much greater than costs, the absolute price difference, for example, might be larger than the absolute cost difference and thus apparently negative it although a substantial cost difference might really and in fact exist. The use of wholesale selling prices as indices of value is not generally necessary. In most investigations there are obtained cost data in sufficient number for articles intrinsically alike. If such were the case here, there would be no need for adjustments; domestic full-fashioned could be compared with foreign full-fashioned. The absolute cost difference could then be taken. But, as already shown, there is a dearth of sample costs for domestic full-fashioned. If, then, seamless are not to be altogether excluded from the comparison, it becomes necessary, by some method of equalization, to provide for measuring costs of the domestic seamless against the foreign full-fashioned notwithstanding the intrinsic incomparability of the domestic with the foreign article. The only method so far suggested is that explained in the preceding pages and applied in Tables 13 and 14.

Comparative costs indicated in Tables 13 and 14.

The comparisons made in Tables 13 and 14 may be summarized as follows:

Table 13. A. Infants' mercerized Jacquard-top socks. Here the United States wholesale market price of the foreign article is slightly less than the domestic, viz, $3.75 against $3.85. The costs, compared on the basis of equal quantities of market value, $3.85 for both, show a cost difference of $0.752, or, including transportation, $0.709, instead of $0.793 and $0.751, respectively, as in Table 10. The duty required, on the stated foreign valuation, is 34.97 per cent, slightly less than the 38.03 per cent indicated in Table 10.

B. Infants' striped-top socks. Here the United States wholesale market price of the domestic seamless article is $2.23 and the United States wholesale market price of the foreign article is $2.75. The costs compared, on the basis of equal quantities of market value, $2.75 for both, show a cost difference of $0.877, or, including transportation, $0.837. The duty thus indicated is 59.78 per cent instead of the 32.14 per cent indicated in Table 10.

Combining the two sets of costs by taking a simple average, the duty indicated becomes 45.12 per cent.

Table 14. A. Men's mercerized half hose. The United States wholesale price of the domestic seamless article is $3.68. The United States wholesale price of the foreign full-fashioned article is $7.20. The costs compared on the basis of equal quantities of market value show a cost difference of $2.442, or, including transportation as before, $2.391. The resulting duty is 63.76 per cent instead of the 1.89 per cent indicated in Table 11.

B. Women's combed hose, 1 sample full-fashioned domestic and 1 sample full-fashioned foreign. Foreign stockings corresponding to this sample do not appear to have been imported during the selected cost period. As both the foreign and the domestic, comparable in other respects, are, in addition, both full-fashioned, the inference is that the foreign and the domestic articles have substantially the same market value. Their costs are therefore compared without adjustment. The figures remain as in Table 11 and the duty indicated is the same, viz, 23.63 per cent.

C. Women's mercerized hose, one full-fashioned domestic hose and one full-fashioned foreign hose. These articles having substantially the same United States wholesale market price ($8 per dozen pairs), the costs are used without adjustment, as previously in Table 11, and the duty indicated is 14.53 per cent.

D. Women's mercerized hose, 6 seamless domestic hose and 1 foreign full-fashioned hose. The United States wholesale market price of the domestic seamless article is $5, the United States wholesale market price of the foreign full-fashioned article is $8. The costs compared on the basis of equal quantities of market value show a cost difference of $0.523, or, including transportation as before, $0.449. The duty indicated is, therefore, 8.16 per cent and not something less than zero, as would appear in the unadjusted comparison of seamless and full-fashioned women's hose in Table 11.

Taking, as was done in Table 11, a simple average of the costs of the several kinds of articles comprised in this Table 14, the indicated rate of duty becomes 24.45 per cent.

If we compare, as we previously did for Tables 10 and 11, the rates of duty indicated by the several comparisons contained in

Tables 13 and 14, the range of the several rates indicated is found to be as follows: 8.16, 14.53, 23.63, 34.97, 59.78, 63.76.

At the upper end of the scale is the equalizing rate for men's mercerized half hose. The figures in the middle range are the rates for infants' fancy-top hose. The lowest two figures are for women's mercerized hose.

Thus we are still confronted with the problem whether (*a*) there should be several rates of duty corresponding to the ascertained differences for the various classes of cotton hosiery, or (*b*) whether the diverse differences can be so combined as to arrive at a rate of duty which could be regarded as in some way equalizing the costs of production for cotton hosiery in general, that is, for all the types provided for in paragraph 916 of the tariff act of 1922. But the basis indispensable for such a combined or general rate of duty has been better laid. We now have for each class of articles cost differences which, when equalized, will equalize the costs of producing things which are essentially comparable; that is, comparable on the basis of equal quantities of economic value. The former difficulty arising from comparing varying things having varying costs has been eliminated so far as the data obtained in this investigation permit; and the stated cost difference for each class is the measure of that difference which the statute requires to be equalized—that is to say, the extent to which it costs more or less to produce a thing in this country than in the foreign competing country.

Application of the cost difference to the rates of duty.

It will be convenient to recapitulate briefly the indications of the cost differences for the several comparisons in their possible relation to the rates of duty.

(*a*) *Infants' hosiery.*—The figures indicate that infants' socks with Jacquard tops or striped tops of several colors may be segregated from other types of hosiery. In that event it would be necessary to make a subclassification, with a separate rate, covering these special types of infants' hose, so defined, if possible, that they may be readily distinguished for customs administrative purposes.

The subclass could be defined as follows:

> Hose and half hose, selvedged, fashioned, seamless, or mock seamed, finished or unfinished, having ribbed tops of two or more colors (white and black to be considered as colors), composed of cotton, made wholly or in part on knitting machines, or knit by hand.

The extreme limits for measuring the rate for this subclass are, respectively, 34.97 per cent and 59.78 per cent, one figure indicating a decrease, the other indicating an increase. A simple average gives 45.12 per cent ad valorem.

(*b*) *Men's hosiery.*—If there be no controlling reason why ordinary men's cotton hosiery can not be segregated from other adult hose as well as from fancy-top hosiery intended for infants, the duty on men's hose and half hose, as indicated by Table 14, would be 63.76 per cent ad valorem. But if for any reason it is not practicable to segregate this type of hose, the figures for men's hose and half hose must be combined in some way with the figures for the several types of women's hose.

(*c*) *Women's hosiery.*—If women's hosiery is taken as a class by itself there is but one possible result upon these data. Comparisons B, C, and D in Table 14 all concur in indicating a cost difference less

than that which would be equalized by the maximum reduction of the existing rate of duty. And so, necessarily, does an average of the differences shown in B, C, and D, namely, 14.68 per cent. By reason of the proviso in section 315 forbidding an increase or decrease exceeding 50 per cent of the existing rate, the duty thus indicated would become 25 per cent ad valorem. The importance of the statistical result should not be overlooked. Obviously, the circumstance that there is an arbitrary stop limit fixed by the proviso forbidding increases or decreases beyond 50 per cent does not change the statistical result.

(*d*) *One class for men's and women's hosiery.*—If it is deemed statistically sound to combine men's and women's hosiery in one class, an average can be taken of the four comparisons, A, B, C, and D in Table 14. As will appear by reference to that table, such average is 24.45 per cent. Because of the proviso in section 315 forbidding an increase or decrease exceeding 50 per cent of the existing rate, the duty thus indicated would become 25 per cent ad valorem.

In that event the duty now provided in paragraph 916 would be split up into three classes designed to cover, respectively, cut hosiery, infants' fancy-top hosiery, and adults' hosiery. The last class could be described substantially as follows:

All hose and half hose, selvedged, fashioned, seamless or mock-seamed, finished and unfinished, composed of cotton, made wholly or in part on knitting machines, or knit by hand, not specially provided for.

TABLE 13.—*Cotton hosiery, full-fashioned and seamless, "having ribbed tops of two or more colors": Costs of production, and rates of duty necessary to equalize differences in costs of production in the United States and principal competing country (Germany)* [1]

[Costs compared for equal quantities of wholesale value]

	A		B		C	
	Infants' mercerized Jacquard-top socks		Infants' mercerized striped-top socks		Simple averages of A and B	
	Domestic (2 samples fashioned) [2]	Foreign (2 samples fashioned)	Domestic (25 samples seamless)	Foreign (2 samples fashioned)	Domestic	Foreign
Data as secured for equal physical quantities:						
(1) Wholesale price in the United States	*Per doz. prs.* $3.85	*Per doz. prs.* $3.75	*Per doz. prs.* $2.23	*Per doz. prs.* $2.75	$3.040	$3.25
(2) Total mill cost	2.327	1.534	1.651	1.159	1.989	1.346
(3) Foreign valuation		1.975		1.400		1.688
(4) Transportation cost [3]	.010	.052	.010	.052	.010	.052
Data for equal quantities of wholesale value:		*One dozen plus $.66 per cent of a dozen*	*One dozen plus $3.31 per cent of a dozen*			
Wholesale values in the United States equalized	3.85	$3.85	$2.75	2.75	3.300	3.300
Total mill cost	2.327	1.575	2.036	1.159	2.182	1.368
Foreign valuation		2.027		1.400		1.713
Difference in mill cost	$0.752		$0.877		$0.814	
Duty (per cent on foreign valuation) to equalize difference in mill cost (per cent)	37.09		62.64		47.51	
Total mill cost	$2.327	$1.575	$2.036	$1.159	$2.182	$1.367
Transportation cost	.010	.053	.012	.052	.011	.053
Mill cost plus transportation cost	2.337	1.628	2.048	1.211	2.193	1.420
Difference in mill cost plus transportation cost	$0.709		$0.837		$0.773	
Duty (per cent on foreign valuation) to equalize difference in mill cost plus transportation cost (per cent)	34.97		59.78		45.12	

[1] These costs do not include any interest, either actual or imputed.
[2] Full-fashioned tops and seamless feet.
[3] Transportation cost for foreign samples includes consular fees, freight, marine insurance, and customs brokers' charges. Transportation cost for domestic samples includes freight only.

