TARIFF ACT OF 1929

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON FINANCE UNITED STATES SENATE

SEVENTY-FIRST CONGRESS

FIRST SESSION

ON

H. R. 2667

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

VOLUME II

SCHEDULE 2

EARTHS, EARTHENWARE, AND GLASSWARE

JUNE 19, 20, 21, 22, 24, and 25, 1929

(With Supplement)

INDEXED

Printed for the use of the Committee on Finance

UNITED STATES
GOVERNMENT PRINTING OFFICE
33310 WASHINGTON : 1929

COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-FIRST CONGRESS, FIRST SESSION

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SUBCOMMITTEE OF THE COMMITTEE ON FINANCE

SCHEDULE 2—EARTHS, EARTHENWARE, AND GLASSWARE

WALTER E. EDGE, New Jersey, *Chairman*

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WILLIAM H. KING, Utah.
ALBEN W. BARKLEY, Kentucky.

FOREWORD

Under authority of Senate Resolution 335, Seventieth Congress, second session, the United States Senate Finance Committee, for the purpose of investigating the effects of the operation of the tariff act of 1922 and the proposed readjustments as set out in House bill 2667, commenced general tariff hearings on June 13, 1929, pursuant to the following public notice authorized by the committee on June 7, 1929:

Dates of hearings and tariff subcommittees

Schedules	Date to commence	Subcommittees
		Subcommittee