TABLE 14.—*Cotton hosiery, full-fashioned and seamless, not "having ribbed tops of two or more colors": Costs of production and rates of duty necessary to equalize differences in costs of production [1] in the United States and principal competing country (Germany)*

[Costs compared for equal quantities of wholesale value]

	A Men's mercerized half hose		B Women's combed hose		C Women's mercerized hose	
	Domestic (17 samples seamless)	Foreign (2 samples fashioned)	Domestic (1 sample fashioned)	Foreign (1 sample fashioned)	Domestic (1 sample fashioned)	Foreign (1 sample fashioned)
Data as secured for equal physical quantities:						
(1) Wholesale price in the United States	*Per doz. prs.* $3.68	*Per doz. prs.* $7.20	*Per doz. prs.* $6.00	*Per doz. prs.* (2)	*Per doz. prs.* $8.00	*Per doz. prs.* $8.00
(2) Total mill cost	2.406	2.265	4.071	$3.010	4.691	3.800
(3) Foreign valuation		3.750		4.100		5.500
(4) Transportation cost [3]	.020	.090	.030	.122	.030	.122
Data for equal quantities of wholesale value:	*One dozen plus 95.65 per cent of a dozen*					
Wholesale values in the United States equalized	$7.20	7.20	6.00	[4] 6.00	8.00	8.00
Total mill cost	4.707	2.265	4.071	3.010	4.691	3.800
Foreign valuation		3.750		4.100		5.500
Difference in mill cost	$2.442		$1.061		$0.891	
Duty (per cent on foreign valuation) to equalize difference in mill cost (per cent)	63.12		25.88		16.20	
Total mill cost	$4.707	$2.265	$4.071	$3.010	$4.691	$3.800
Transportation cost	.039	.090	.030	.122	.030	.122
Mill cost plus transportation cost	4.746	2.355	4.101	3.132	4.721	3.922
Difference in mill cost plus transportation cost	$2.391		$0.969		$0.799	
Duty (per cent on foreign valuation) to equalize difference in mill cost plus transportation cost (per cent)	63.76		23.63		14.53	

	D Women's mercerized hose		E Simple averages of A, B, C, and D		F Simple averages of B, C, and D	
	Domestic (6 samples seamless)	Foreign (1 sample fashioned)	Domestic	Foreign	Domestic	Foreign
Data as secured for equal physical quantities:						
(1) Wholesale price in the United States	*Per doz. prs.* $5.00	*Per doz. prs.* $8.00	$5.670		$6.33	
(2) Total mill cost	2.702	3.800	3.468	$3.219	3.821	$3.537
(3) Foreign valuation		5.500		4.712		5.033
(4) Transportation cost [3]	.030	.122	.028	.114	.030	.122
Data for equal quantities of wholesale value:	*One dozen plus 60 per cent of a dozen*					
Wholesale values in the United States equalized	$8.00	8.00	7.300	7.300	7.333	7.333
Total mill cost	4.323	3.800	4.448	3.219	4.362	3.537
Foreign valuation		5.500		4.712		5.033
Difference in mill cost	$0.523		$1.229		$0.825	
Duty (per cent on foreign valuation) to equalize difference in mill cost (per cent)	9.50		26.08		16.39	
Total mill cost	$4.323	$3.800	$4.448	$3.219	$4.362	$3.537
Transportation cost	.048	.122	.037	.114	.036	.122
Mill cost plus transportation cost	4.371	3.922	4.485	3.333	4.398	3.659
Difference in mill cost plus transportation cost	$0.449		$1.152		$0.739	
Duty (per cent on foreign valuation) to equalize difference in mill cost plus transportation cost (per cent)	8.16		24.45		14.68	

[1] These costs do not include any interest, either actual or imputed.
[2] Transportation cost for foreign samples includes consular fees, freight, marine insurance, and customs brokers' charges. Transportation cost for domestic samples includes freight only.
[3] None of this foreign sample is imported, and therefore no quotation of United States wholesale price is available.
[4] Wholesale price in the United States assumed to be identical with the foreign.

SUMMARY

Findings of fact to the following effect are, in the judgment of the undersigned members of the United States Tariff Commission, warranted by the evidence collected in the investigation and summarized in the foregoing report:

I. Germany is the principal competing country in cotton hosiery.

II. Except with respect to hose and half hose having ribbed tops of two or more colors (presently to be considered) there is no substantial competition in respect of the articles known as "cut" hose, that is to say, hose and half hose made or cut from knitted fabric composed of cotton. Very little hose of the "cut" type is made in the United States and a basis seems to be lacking for a cost comparison of like or similar articles falling within this clause of paragraph 916. The absence of any cost comparison for this type of hose and half hose precludes any change in the 30 per cent rate of duty provided in paragraph 916 of the tariff act of 1922.

III. The present duty of 50 per cent ad valorem, fixed in paragraph 916 of the tariff act of 1922, on hose and half hose, selvedged, fashioned, seamless, or mock-seamed, finished or unfinished, composed of cotton, made wholly or in part on knitting machines, or knit by hand, according to the cost data secured in this investigation, does not equalize the difference in cost of production of said articles in the United States and of like or similar articles in said principal competing country.

IV. Comparing the costs of production in the United States and the costs of production in the principal competing country (including transportation on the foreign and the domestic articles to New York City), for each of the several types of cotton hosiery compared, the differences in said costs of production in the United States and of like or similar articles in said competing country, when expressed in terms of the ad valorem rate necessary to equalize the same, are respectively, as follows:

Comparison of domestic and foreign costs of production

Designation of article	Cost differences in terms of rates of duty		
	Method I	Method II	Method III
	Per cent	*Per cent*	*Per cent*
a. Infants' mercerized Jacquard-top socks	38.03		34.97
b. Infants' mercerized striped-top socks	32.14		59.78
Average of *a* and *b*	35.60	55.50	45.12
a. Men's mercerized half hose	1.89	51.30	63.76
b. Women's combed hose, full-fashioned	23.63	18.42	23.63
c. Women's mercerized hose, full-fashioned	14.53		14.53
d. Women's mercerized hose, seamless domestic and full-fashioned foreign			8.16
Averages:			
Men's, *a*	1.89	51.30	63.76
Women's—			
b and *c*	18.42	18.42	
b, *c*, and *d*			14.68
Men's and women's combined—			
a, *b*, and *c*	13.78	33.36	
a, *b*, *c*, and *d*			24.45

V. *Infants' hosiery.*—With regard to the first two of said types, namely, (*a*) infants' mercerized Jacquard-top socks and (*b*) infants' mercerized striped-top socks, the data indicate that, both in respect of their physical character and of the costs of production involved

in their manufacture, such infants' hose constitutes a separate and distinct class and that it is practicable to provide a subclassification, with a separate rate of duty, covering such special types of infants' hosiery. The description of said subclass is as follows:

Hose and half hose, selvedged, fashioned, seamless, or mock-seamed, finished or unfinished, having ribbed tops of two or more colors (white and black to be considered for this purpose as colors), composed of cotton, made wholly or in part on knitting machines, or knit by hand.

VI. With respect to the subclass of cotton hosiery having ribbed tops of two or more colors, as defined in the preceding Par. V, a comparison of a simple average of the average domestic costs of production of samples of infants' mercerized Jacquard-top socks and infants' mercerized striped-top socks with a simple average of the costs of production of like or similar articles made in the principal competing country indicates that the rate of duty necessary to equalize said cost differences is by Method I (Table 10, column C), 35.60 per cent ad valorem; by Method II (Table 12, column A), 55.50 per cent ad valorem; and by Method III (Table 13, column C), 45.12 per cent ad valorem.

VII. *Men's hosiery.*—With respect to the third of said types, namely, men's mercerized half hose, a comparison of a simple average of the average domestic costs of production of samples of men's mercerized half-hose with a simple average of the costs of production of like or similar articles made in the principal competing country, indicates that the rate of duty statistically necessary to equalize said cost differences is by Method I (Table 11, column A), 1.89 per cent ad valorem; by Method II (Table 12, column C), 51.30 per cent ad valorem; and by Method III (Table 14, column A), 63.76 per cent ad valorem. The description of said subclass is as follows:

Hose and half hose, selvedged, fashioned, seamless, or mock-seamed, finished or unfinished, having ribbed tops, composed of cotton, made wholly or in part on knitting machines, or knit by hand.

VIII. *Women's hosiery.*—With respect to the fourth, fifth, and sixth of the types compared, namely, (1) women's combed hose, full-fashioned domestic and full-fashioned foreign; (2) women's mercerized hose, full-fashioned domestic and full-fashioned foreign; and (3) women's mercerized hose, seamless domestic and full-fashioned foreign a comparison of the simple average of the average costs of production of the several samples of such domestic hose with a simple average of the costs of production of like or similar articles made in the principal competing country, indicates that the rate of duty statistically necessary to equalize said differences is by Method I (Table 11, simple average B and C), 18.42 per cent ad valorem; by Method II (Table 12, column D), 18.42 per cent ad valorem; and by Method III (Table 14, column F), 14.68 per cent ad valorem; which, because of the proviso forbidding any increase or decrease exceeding 50 per cent of the existing rate, indicates a rate of duty of 25 per cent ad valorem. The description of said subclass is as follows:

All hose and half hose, selvedged, fashioned, seamless, or mock-seamed, finished or unfinished, composed of cotton, made wholly or in part on knitting machines or knit by hand, not specially provided for.

IX. *Men's and women's hosiery.*—If instead of separate duties for men's hosiery and for women's hosiery, it is deemed advisable to

combine all such hosiery in one class, then a comparison of a simple average of the average costs of production of the samples of domestic men's half hose and the several kinds of women's hose, except the subclass of cut hosiery described in preceding Paragraph II, and the subclass of fancy-top hosiery described in preceding Paragraph V, with a simple average of the average costs of production of like or similar articles in the principal competing country indicates that the rate of duty statistically necessary to equalize said differences is by Method I (Table 11, simple average A, B, and C), 13.78 per cent ad valorem; by Method II (Table 12, column E), 33.36 per cent ad valorem; and by Method III (Table 14, column E), 24.45 per cent ad valorem; which, because of the proviso forbidding any increase or decrease exceeding 50 per cent of the existing rate, indicates a rate of duty of 25 per cent ad valorem by Methods I and III, and 33.36 per cent ad valorem by Method II. The description of said subclass is as follows:

All hose and half hose, selvedged, fashioned, seamless, or mock-seamed, finished or unfinished, composed of cotton, made wholly or in part on knitting machines or knit by hand, not specially provided for.

X. The cost comparisons herein summarized have the following limitations:

1. None of the foreign or domestic costs compared in this report include any item for the cost of the use of the capital invested and employed in the business.

2. The cost comparisons made in this report rest, for foreign costs, upon the costs of production of eight samples of hose made in Germany. For none of these eight sample costs were the figures given for time-labor cost and general factory expense (including overhead) verified by examination of factory books of account.

3. In no case does the comparison of foreign and domestic costs for any specific type of article rest, for foreign costs, upon the figures for more than two German samples. In three instances the comparison rests upon the figures for a single foreign sample; and in two of these instances use is twice made of the same foreign sample. In two instances the comparison of foreign and domestic costs rests, for domestic costs, upon a single sample. In the three instances in which a number of domestic samples are used, 25, 17, and 6, respectively, such samples are compared with two or with one German sample. A different result would have been reached if domestic samples used for comparison had been equally restricted.

XI. In reporting the results of this investigation under section 315 of the tariff act of 1922, this summary, as in all other investigations, is confined to a statement of the findings of fact which appear to be warranted by the data secured in the course of the investigation without recommendation or expression of opinion with regard to the advisability or inadvisability of a change in the existing duty.

Respectfully submitted.

THOMAS O. MARVIN,
Chairman.
ALFRED P. DENNIS,
Vice Chairman.
HENRY H. GLASSIE,
EDGAR B. BROSSARD,
SHERMAN J. LOWELL,
Commissioners.

NONCONCURRING STATEMENT OF COMMISSIONER COSTIGAN

DECEMBER 22, 1926.

My signature is withheld from the cotton hosiery report for reasons which need not be exhaustively detailed. Similar reasons in part for like action, to which because of their relevancy reference is here made, were recorded on June 12, 1925, at the outset of my "Separate Conclusions" in the investigation of cotton warp-knit fabric gloves. Happily there is a more pronounced inclination on this occasion than in the fabric-gloves investigation to acknowledge certain fundamental limitations inherent in the basic foreign data submitted. Moreover, that acknowledgment is made without the claim that resort by the commission to the hazard of estimates was rendered necessary by the refusal of foreign manufacturers to allow reasonable access to their cost figures. On the contrary, in the face of the refusal by German manufacturers of any book showing of mill expense and overhead data, the majority report has further emphasized its shaky foundation by following the remarkable course of accepting the unchecked figures submitted by German manufacturers. The exposition, therefore, in the commission's report of the inadequate methods adopted in the investigation and insufficient results obtained abroad would appear to lead irresistibly to a recommendation of dismissal or enlargement and completion of the investigation—a conclusion, however, which is abruptly side-stepped in the majority report in favor of surprising, though hesitating, findings of fact.

I. COMMISSION'S DEFECTIVE INFORMATION

The divergence in the views of certain commissioners is simple. The majority of the commission first demonstrate and admit that the foreign data presented and relied upon in this investigation are gravely defective. They then proceed to erect on such shifting sands various more or less fantastic findings. In the end they crown those findings with suggestions which are essentially recommendations, regardless of the somewhat inaccurate disclaimer with which the report concludes. For it is mere juggling with words to insist that the carefully considered respective "methods" of interpreting the commission's data, offered by the chairman, the vice chairman, and Commissioner Glassie and pointing in each instance to different changes in classification and modifications of the present rate of duty, are anything less than alternative recommendations. Certainly no formal recommendation by subscribing commissioners could carry more weight of suggested approval than the summarized "findings of fact"—including specifically designated rates of duty—which "in the judgment" of the subscribing commissioners are "warranted by the evidence collected." In any event, after the commission's report has indicated certain glaring imperfections in the foreign data, such data, compiled in 1923, are presented as if suitable in 1926 for the rate-modifying provisions of section 315 of

the tariff act of 1922. In contrast, I am unable to discover any reasonable relation between the commission's scant foreign information and the majority's findings; or, differently expressed, any reasonable justification for the attempted use of the commission's German cost data, or for doing other than to discard those data in the absence of an effort to secure corroboration or correction through additional and up-to-date foreign field work. Such supplemental field work in Germany the commission has never ordered, notwithstanding the lapse of time in which the poverty of its original material was discussed by commissioners and should otherwise have been apparent.

The basic foreign data, now transmitted to the President with respect to cotton hosiery, were assembled in Germany by practically the same representatives of the commission and at about the same time—between July and October, 1923—as in the case of cotton fabric gloves, on which the President a year and a half ago declined to act. It is common knowledge, which the experience of the Tariff Commission's representatives confirmed, that German industrial conditions in that period were chaotic. Unparalleled and unpredictable fluctuations in foreign exchange and in interest—both of which were closely related to costs of production—were daily phenomena. The currency stabilization which followed the introduction of the rentenmark had not yet been achieved. It would in fact require imagination to picture a less favorable postwar environment for the accumulation of accurate cost-of-production information, and it is both a fact and evident from admissions in the report of the majority of the commission that little dependable progress in securing exact information was made by the commission's representatives in the face of the ingrained difficulties of the German situation in 1923. For example, although the commission's report assumes that so far as wage data were concerned fluctuations in paper money may be disregarded because the manufacturing records were entered in terms of gold marks, such a conclusion will scarcely be accepted at its face value since, as the report explains, wages were actually being paid in paper marks.

It may serve to remind us of actualities to mention a sample of the method by which basic wage calculations were reached. From notations in the commission's files made by its experts, it appears—to select a single date out of the several months covered by the commission's investigations—that on August 10, 1923, a girl worker on cotton hosiery in Chemnitz, Germany, was being paid 1,890,000 marks per hour, and the exchange on that day was reported to be at the rate of 40,000,000 marks for $1 of American currency. The inference was accordingly drawn that the average girl worker's wage per hour was $0.047. Yet no one familiar with the problem can doubt that any such cost calculation was intended to be regarded not as a finality in terms of gold but merely as a fleeting indication of wage tendencies, taking into account the daily, if not hourly, variations in exchange rates and the well-known difference between such rates and the changing internal purchasing power of German money at that time.

In certain other particulars the weakness of the commission's report is frankly conceded. To illustrate by more or less random extracts, the report (italicized by the undersigned) says:

The cost sheets as furnished by the German manufacturers show items for material cost, labor cost, manufacturing expense, loss on seconds, and selling expense (p. 15). * * * *Mill expenses and overhead charges were accepted at the figures given by the manufacturers as they declined to allow these figures to be checked with their books. The items of mill expense and overhead are in fact estimates. These circumstances account for the fact that only two days were consumed in obtaining the costs in the Chemnitz district* (p. 15.) * * *

The manufacturing expense (works expense and fixed charges) did not, in most instances, admit of thorough checking, and for this item estimates supplied by the various manufacturers have been used * * * (p. 16).

The foreign and the domestic *costs shown in this report do not take into account any interest, either actual or imputed. In Germany, as previously explained, no data were obtained for the computation of these items,* and in order not to have items of cost on one side not found on the other side, the comparative cost tables do not show actual or imputed interest, either foreign or domestic (p. 18).

Elsewhere in the commission's report a description is given of the methods adopted by the commission's representatives which resulted in the selection by German manufacturers of a rather restricted number of styles to be considered, many of which were found by the commission unsuitable for comparison with American cost data. The course adopted, which will bear repetition, was as follows (italics by the undersigned):

Four agents of the commission consisting of two knitting experts, a textile expert, and a cost accountant, in cooperation with members of the commission's foreign staff, conducted the investigation in Europe. * * * Only the German costs are shown in this report since Germany is considered the principal competing country for the purposes of this investigation.

Germany.—Before visiting the mills selected from a study of invoices conferences were held with the hosiery association and with labor union leaders. The manufacturers attending the conferences were each presented with a translation of Section 315 of the tariff act of 1922, and with specific cost sheets prepared in German explaining the method of cost computation to be employed. The hosiery association, after having given consideration to the request for cost data, decided that it would be inadvisable for it, as an association, to attempt to furnish costs of production and suggested that the agents of the commission confer directly with the manufacturers. At first this method was no more successful. *Finally, after the agents of the commission had gone to France, seven of the leading German manufacturers agreed to furnish cost data on specific samples which they themselves selected from the styles submitted to them by the commission's agents as representative of German exports to the United States. Whereupon, one of the knitting experts with two of the commission's foreign agents returned to Chemnitz.* Four of the seven German mills visited by the commission's agents were situated in Chemnitz, and one each in Talheim, Gorusdorf, and Neukierchen, all in the Chemnitz district.[1] *From these mills on September 9 and 10, 1923, cost of production data were obtained for 15 specific samples of cotton hosiery* which were regarded by the commission's agents as physically representative of the styles exported from Germany to the United States. *In the case of only 8 of these 15 samples were the cost data found to be suitable for comparison with the American cost data* (pp. 14 and 15).

At the expense of repetition, it should perhaps be noted that no interest data were obtained in Germany and accordingly none, either actual or imputed, with respect to the foreign and domestic costs, could be taken into account in the report.

These open deficiencies in the commission's material would appear to have impressed Commissioner Glassie to such an extent that he deemed it wise, in a separate contribution to the majority's report, to incorporate the following additional comments (italics as before):

The investigation of the costs of production of cotton hosiery is one of the early investigations ordered by the Tariff Commission for the purposes of section 315. * * *

[1] The German cotton hosiery industry is concentrated in and around Chemnitz, Saxony. Mills outside of Saxony are scattered and are unimportant in the export trade.

When the cost data were collected at home and abroad, the commission's staff had not yet had any large experience in the collection of such data for the purposes of section 315. * * * In order to deal with the inherent complexities of the subject, it was deemed advisable at that time to secure comparative cost data upon the basis of selected samples. * * * In all, costs for 194 samples were secured. But, for sundry reasons, principally a lack of identity between the domestic and foreign samples, only 52 domestic samples were made use of in the cost comparisons comprised in this report. Over against the costs of these domestic samples, the costs of some 15 German made socks and stockings were secured, of which, as will be explained presently, only 8 were deemed available for comparison. *This investigation, therefore, presents in a somewhat acute form the difficulties involved in an effort to ascertain comparative costs of production through the method of matching selected samples and comparing their respective costs* (p. 33).

GENERAL NATURE OF THE COST DATA

The description of the various cost elements given on pages 14, makes it plain that material cost and piece-labor cost are the only cost items in which data were directly ascertained from books of account. All other items of mill cost were arrived at by applying to the several selected samples the general ratios for the whole factory output of (a) total time-labor cost to total piece-labor cost, and (b) total manufacturing expense to total manufacturing labor cost * * * (p. 33).

While the accounting convention here involved is commonly employed by manufacturers as a rough and ready method of allocating or distributing nonspecific costs and is not without its uses for the purposes of ordinary factory accounting, manifestly *the broad assumption on which it rests is not in accordance with actual realities.* It is hardly possible that the many differing products of a factory should each absorb a proportion of general expense that is precisely the same percentage of its labor cost as the general expense of all the products taken together is of all labor costs. Hence *the procedure is essentially arbitrary, and is of doubtful value for the purpose of comparing unit costs of selected samples as between factory and factory, country and country. Its employment in such instances results from an effort to produce some definite mathematical result without duly ascertaining the adequacy of the data for the purpose. Its effect is to lend an apparent though often illusory objectivity* (pp. 33 and 34). * * *

FOREIGN COST DATA

In addition to what has just been noted concerning the method by which the cost items are built up, *it should be further observed that the cost data obtained in Germany are marked by certain infirmities not found in the domestic data.* In the United States the basic figures used for assigning the nonspecific costs, as well as the figures used for the specific costs, were obtained from factory books of account. *In Germany practically no figures were obtained from factory books of account. It is true that the sample piecework costs supplied by the German manufacturers were checked by reference to the actual rates for piecework labor prevailing* in the respective factories, just as the prices paid for yarns and dyes were checked with invoices at the mills. *But all general manufacturing expenses and overhead charges were accepted by the commission's agents at the figures given by the German manufacturers,* none of whom would permit his books to be examined in that regard. *No particulars, therefore, were obtained as to capital employed, depreciation of plant, or any other administrative or overhead expense. At the time when these costs were obtained in Germany, conditions were very unstable. The commission's agents, who obtained the cost data here employed, found themselves obliged to express, at the time, the opinion that these costs should be received with "caution," mainly in relation to labor costs and general expense* (p. 34).

* * * * * * *

These circumstances cause serious doubt as to the intrinsic validity of the foreign mill costs for comparison with the domestic mill costs, apart from the question whether, in industries of this nature, any comparative costs can be truly representative which do not include the respective items of cost of capital employed in the business. Where the national industries compared differ widely in point of capital investment, any comparison which leaves this item out necessarily distorts the resulting differences in costs of production. And the fact that adequate data have not been secured on one side is not warrant for making a comparison which ignores an important element of cost (pp. 34 and 35).

Finally, in an attempt to summarize and apply the differences in estimated foreign costs and ascertained domestic costs, the commis-

sion's report makes use of simple averages in place of weighted averages, merely assigning as the reason therefor that "no data were obtained by which the costs could be weighted" (p. 18).

The significance of these recitals is sufficiently manifest. Commissioners who favor resting a presidential rate-changing proclamation in 1926 on such data so compiled in 1923 are inviting anew the charge that the flexible tariff is a vehicle for discretion rather than for fact-finding. The commission's information as to German production costs of cotton hosiery, for the most part three years old, has never been adequately supplemented in accordance with the fair requirements of a searching, not to say a scientific investigation. Notwithstanding the maintenance by the commission of regular headquarters abroad, and the presence in Europe from time to time of various experts of the commission, the basic data secured in 1923 have not been tested by satisfactory additions or otherwise subjected to recent verification. It is accordingly my confirmed judgment that the flexible provisions of the tariff act of 1922 may not fairly be invoked by so meager and unconvincing a record. It is submitted that the Congress, which may act on tariff duties with or without persuasive information, has not delegated like freedom to the Tariff Commission.

II. TRANSPORTATION

In that part of the report of the majority of the commission, which is devoted to transportation, a painstaking, and, in view of the limited data at hand, a fairly comprehensive attempt has been made to compare the respective costs of bringing the foreign and the domestic articles to New York, the selected principal wholesale market in the United States. In order, however, that the methods employed may not appear to have unqualified approval and the consequent character of settled precedent, attention should perhaps be directed, without attempting to cover all cases, to some omissions from the cost data and to certain arbitrary assumptions which fuller domestic data would have rendered unnecessary.

The report says: "It is to be noted that, as in the case of transportation costs on foreign articles, no charges for cartage are included" (p. 23). Nothing in the report indicates that these omissions are in any respect irregular, unless the sentence quoted be construed as carrying that implication. In the absence of a showing of sufficient reasons for not furnishing such figures, the provisions of section 315 of the tariff act of 1922, which make mandatory the consideration of all statistically determinable advantages or disadvantages in competition, would certainly appear to require the inclusion of foreign cartage charges, as well as cartage charges from dock and train, respectively, to warehouse in the principal wholesale market of the United States.

By the same reasoning, it would seem indispensable to include the necessary charges for handling imported cotton hosiery at German ports. These unavoidable expenses are ignored in the majority report, yet a detailed list of them shows the following items: Cartage to steamer; quay charges; charges to f. o. b. shipping—charges and forwarding commission; customs formalities; postage, 'etc.; bill of lading; weighing; and the Government tax. It is worthy of note that the total amount of such charges varies with the size of the shipment

and that the commission's figures for actual shipments average about one-half cent per dozen pairs.

Furthermore, the report, in the absence of domestic data, permitting the weighting of shipments from domestic factories to New York, assumes a "supposedly representative figure" as the typical cost of shipping domestic hosiery from the various factories in Massachusetts, Pennsylvania, North Carolina, Tennessee, and Wisconsin to New York City. The assumed figure may or may not be reasonable but it is, of course, to be borne in mind that it is assumed and, therefore, lacks the character of a finding of fact. Naturally, too, it does not justify other similar assumptions in other investigations, as an easy method for escaping the obligations of securing, when practicable, all the mathematically ascertainable costs which should be considered as advantages or disadvantages in competition.

The observations here offered are submitted by way of reservations, rather than in a critical spirit. They relate to one of the most difficult duties imposed on the commission by the provisions of section 315, as to which the course of wisdom would appear to require, so long as feasible, the avoidance of arbitrary generalizations which may tend to interfere with the most reasonable application of the law in accordance with its controlling purposes.

III. COMMISSIONER GLASSIE'S THEORY OF COMPARABILITY

Certain further reservations appear to be required with respect to particular sections of the commission's reports. Embodied in that report by request of Commissioner Glassie is a discussion of the Tariff Commission's cost data in which is involved a swift and seductive reversal of Commissioner Glassie's immediately previous position. Indeed the transition and the result resemble some highly clever sleight of hand. After effectively condemning the commission's cost data with respect to cotton hosiery, Commissioner Glassie launches without warning yet with force support of a novel formula, apparently of his own invention, designed to make comparable certain cost data which he himself in effect has just pronounced noncomparable.

"The average wholesale selling price in the United States," says Commissioner Glassie—

> of the 17 samples of domestic seamless half hose is $3.68 per dozen pairs. The average wholesale selling price in the United States on the two foreign full-fashioned half hose with which the domestic seamless are compared s shown at $7.20 per dozen pairs. Can it be said that the things here compared are alike? It would appear, on the contrary, that a comparison has been attempted between things that are intrinsically different. Socks which sell in the wholesale market at $7.20 per dozen are not likely to be the same things that, in the same market, sell for $3.68 per dozen (p. 39).

But hardly has this declaration been given form, before a method for establishing comparability under such circumstances is urged by Commissioner Glassie.

His theory, it seems, is that it is possible, by the use of "parity in market value" to convert such noncomparable foreign and domestic commodities into the "like or similar articles" which the law seeks to have contrasted. To this end, Commissioner Glassie undertakes to assume a substantial parity for cost comparison purposes between diverse articles, by taking (1) the ratio of lower-priced to higher-

priced articles and (2) by multiplying the production costs of the lower-priced articles by the amount of that ratio. Or, as stated by Commissioner Glassie:

> In the absence of any power to vary the physical things themselves this may be done by varying the physical quantities of the things in such manner as to make the quantities of economic worth equal on each side. In the case of ordinary staple articles, the most obvious and simple method of doing this is to vary the physical quantities compared in the ratio of their respective wholesale selling prices. In this way costs are obtained for things that are commercially and economically equivalent and the costs for which are therefore comparable (p. 40).

Taking, for example, a pair of full-fashioned foreign hose, selling, let us say, at $2 and contrasting it with a pair of seamless domestic hose, selling at $0.50, Commissioner Glassie appears to argue, (a) that the stated difference in price clearly indicates the "intrinsic" noncomparability of the articles, and (b) that, nevertheless, by reason of the price ratio, comparability may be secured "commercially and economically" by contrasting the cost of producing one pair of the imported hose with the cost of producing four pairs of domestic hose of the admitted different quality.

One special and several general reasons may be assigned in opposition to Commissioner Glassie's conclusion. The special objection is not only that the commission's basic cost data are, as we have seen, fundamentally useless and that no amount of legerdemain can give them character, but also that the price data on which Commissioner Glassie relies are similarly unreliable. Commissioners are well aware that the wholesale selling prices employed by Commissioner Glassie are not actual wholesale selling prices but are rather the prices importers and jobbers stated to experts of the commission that they would have asked if they had purchased goods of the specified types abroad at the prices mentioned. To illustrate, when the wholesale selling price of imported men's hose is assumed to be $7.20, such hose may actually have sold for more or less, for example, for as little as $4. Indeed, the experts of the commission who submitted these price figures have stated that such wholesale selling prices were set out in the tables as "*interesting and pertinent information for the consideration of the commission and with no idea of including them in the report to the President or in using them in any way as a basis for prospective duties.*" At one point, indeed, Commissioner Glassie would appear to agree with this criticism, since he there says:

> How far accuracy can be predicated of these comparisons remains a question. No comparative cost computations can possess a validity that is lacking in the primary data. And it may be questioned whether the prices stated for these samples are any more accurate than the costs (p. 42). * * *

Turning next to the chief general objections to Commissioner Glassie's formula, the following may be mentioned:

(1) Commissioner Glassie's theory mistakenly assumes that changing costs in a particular country parallel variations in prices. It would be serviceable to have the basis of that generalization presented. It is true that if the competition between articles is entirely free and if their turnover is the same the long-run tendency will be for cost and price to vary together. But both these conditions rarely are satisfied, and disturbing factors usually prevent the long-run tendency from prevailing at any particular time and place.

(2) Commissioner Glassie's theory distorts and tends to destroy the reasonable construction required by the expression "like or simi-

lar articles" in section 315. It is submitted that there is no warrant for holding, as Commissioner Glassie does, first, that two varieties of cotton hose are dissimilar, and, second, that a reconciliation of such dissimilarities may be effected by increasing the quantity of one variety for cost comparison purposes as a means of putting that variety on a parity in market value with the other.

Either the higher-priced full-fashioned hose and the lower-priced seamless hose are "like or similar," or they are unlike and dissimilar, and Commissioner Glassie says they are the latter. If so, they can not be made "like or similar" for the purposes of section 315 by comparing the costs of producing approximately two pairs of seamless with one pair of full-fashioned hose. "Intrinsically," of course, two pairs of the cheaper seamless hose are fully as dissimilar as one pair from the higher-priced full-fashioned hose. It was well known when section 315 was enacted that exact comparability of articles is not commonly to be expected. The burden, therefore, rests upon the Tariff Commission to endeavor to obtain comparative costs of production for articles which are "like or similar," keeping in view, when determining similarity, the conditions of actual competition within the limits of reasonableness. On the other hand, if articles are, as Commissioner Glassie contends with respect to seamless and full-fashioned hose, so unlike and dissimilar as to be either unavailable or of doubtful availability for the purposes of section 315, it should be evident that the articles can not be converted to comparability by any such free and easy formula for quantitative reconciliation as Commissioner Glassie proposes.

(3) Commissioner Glassie's formula for determining absolute cost differences surely assigns unmerited credit to the ratio between lower and higher priced articles. In measuring the differences between the *costs* of two articles, what reason have we other than fancy to suppose that the ratio of the *price* of the less to the more expensive, multiplied by the *cost* of the lower-priced article, will produce a sound cost figure of the cheaper article for comparison? Presumably no adjustment of costs with reference to prices is permissible where continuous price differences prevail between two articles, except in cases where the physical differences between the articles are definitely measured by their respective market values and are the cause of the differences in both costs and prices.

A theory like Commissioner Glassie's for production cost comparison, which has the appearance both of new discovery and universal application, can scarcely be expected to stand the test of analysis. The nearest approach to his formula, so far embodied in Tariff Commission reports under section 315, was recommended by the undersigned in the gold leaf report (Ib. pp. 11, 12). The gold leaf investigation developed that the American trade was required to and did regularly pay for American gold leaf a standing premium above the price paid for the imported article. It was further shown that the foreign and domestic gold leaf were essentially identical in composition and character, except that the American product contained a larger quantity of gold. Incidentally, the greater metallic purity of the American gold leaf was shown to result in easier manipulation by sign painters and a consequent willingness on their part to pay a substantially higher price for it. Under these special and noteworthy circumstances, the undersigned contended that the standing price

differences thus created and recognized constituted one of the advantages in competition which are required to be taken into account under the provisions of section 315. That investigation, therefore, revealed the indisputable comparability of the American and the imported gold leaf, as well as standing differences in both costs and prices directly due to established physical differences. Commissioner Glassie's formula offers, of course, a radically different suggestion. As pointed out, he seeks to span the difference between and draw together noncomparable articles by contrasting different cost units, here and abroad, the ultimate determination to depend upon the ratio between the prices of the lower and the higher priced articles. Obviously, too, a substantially different result is reached through the adjustment of costs on the basis of such a ratio and their adjustment, as advocated in the gold leaf case, on the basis of absolute price difference.

(4) Commissioner Glassie's formula tends to eliminate cost comparison between like units of domestic and foreign articles and points to the possibility, if not desirability, of comparing unlike and dissimilar rather than like and similar articles. The language of section 315 discloses that such a conclusion conflicts with the law's express directions.

It is accordingly hoped that no indorsement, not expressly authorized, will be assumed with respect to this novel construction of the provisions of section 315. It is doubtless well that this fanciful interpretation is presented at an appropriate time for bringing it to the attention of the Congress so that amendments of section 315 may be had, if desired, by precise legislation, rather than through administrative usurpation by forced statutory construction.

IV. CHAIRMAN MARVIN'S METHOD

Less theoretical, but also essentially arbitrary under prevailing industrial conditions as well as upon the commission's record, are the conclusions and resulting suggested duties submitted by Chairman Marvin in his separate contribution to the majority report.[1] Assuming with Commissioner Glassie that foreign full-fashioned hose and domestic seamless hose are intrinsically different and dissimilar, Chairman Marvin concedes that, since about 5 per cent of American cotton hose is full fashioned and about 95 per cent is seamless, the full-fashioned production costs are not representative of the whole American industry. Yet he promptly contrasts such nonrepresentative American costs with the foreign costs which are assumed to be representative. Under such circumstances of what use for the purposes of section 315 are the supposedly equalizing tariff rates evolved from Chairman Marvin's artificial tables? They are clearly the result on the American side of deliberately chosen, nonrepresentative, high-cost figures which can only be accepted upon the theory that it is permissible to make the final tariff figure more or less what one pleases by discarding representative for nonrepresentative production costs. Nor does it correct this serious misapplication of section 315 to urge that Chairman Marvin's tables

[1] It developed, as the report on cotton hosiery was about to be transmitted, that Commissioners Brossard and Lowell had joined in Chairman Marvin's conclusion.

are merely informative indications. The commission's summary promptly elevates any such modest intimations to the importance of "findings of fact" deemed "warranted" by the evidence in the present investigation.

V. WIDELY VARYING RATE-CHANGING FINDINGS OF COMMISSIONERS

Those who cherish the hope that scientific tariff adjustments are guaranteed by section 315 may well be disturbed by the present record. A seriously defective investigation has been given a deceptive appearance of validity. But, as if the very weakness of that record gave free rein to speculation, even more unfortunate are the diverse suggestions for the possible approval of the President which commissioners have contributed. For convenient reference it may be well to bring together in the following table the present rates of duty and those deemed by certain commissioners "warranted" by the evidence, although that evidence stands more or less condemned by all commissioners:

Rate of duty on cotton hosiery

	Infant's hose	Women's hose	Men's hose
	Per cent	*Per cent*	*Per cent*
Tariff act of 1922, paragraph 916, not classified	50.00	50.00	50.00
SUGGESTED EQUALIZING RATES			
Vice Chairman Dennis	35.60	[1] 18.42	[1] 1.89
Chairman Marvin:[1]			
First comparison	55.50	[1] 18.42	51.30
Second comparison	45.12	[1] 14.68	[1] 60.19 63.76
Commissioner Glassie			

[1] It developed, as the report on cotton hosiery was about to be transmitted, that Commissioners Brossard and Lowell had joined in Chairman Marvin's conclusions.
[2] This equalizing rate, in view of the limitations in section 315, only permits a possible reduction in the rate of duty to 25 per cent.
[3] See Table No. 12 on p. 30.

Is it too much to say that such different deductions from the same unreliable basic data are adapted to undermine confidence both in the law and in the efficiency of its administration?

EDWARD P. COSTIGAN, *Commissioner*

APPENDIX A

Comparison of costs and of prices of foreign and domestic cotton hosiery—Infants' mercerized Jacquard-top socks

[Per dozen pairs]

Origin and description	Mill costs of production [1]																
	Specifications								Costs								
	Machine						Yarns used [2]		Yarn price per pound	Material				Conversion			Total mill cost
	Needles	Cylinder	Wales per inch	Finished weight	Average size	Finished length	Number and kind	Weight		Net cost of yarn	Waste allowance	Dyes and chemicals	Total material	Piecework labor	Daywork labor	Manufacturing expense	
FOREIGN																	
Full-fashioned, Jacquard check ribbed top with cuff, colored body			26	*Ounces* 10.000	7	*Inches* 9½	40/2 M	*Ounces* 10.580					$0.7178	$0.7556	(3)	$0.2454	$1.7188
Full-fashioned, Jacquard plaid ribbed top, colored body.			26	7.250	6½	9½	60/4 CPM. 50/2 CPM. 60/1 CPM.	8.040 .770	$1.03	$0.5672		[4]$0.1891	.7563	.2270	$0.2081	.1588	1.3502
Average			26	8.625	6¾	9½		9.695					.7371	.4913	.1040	.2021	1.5345
DOMESTIC																	
Fashioned Jacquard checked ribbed top with cuff, seamless bleached leg and foot	144	2½	26	8.000	7	10	40/2 CPM	8.000	1.12	.5600	$0.0500		.6100	.7539	.2559	.7749	2.3908
Fashioned fancy-striped ribbed top with cuff (printed design imitation Jacquard), seamless bleached leg and foot.	160	2¾	26	8.000	7	10	20/1 CP 50/1 CPM. 40/2 CPM.	.320 .480 8.800	.35 1.06 1.00	.0110 .0318 .5500			.5928	.6700	.3069	.6944	2.2641
Average			26	8.000	7	10				.5764	.0250		.6014	.7190	.2814	.7347	2.3275

[1] These costs do not include any interest, either actual or imputed.
[2] Explanation of abbreviations: P, Peeler; C, combed; M, mercerized.
[3] Included in piece-work labor.
[4] Custom dyeing charge. Includes labor, cartage, etc., as well as cost of dyes and chemicals. Probably also includes finishing and boxing, as it is the practice in Germany to have finishing and boxing of infants' hosiery done outside; the low figure for manufacturing expense tends to support this conclusion.

Comparison of costs and of prices of foreign and domestic cotton hosiery—Infants' mercerized Jacquard-top socks—Continued

[Per dozen pairs]

Origin and description	Marketing costs and prices [5]									
	Total mill cost	Loss on seconds	Selling and delivery expenses	Total cost of sales	Difference [6]	Mill selling price [7]	Transportation charges [8]	Total mill cost plus transportation charges	Wholesale price	Retail price
FOREIGN										
Full-fashioned, Jacquard check ribbed top with cuff, colored body	$1.7188	$0.0400	$0.0800	$1.8388	$0.3612	$2.2000	$0.0520	$1.7708	$4.00	$6.00
Full-fashioned, Jacquard plaid ribbed top, colored body	1.3502	.0113	.0189	1.3804	.3696	1.7500	.0520	1.4022	3.50	6.00
Average	1.5345	.0256	.0495	1.6096	.3654	1.9750	.0520	1.5865	3.75	6.00
DOMESTIC										
Fashioned Jacquard checked ribbed top with cuff, seamless bleached leg and foot	2.3908	([9])	.1026	2.4934	−.2434	2.2500	.0100	2.4008	3.85	6.00
Fashioned fancy-striped ribbed top with cuff (printed design imitation Jacquard), seamless bleached leg and foot	2.2641	.0400	.0895	2.3936	−.0436	2.3500	.0100	2.2741	3.85	6.00
Average	2.3275	.0200	.0960	2.4435	−.1435	2.3000	.0100	2.3375	3.85	6.00

[5] Calculated landed price (mill selling price plus transportation plus 50 per cent ad valorem duty) equals: For first foreign sample, $3.352; for second foreign sample, $2.677; average of the two, $3.0145.

[6] Difference between mill selling price and total cost of sales as calculated. The minus sign is used when mill selling price is less than total cost of sales.

[7] For dutiable purposes, in the case of the foreign hosiery, the mill selling price is considered to be the foreign valuation.

[8] Transportation charges on the foreign hosiery include consular fees, freight charges, marine insurance, and customs brokers' charges. Transportation charges on the domestic hosiery are the freight charges.

[9] Included in selling and delivery expenses.

APPENDIX B

Comparison of costs and of prices of foreign and domestic cotton hosiery—Infants' mercerized striped-top socks

[Per dozen pairs]

Origin and description	Mill cost of production [1]																
	Specifications								Yarn price per pound	Costs							
	Machine						Yarns used [2]			Material				Conversion			Total mill cost
	Needles	Cylinder	Wales per inch	Finished weight	Average size	Finished length	Number and kind	Weight		Net cost of yarn	Waste allowance	Dyes and chemicals	Total material	Piecework labor	Daywork labor	Manufacturing expense	
FOREIGN				*Ounces*		*Inches*		*Ounces*									
Full-fashioned; fancy-striped ribbed top with cuff, colored body.			26	7.050	5½	7½	45/2 M	7.410	$0.950	$0.4440		[3] $0.1620	$0.6060	$0.3300	$0.1000	$0.1200	$1.1560
Do			26	7.050	6½	9	45/2 M	7.410	.950	.4440		[3] .1620	.6060	.3300	.1050	.1200	1.1610
Average			26	7.050	6	8¾		7.410	.950	.4440		[3] .1620	.6060	.3300	.1025	.1200	1.1585
DOMESTIC																	
Seamless; fancy-striped ribbed top with cuff, colored body.	130	2¾	26	8.500	6½	9	30/2 CPM	4.000	.900	.2250	$0.0158	[5]	.6017	.6185	.1451	.5082	1.8735
							30/2 CPM [4]	4.000	1.050	.2625							
							60/2 CPM [4]	1.250	1.260	.0984							
Seamless; ribbed top with cuff, stripe in colored body.	120	2¾	24	8.000	6½	9½	30/2 CPM	9.000	1.060	.5963	.0063	[5]	.6626	.5317	.0957	.4137	1.7037
Seamless; ribbed top with cuff, solid color, piece-dyed.	130	2¾	24	7.500	7	9½	30/2 CPM	4.250	.800	.2125	.0812	[6] .0750	.6157	.5730	.0717	.3370	1.5974
							40/2 CPM	4.250	.930	.2470							
Seamless; fancy-striped ribbed top with cuff, stripe in bleached body, tipped heel and toe.	120	2¾	24	8.000	7	9½	30/2 CPM	9.000	.950	.5344	.0594	[5]	.5938	.5017	.0903	.3904	1.5762
Seamless; fancy-striped ribbed top with cuff, bleached body.	130	2¾	26	7.500	7	9½	30/2 CPM	.750	.950	.0445	.0990	[5]	.6601	.5205	.0651	.3061	1.5518
							30/2 CPM [4]	3.500	1.050	.2297							
							40/2 CPM	4.250	1.040	.2869							

[1] These costs do not include any interest, either actual or imputed.
[2] Explanation of abbreviations: P, Peeler; C, combed; M, mercerized.
[3] Custom-dyeing charge. Includes labor, cartage, etc., as well as cost of dyes and chemicals. Probably also includes finishing and boxing, as it is the practice in Germany to have finishing and boxing of infants' hosiery done outside; the low figure for manufacturing expense tends to support this conclusion.
[4] Colored yarn.
[5] Included in cost of yarn.
[6] Custom-dyeing charge. Includes labor, cartage, etc., as well as cost of dyes and chemicals.

Comparison of costs and of prices of foreign and domestic cotton hosiery—Infants' mercerized striped-top socks—Continued

[Per dozen pairs]

Origin and description	Mill costs of production																
	Specifications								Yarn price per pound	Costs							
	Machine						Yarns used			Material				Conversion			Total mill cost
	Needles	Cylinder	Wales per inch	Finished weight	Average size	Finished length	Number and kind	Weight		Net cost of yarn	Waste allowance	Dyes and chemicals	Total material	Piecework labor	Daywork labor	Manufacturing expense	
DOMESTIC—continued				*Ounces*		*Inches*		*Ounces*									
Seamless; ribbed top with cuff, solid color body.	130	2¾	24	9.375	7	10	30/2 CPM.	10.125	$0.880	$0.5568	$0.0550	[8]$0.1170	$0.7288	$0.4710	$0.1380	$0.4092	$1.7470
Seamless; fancy-striped ribbed top with cuff, stripe in bleached body, tipped heel and toe.	130	2¾	24	8.375	7	10	30/2 CPM. 30/2 CPM.	7.250 1.875	.880 1.310	.3967 .1533	.0604	(5)	.6124	.5415	.1586	.4704	1.7829
Seamless; fancy-striped ribbed top with cuff, bleached body, tipped heel and toe.	120	2¾	26	9.000	6	9½	30/2 CPM. 30/2 CPM[9] 40/2 CPM.	4.000 2.000 4.000	.760 1.100 .840	.1900 .1375 .2100	-------	[7].0400	.5775	.5000	.0735	.3508	1.5018
Seamless; fancy-striped ribbed top with cuff, stripe in bleached body, tipped heel and toe.	132	2½	24	8.000	5½	8½	36/2 CPM.	8.820	1.120	.6174	-------	(5)	.6174	.5750	.0856	.3809	1.6589
Seamless; fancy-striped ribbed top with cuff, bleached body, tipped heel and toe.	132	2½	30	8.000	5½	8½	36/2 CPM.	8.820	1.040	.5733	-------	(5)	.5733	.5750	.0856	.3809	1.6148
Seamless; ribbed top with cuff, solid color.	132	2½	30	8.000	6½	9	36/2 CPM. 40/1 CPM. 50/2 CPM.	3.138 .834 3.807	.840 1.150 .980	.1650 .0599 .2332	-------	[8].0900	.5481	.4367	.2450	.4024	1.6322
Seamless; fancy striped ribbed top with cuff, stripe in colored body.	130	2¾	24	8.750	7	9½	30/2 CPM.	9.500	1.310	.7821	.0819	(5)	.8640	.5430	.1590	.4717	2.0377
Seamless; ribbed top with cuff, solid color.	140	3	24	12.000	8	14½	30/2 CPM. 40/2 CPM.	6.250 7.000	.800 .930	.3125 .4068	.0948	[9].1200	.9341	.5267	.0658	.3098	1.2264
Seamless; fancy-striped ribbed top with cuff, stripe in bleached body.	120	2½	24	8.000	7	9½	[2]CPM.	9.000	.950	.5344	.0594	(5)	.5938	.4667	.0840	.3631	1.5076
Seamless; ribbed top with cuff, solid color.	120	2¾	24	8.000	7	9½	30/2 CPM.	9.000	.760	.4280	.0480	[9].0900	.5660	.5067	.0912	.3943	1.5582
Seamless; fancy-striped ribbed top with cuff, bleached body.	144	2½	28	7.000	6½	8	30/1 CP. 36/2 CPM. 36/2 CPM[9]	1.500 4.500 2.000	.870 1.000 1.110	.0816 .2812 .1388	.0201	(5)	.5217	.5525	.1019	.4875	1.6636

Seamless; ribbed top with cuff, solid color.	180	2¾	30	8.880	7	10	36/2 CPM	4.720	.900	.2655	.0624	[10] .0873	.7540	.3105	.2015	.3064	1.5724
							50/2 CPM	3.100	1.000	.1937							
							70/2 CPM	1.860	1.250	.1451							
Seamless; ribbed top with cuff, solid bleached.	132	2½	26	8.250	7½	10¾	30/2 CPM	3.8852	.900	.2185	-------	([5])	.5275	.3650	.0838	.2993	1.2756
							40/2 CPM	4.9448	1.000	.3090							
Seamless; fancy-striped ribbed top with cuff; bleached body.	132	2½	26	7.250	7½	9	30/2 CPM	1.9275	1.000	.1205	-------	([5])	.5303	.3650	.0838	.2993	1.2784
							30/2 CPM[4]	2.4672	1.180	.1819							
							40/2 CPM	3.3153	1.100	.2279							
Seamless; ribbed top with cuff; solid color.	160	2¾	26	10.000	7	9½	30/2 CPM	1.5000	.850	.0797	.0588	[9] 0.1000	.7876	.6664	.0600	.3811	1.8951
							40/2 CPM	9.5000	.925	.5491							
							40/2 CPM	4.3200	1.000	.2700							
Seamless; fancy-striped ribbed top with cuff; bleached body.	160	3	28	10.000	7	10	50/1 CPM	.6400	1.060	.0424	-------	([5])	.6337	.5700	.2560	.5871	2.0468
							50/2 CPM	4.3200	1.190	.3213							
Seamless; ribbed top with cuff; solid bleached.	112	3	20	13.500	8½	12½	30/2 CPM	6.7500	.750	.3164	.0125	[11] .0760	.8501	.4750	.1583	.3401	1.8235
							40/1 CP	.5000	.750	.0234							
							40/2 CPM	6.7500	1.000	.4218							
Seamless; ribbed top with cuff; solid color.	172	2¾	30	9.000	7	9½	20/2 CPM				-------	[10] .0125	.6425	.2850	.0500	.1978	1.1753
							60/2 CPM	-------	-------	.6300							
							70/2 CPM										
Seamless; fancy-striped ribbed top with cuff; bleached body.	160	2¾	26	6.75	6½	8¾	20/1 CP	3.2500	.750	.1523	.0609	([5])	.4961	.5525	.1019	.4875	1.6380
							30/1 CP	1.5000	.870	.0816							
							36/2 CPM	1.0000	1.000	.0625							
							36/2 CPM[4]	2.0000	1.110	.1398							
Seamless; ribbed top with cuff; solid bleached.	144	2¼	28	8.50	5½	9	52/2 CPM	3.8080	.920	.2190	.0390	[12] .0342	.6427	.6154	.1301	.3529	1.7406
							45/2 CPM	3.072	1.130	.2170							
							60/2 CPM	1.744	1.220	.1330							
Average	-------	-------	26	8.645	6½	9½	----------	-------	-------	.5727	-------	----------	.6454	.5058	.1153	.3851	1.6516

[4] Colored yarn.
[5] Included in cost of yarn.
[6] Custom-dyeing charge. Includes labor, cartage, etc., as well as cost of dyes and chemicals.
[7] Custom dyeing charge for a small part of the yarn in this sample.
[8] Dyed in the mill, but includes dye-house labor.
[9] Custom dyeing charge. Includes labor, cartage, etc., as well as cost of dyes and chemicals.
[10] Dyed in the mill.
[11] Custom dyeing charge. Some hose of this style are bleached, some are dyed. This cost seems to be an average cost for bleaching and for dyeing.
[12] Dyed or bleached in the mill. Some hose of this style are bleached, some are dyed. This cost seems to be an average cost for bleaching and for dyeing.

Comparison of costs and of prices of foreign and domestic cotton hosiery—Infants' mercerized striped-top socks—Continued

[Per dozen pairs]

Origin and description	Marketing costs and prices[1]									
	Total mill cost	Loss on seconds	Selling and delivery expenses	Total cost of sales	Difference[2]	Mill-selling price[3]	Transportation charges[4]	Total mill cost plus transportation charges	Wholesale price	Retail price
FOREIGN										
Full-fashioned; fancy-striped ribbed top with cuff, colored body	$1.1560	$0.0400	$0.0800	$1.2760	$0.1240	$1.4000	$0.0520	$1.2080	$2.75	$4.20
Do	1.1610	.0400	.0800	1.2810	.1190	1.4000	.0520	1.2130	2.75	4.20
Average	1.1585	.0400	.0800	1.2785	.1215	1.4000	.0520	1.2105	2.75	4.20
DOMESTIC										
Seamless; fancy-striped ribbed top with cuff, colored body	1.8735	.0225	.1000	1.9960	−.3460	1.6500	.0100	1.8835	2.50	4.20
Seamless; ribbed top with cuff, stripe in colored body	1.7037	.0595	.1492	1.9124	.3376	2.2500	.0100	1.7137	2.75	4.20
Seamless; ribbed top with cuff, solid color, piece-dyed	1.5974	.0105	.0692	1.6771	−.2271	1.4500	.0100	1.6074	2.00	3.00
Seamless; fancy-striped ribbed top with cuff, stripe in bleached body, tipped heel and toe	1.5762	.0420	.1226	1.7408	.1092	1.8500	.0100	1.5862	2.50	4.20
Seamless; fancy-striped ribbed top with cuff, bleached body	1.5518	.0210	.0644	1.6372	−.2872	1.3500	.0100	1.5618	2.00	3.00
Seamless; ribbed top with cuff, solid color body	1.7470	.0550	.1795	1.9815	−.3315	1.6500	.0100	1.7570	2.00	3.00
Seamless; fancy-striped ribbed top with cuff, stripe in bleached body, tipped heel and toe	1.7829	.0600	.1850	2.0279	−.3279	1.7000	.0100	1.7929	2.50	4.20
Seamless; fancy-striped ribbed top with cuff, bleached body, tipped heel and toe	1.5018	.0150	.0405	1.5573	.2427	1.8000	.0100	1.5118	2.50	4.20
Seamless; fancy-striped ribbed top with cuff, stripe in bleached body, tipped heel and toe	1.6589		.1006	1.7595	−.0395	1.7200	.0100	1.6689	2.00	3.00
Seamless; fancy-striped ribbed top with cuff, bleached body, tipped heel and toe	1.6148		.0952	1.7100	−.0825	1.6275	.0100	1.6248	2.00	3.00
Seamless; ribbed top with cuff, solid color	1.6322	.0416	.0461	1.7199	.0001	1.7200	.0100	1.6422	2.00	3.00
Seamless; fancy-striped ribbed top with cuff, stripe in colored body	2.0377	.0900	.2339	2.3616	−.2116	2.1500	.0100	2.0477	2.50	4.20
Seamless; ribbed top with cuff, solid color	1.8364	.0075	.0596	1.9035	−.6535	1.2500	.0100	1.8464	2.00	3.00
Seamless; fancy-striped ribbed top with cuff, stripe in bleached body	1.5076	.0380	.1160	1.6616	.0884	1.7500	.0100	1.5176	2.50	4.20
Seamless; ribbed top with cuff, solid color	1.5582	.0380	.1160	1.7122	.0378	1.7500	.0100	1.5682	2.00	3.00
Seamless; fancy-striped ribbed top with cuff, bleached body	1.6636	.0195	.0696	1.7527	−.0027	1.7500	.0100	1.6736	2.00	3.00
Seamless; ribbed top with cuff, solid color	1.5724	.0180	.0802	1.6706	−.0206	1.6500	.0100	1.5824	2.50	4.20

Seamless; ribbed top with cuff, solid bleached	1.2756	.0425	.0492	1.3673	.1327	1.5000	.0100	1.2856	2.00	3.00
Seamless; fancy-striped ribbed top with cuff; bleached body	1.2784	.0600	.0492	1.3876	.1124	1.5000	.0100	1.2884	2.00	3.00
Seamless; ribbed top with cuff; solid color	1.8951	.0180	.0773	1.9904	−.1404	1.8500	.0100	1.9051	2.75	4.20
Seamless; fancy-striped ribbed top with cuff; bleached body	2.0468	.0400	.0667	2.1535	−.4035	1.7500	.0100	2.0568	2.00	3.00
Seamless; ribbed top with cuff; solid bleached	1.8235	.0170	.0142	1.8547	−.0047	1.8500	.0100	1.8335	2.00	3.00
Seamless; ribbed top with cuff; solid color	1.1753		.0913	1.2666	.4834	1.7500	.0100	1.1853	2.00	3.00
Seamless; fancy-striped ribbed top with cuff; bleached body	1.6380	.0187	.0646	1.7213	−.0963	1.6250	.0100	1.6480	2.00	3.00
Seamless; ribbed top with cuff; solid bleached	1.7406		.2428	1.9834	.2666	2.2500	.0100	1.7506	2.75	4.20
Average	1.6516		.0993	1.7802	−.0546	1.7256	.0100	1.6616	2.23	3.48

[1] Calculated landed price (mill selling price plus transportation plus 50 per cent ad valorem duty) equals $2.152 on each of the foreign samples.
[2] Difference between mill selling price and total cost of sales as calculated. The minus sign is used when mill selling price is less than total cost of sales.
[3] For dutiable purposes, in the case of the foreign hosiery, the mill selling price is considered to be the foreign valuation.
[4] Transportation charges on the foreign hosiery include consular fees, freight charges, marine insurance, and customs brokers' charges. Transportation charges on the domestic hosiery are freight charges.

APPENDIX C

Comparison of costs and of prices of foreign and domestic cotton hosiery—Men's mercerized half hose

[Per dozen pairs]

Origin and description	Mill costs of production [1]																	
	Specifications								Yarn price per pound	Costs								
	Machine						Yarns used [2]			Material				Conversion				
	Needles	Cylinder	Wales per inch	Finished weight	Average size	Finished length	Number and kind	Weight		Net cost of yarn	Waste allowance	Dyes and chemicals [3]	Total material	Piecework labor	Daywork labor	Manufacturing expense	Total mill cost	
FOREIGN				*Ounces*		*Inches*		*Ounces*										
Full-fashioned; ribbed top; double sole, heel and toe; high spliced heel.			39	15.87	10½	15	(50/2 ECM.	13.220	$1.0000	$0.8300	$0.0700	$0.1200	$1.1500	$0.6900	$0.1000	$0.5300	$2.4700	
							60/1 ECM.	2.650	.7700	.1300								
							19/1 ECM.	16.280	.6600	.6700	.0800	.1300	1.0100	.5300	.1000	.4200	2.0600	
Do			26	19.04	10½	15	50/1 ECM.	2.820	.7300	.1300								
Average			32	17.46	10½	15				.8800	.0750	.1250	1.0800	.6100	.1000	.4750	2.2650	
DOMESTIC																		
Full-fashioned; ribbed top; double sole, heel and toe; high spliced heel.			32	13.00	10½	14½	(44/2 CPM.	3.500	1.1000	.2406	.1017	.1200	1.2685	1.7200	.6300	.9736	4.5921	
							60/1 CPM.	2.250	1.6000	.2250								
							60/2 CPM.	7.750	1.2000	.5812								
Seamless; ribbed top; double sole, heel and toe; high spliced heel.	240	3½	32	13.00	10½	14½	(44/2 CPM.	4.000	1.1000	.2750	.0774	.1200	1.3474	.6700	.6300	.5386	3.1860	
							60/1 CPM.	1.000	1.6000	1.1000								
							80/2 CPM.	8.000	1.5500	.7750								
							(36/2 CPM.	3.950	.9200	.2270								
Do	220	3½	30	14.25	10½	14¾	50/2 CPM.	7.680	1.0300	.4944	.0640	.0780	1.0768	.7000	.1770	.6024	2.5562	
							55/2 CPM.	2.400	1.1100	.1665								
							60/1 CPM.	.600	1.2500	.0469								
							(36/2 CPM.	9.730	.7800	.4743								
Do	220	3½	30	19.12	10½	14	40/2 CPM.	3.780	.8000	.1890	.0487	.0550	1.1369	.8530	.0425	.4657	2.4981	
							50/2 CPM.	4.390	.9900	.2469								
							60/1 CPM.	1.220	1.6200	.1230								
Seamless; ribbed top; split foot	200	3¾	26	16.00	10½	15	(30/2 CPM.	4.000	.9500	.2375	.0958		1.0533	.8286	.1657	.5364	2.5840	
							36/2 CPM.	12.000	.9600	.7200								
							(40/2 CPM.	6.010	.8599	.3229								
Seamless; ribbed top; double sole, heel and toe; high spliced heel.	220	3¾	28	14.00	10½	14	60/2 CPM.	3.710	.9661	.2241		.0718	1.1220	.6602	.1097	.4920	2.3839	
							70/2 CPM.	4.220	1.3611	.3594								
							80/2 CPM.	1.390	1.6305	.1438								
							(30/2 CPM.	5.260	.9000	.2959								
							40/2 CPM.	11.137	.9500	.6613								
Do	188	3½	26	19.00	10½	14	50/2 CPM.	2.406	.9800	.1474		.2500	1.5237	.4544	.2450	.4125	2.6356	
							80/2 CPM.	1.828	1.4900	.1691								

Do	220	3¾	28	13.75	10½	14	40/2 CPM	4.140	.8600	.2225		.0289	1.0457	.4830	.1341	.3985	2.0613
							50/2 CPM	7.550	.9600	.4530							
							70/1 CPM	1.190	1.5000	.1115							
							70/2 CPM	3.170	1.1600	.2298							
Do	220	3½	36	15.00	10½	14½	36/2 CPM	4.330	.8100	.2165	.1078	.0492	1.1235	.3475	.1147	.3999	1.9847
							50/2 CPM	10.320	.9500	.6126							
							80/1 CPM	.960	1.6500	.0989							
							80/2 CPM	.450	1.3700	.0385							
Do	220	3½	28	14.00	10½	14½	40/2 CPM	4.160	.8700	.2262		.0300	1.0962	.4990	.1640	.3470	2.1062
							50/2 CPM	1.920	1.0000	.1200							
							60/1 CPM	1.440	1.4000	.1260							
							60/2 CPM	8.800	1.0800	.5940							
Do	220	3½	30	14.50	10½	13½	36/2 CPM	3.904	.9200	.2244		.0600	1.1088	.6929	.1684	.4077	2.3778
							55/2 CP	2.880	1.1400	.2052							
							60/2 CPM	7.040	1.2000	.5280							
							70/1 CPM	.912	1.6000	.0912							
							40/2 CPM	4.000	.8932	.2233							
Do	220	3¾	28	13.00	10½	14	60/1 CPM					.0805	1.0769	.5973	.1003	.5590	2.3335
							60/2 CPM	9.200	1.3446	.7731							
							40/2 CP	5.000	.8900	.2780							
Do	220	3¾	28	15.50	10½	14½	60/1 CPM	1.000	1.3300	.0931	.1011	.0875	1.1998	.3263	.1095	.3548	1.9902
							60/2 CPM	9.500	1.0950	.6501							
							45/2 CPM	3.160	1.0300	.2034							
Do	240	3½	32	12.03	10½	15	60/2 CPM	5.830	1.1700	.4263	.0557	.0873	1.1300	.4312	.2798	.4255	2.2665
							70/1 CPM	1.000	1.4500	.0906							
							80/2 CPM	2.750	1.5500	.2667							
							40/2 CPM	4.240	.9000	.2385							
Do	220	3½	28	13.50	11	14½	60/2 CPM	9.140	1.1200	.6398		.0418	1.0286	.5024	.1698	.5017	2.2025
							70/1 CPM	1.150	1.5100	.1085							
Do	240	3½	32	15.00	10½	16	36/2 CPM		.85		1.1200	.0850	1.2050	.7050	.1222	.6315	2.6637
							60/2 CPM		1.08								
Do	240	3½	32	13.00	10½	15	44/2 CPM	4.000	1.1000	.2750							
							60/1 CPM	1.000	1.4000	.1000	.0774	.1200	1.3474	.7200	.6300	.5593	3.2567
							80/2 CPM	8.000	1.5500	.7750							
Do	200	3½	28	13.00	10½	14½	30/2 CPM	4.600	.7800	.2243							
							50/2 CPM	6.600	.8750	.3610	.0897	.0460	1.0325	.2877	.1295	.3566	1.8063
							60/2 CPM	3.760	1.0100	.2374							
							70/1 CPM	.770	1.5400	.0741							
Average			30	14.57	10½	14¼				1.0380			1.1562	.5740	.2054	.4699	2.4055

[1] These costs do not include any interest, either actual or imputed.
[2] Explanation of abbreviations: E, Egyptian; P, Peeler; C, Combed; M, Mercerized.
[3] Foreign costs are for custom dyeing and, therefore, include labor, cartage, etc. The domestic costs are for mill dyeing. Some costs for dyes are very much lower than others, because sulphur colors are cheaper than direct developed colors.
[4] Includes dye-house labor.

Comparison of costs and of prices of foreign and domestic cotton hosiery—Men's mercerized half hose—Continued

[Per dozen pairs]

Origin and description	Marketing costs and prices [5]									
	Total mill cost	Loss on seconds	Selling and delivery expenses	Total cost of sales	Difference [6]	Mill-selling price [7]	Transportation charges [8]	Total mill cost plus transportation charges	Wholesale price	Retail price
FOREIGN										
Full-fashioned; ribbed top; double sole, heel and toe; high spliced heel	$2.4700	$0.1500	$0.6000	$3.2200	$0.7800	$4.0000	$0.0900	$2.5600	$7.20	$9.00
Do	2.0600	.1000	.5000	2.6600	.8400	3.5000	.0900	2.1500	7.20	9.00
Average	2.2650	1.250	.5500	2.9400	.8100	3.7500	.0900	2.3550	7.20	9.00
DOMESTIC										
Full-fashioned; ribbed top; double sole, heel and toe; high spliced heel	4.5921	.1250	.1435	4.8606	−.1106	4.7500	.0200	4.6121	7.20	9.00
Seamless; ribbed top; double sole, heel, and toe; high spliced heel	3.1860	.0700	.0982	3.3542	−.1042	3.2500	.0200	3.2060	4.00	6.00
Do	2.5562	.1450	.3987	3.0999	.0001	3.1000	.0200	2.5762	4.00	6.00
Do	2.4981	.0419	.0946	2.6346	.2154	2.8500	.0200	2.5181	4.00	6.00
Seamless; ribbed top; split foot	2.5840	.1300	.0538	2.7678	−.1178	2.6500	.0200	2.6040	4.00	6.00
Seamless; ribbed top; double sole, heel, and toe; high spliced heel	2.3939	.1094	.0138	2.5071	−.0071	2.5000	.0200	2.4039	3.30	4.80
Do	2.6356	.1400	.0871	2.8627	.3873	3.2500	.0200	2.6556	4.00	6.00
Do	2.0613	.0715	.1469	2.2797	−.0297	2.2500	.0200	2.0813	3.00	4.80
Do	1.9847	.1725	.0876	2.2448	.1552	3.4000	.0200	2.0047	3.25	4.80
Do	2.1062		.3936	2.4978	.7522	3.2560	.0200	2.1262	4.00	6.00
Do	2.3778		.3453	2.7231	.4769	3.2000	.0200	2.3978	4.00	6.00
Do	2.3335	.1252	.3309	2.8196	.3804	3.2000	.0200	2.3535	4.00	6.00
Do	1.9902	.1530	.0823	2.2255	.2745	2.5000	.0200	2.0102	3.25	4.80
Do	2.2665	.0400	.1142	2.4207	−.0707	2.3500	.0200	2.2865	3.25	4.80
Do	2.2025	.0412	.0321	2.2758	−.2558	2.0200	.0200	2.2225	3.25	4.80
Do	2.6637		.2236	2.8873	.3627	3.2500	.0200	2.6837	4.00	6.00
Do	3.2567	.0700	.0982	3.4249	−.1749	3.2500	.0200	3.2767	4.00	6.00
Do	1.8063	.5840	.1061	2.4964	−.2714	2.2250	.0200	1.8263	3.25	4.80
Average	2.4055		.1591	2.6778	.1160	2.7938	.0200	2.4255	3.68	5.51

[5] Calculated landed price (mill selling price plus transportation plus 50 per cent ad valorem duty) equals: For first foreign sample, $6.09; for second foreign sample, $5.34; average of the two, $5.715.

[6] Difference between mill selling price and total cost of sales as calculated. The minus sign is used when mill selling price is less than total cost of sales.

[7] For dutiable purposes, in the case of the foreign hosiery, the mill selling price is considered to be the foreign valuation.

[8] Transportation charges on the foreign hosiery include consular fees, freight charges, marine insurance, and customs brokers' charges. Transportation charges on the domestic hosiery are freight charges.

APPENDIX D

Comparison of costs and of prices of foreign and domestic cotton hosiery—Women's combed hose

[Per dozen pairs]

Origin and description	Mill costs of production [1]														
	Specifications						Yarn price per pound	Costs							
					Yarns used [2]			Material				Conversion			
	Wales per inch	Finished weight	Average size	Finished length	Number and kind	Weight		Net cost of yarn	Waste allowance	Dyes and chemicals	Total material	Piece work labor	Day work labor	Manufacturing expense	Total mill cost
FOREIGN		*Ounces*		*Inches*		*Ounces*									
Full-fashioned; 4-inch welt, double sole, heel and toe, high spliced heel	32	22.92	9½	28½	{40/1 CE 60/1 CE	20.45 2.47	$0.7300 .7700	{$0.9300 .1200}	$0.0900	[3] $0.1600	$1.3000	$0.9100	$0.1500	$0.6500	$3.0100
DOMESTIC															
Full-fashioned; 4-inch welt, double sole, heel and toe, high spliced heel	36	24.00	9½	27½	70/1 CP	24.50	.9500	1.4700	----------	[4] .2500	1.7200	1.0675	.2702	1.0134	4.0711

[1] These costs do not include any interest, either actual or imputed.
[2] Explanation of abbreviations: E, Egyptian; P, Peeler; C, combed.
[3] Custom dyeing charge. Includes labor, cartage, etc., as well as cost of dyes and chemicals.
[4] It was stated on the original cost sheets that developed black was used.

Comparison of costs and of prices of foreign and domestic cotton hosiery—Women's combed hose—Continued

[Per dozen pairs]

Origin and description	Marketing costs and prices [5]									
	Total mill cost	Loss on seconds	Selling and delivery expenses	Total cost of sales	Difference [6]	Mill-selling price [7]	Transportation charges [8]	Total mill cost plus transportation charges	Wholesale price	Retail price
FOREIGN										
Full-fashioned; 4-inch welt, double sole, heel and toe, high spliced heel	$3.0100	$0.1000	$0.7000	$3.8100	$0.2900	$4.1000	$0.1220	$3.1320	(9)	(9)
DOMESTIC										
Full-fashioned; 4-inch welt, double sole, heel and toe, high spliced heel	4.0711	.4375	.3275	4.8361	.1639	5.0000	.0300	4.1011	$6.00	$9.00

[5] Calculated landed price (mill selling price plus transportation plus 50 per cent ad valorem duty) equals $6.272 for the foreign sample.
[6] Difference between mill selling price and total cost of sales as calculated. The minus sign is used where mill selling price is less than total cost of sales.
[7] For dutiable purposes, in the case of the foreign hosiery, the mill selling price is considered to be the foreign valuation.
[8] Transportation charges on the foreign hosiery include consular fees, freight charges, marine insurance, and customs brokers' charge. Transportation charges on the domestic hosiery are the freight charges.
[9] No data obtained.

APPENDIX E

Comparison of costs and of prices of foreign and domestic cotton hosiery—Women's [illegible] mercerized hose

[Per dozen pairs]

Origin and description	Mill costs of production[1]																
	Specifications									Cost							
	Machine						Yarns used[2]		Yarn price per pound	Material				Conversion			Total mill cost
	Needles	Cylinder	Wales per inch	Finished weight	Average size	Finished length	Number and kind	Weight		Net cost of yarn	Waste allowance	Dyes and chemicals[3]	Total material	Piecework labor	Daywork labor	Manufacturing expense	
FOREIGN				*Ounces*		*Inches*		*Ounces*									
Full-fashioned; 4-inch welt, double sole, high spliced heel.			28	24.68	9	27½	(60/1 M	2.470	$0.770	$0.1200	$0.1208	$0.1800	$0.9000	$0.9900	$0.1600	$0.7500	$3.8000
							(60/2 M	22.210	1.070	1.4800							
DOMESTIC																	
Full-fashioned; 3½-inch welt, double sole, high spliced heel.			36	20.00	9½	28	(60/2 CPM	22.400	1.280	1.7920							
							(80/2 CPM	2.880	1.650	.2970		.0540	2.1430	1.4880	.1846	.8754	4.6910
							(30/1 CP	.600	.625	.0234							
Seamless (mock-fashioned); 4-inch welt, double sole, high spliced heel.	200	3¾	36	19.47	9½	27½	(30/2 CPM	8.520	1.040	.5538							
							(70/2 CPM	3.930	1.280	.3144		.0604	1.6604	.5437	.1838	.5430	2.9309
							(80/1 CPM	.840	1.730	.0908							
							(80/2 CPM	6.910	1.430	.6176							
Seamless (mock-fashioned); 3-inch welt, double sole, high spliced heel.	260	3¾	36	20.00	9½	27	(30/1 CP	3.000	.550	.1031							
							(40/2 CPM	4.000	.820	.2050							
							(60/1 CP	1.500	1.410	.1321		.1500	1.5211	.6280	.0848	.5603	2.7942
							(60/2 CPM	4.750	.980	.2909							
							(80/2 CPM	8.000	1.280	.6400							
Seamless (mock-fashioned); 5-inch patented welt, double sole, high spliced heel.	220	3¾	28	18.42	9½	28	(36/1 CPM	1.740	.600	.0652							
							(60/2 CPM	3.020	.980	.1850							
							(70/1 CPM	.900	1.500	.0844	.0239	.0544	1.3411	.2915	.1297	.3863	2.1486
							(70/2 CPM	13.260	1.120	.9282							
							(28/1 DKP	2.540	.480	.0762							
Do	240	3½	36	19.75	9	28	(60/2 CPM	5.190	1.050	.3404							
							(70/2 CPM	9.410	1.200	.7057	.1608	.0492	1.6540	.2643	.0872	.3034	2.3089
							(80/1 CPM	.730	1.650	.0752							
							(80/2 CPM	2.880	1.370	.2465							
Seamless (mock-fashioned); 8-inch ribbed top, double sole, high spliced heel.	220	3½	30	24.30	9	27½	(40/2 CPM	12.360	.850	.6551							
							(60/2 CPM	11.400	1.050	.7478	.1735	.0492	1.7823	.4740	.1564	.5442	2.9569
							(80/1 CPM	.740	1.650	.0762							
							(80/2 CPM	.940	1.370	.0805							
Seamless (mock-fashioned); 4-inch patented welt, double sole, high spliced heel.	260	3¾	36	22.80	9½	27	(60/2 CPM	18.720	1.170	1.3670							
							(70/1 CPM	1.000	1.610	.1000	.0830	.0700	1.8900	.7355	.0425	.4046	3.0726
							(80/2 CPM	3.080	1.400	.2700							
Average			34	20.82	9½	27½				1.4958		.0722	1.6415	.4895	.1141	.4569	2.7020

Footnotes at end of table.

Comparison of costs and of prices of foreign and domestic cotton hosiery—Women's mercerized hose—Continued

[Per dozen pairs]

Origin and description	Marketing costs and prices[4]									
	Total mill cost	Loss on seconds	Selling and delivery expenses	Total cost of sales	Difference[5]	Mill-selling price[6]	Transportation charges[7]	Total mill cost plus transportation charges	Wholesale price	Retail price
FOREIGN										
Full-fashioned; 4-inch welt, double sole, high spliced heel	$3.8000	$0.2000	$0.9000	$4.9000	$0.6000	$5.5000	$0.1220	$3.9220	$8.00	$12.00
DOMESTIC										
Full-fashioned; 3½-inch welt, double sole, high spliced heel	4.6910		.8134	5.5044	1.2456	6.7500	.0300	4.7210	8.00	12.00
Seamless (mock-fashioned); 4-inch welt, double sole, high spliced heel	2.9309	.1680	.0557	3.1546	.3454	3.5000	.0300	2.9609	6.00	9.00
Seamless (mock-fashioned); 3-inch welt, double sole, high spliced heel	2.7942	.1900	.3112	3.2954	.7046	4.0000	.0300	2.8242	6.00	9.00
Seamless (mock-fashioned); 5-inch patented welt, double sole, high spliced heel	2.1486	.1170	.2687	2.5323	.6177	3.1500	.0300	2.1786	4.00	6.00
Do	2.3089	.2970	.1150	2.7209	.4291	3.1500	.0300	2.3389	4.00	6.00
Seamless (mock-fashioned); 8-inch ribbed top, double sole, high spliced heel	2.9569	.3977	.1277	3.4823	.0177	3.5000	.0300	2.9869	4.00	6.00
Seamless (mock-fashioned); 4-inch patented welt, double sole, high spliced heel	3.0726	.0650	.1278	3.2654	.5846	3.8500	.0300	3.1026	6.00	9.00
Average	2.7020	.2055	.1677	3.0752	.4498	3.5250	.0300	2.7320	5.00	7.50

[1] These costs do not include any interest, either actual or imputed.

[2] Explanation of abbreviations: P, Peeler; C, combed; M, mercerized; DK, double carded.

[3] The foreign cost is for custom dyeing. It includes labor, cartage, etc., as well as the cost of the dyes and chemicals. The domestic costs are for mill dyeing. Some costs for dyes are very much lower than others because sulphur colors are cheaper than direct developed colors.

[4] The calculated landed price (mill selling price plus transportation plus 50 per cent ad valorem duty) equals $8.372 for the foreign sample.

[5] Difference between mill selling price and total cost of sales as calculated. The minus sign is used where mill selling price is less than total cost of sales.

[6] For dutiable purposes, in the case of the foreign hosiery, the mill selling price is considered to be the foreign valuation.

[7] Transportation charges on the foreign hosiery include consular fee, freight charges, marine insurance, and customs brokers charge. Transportation charges on the domestic hosiery are freight charges.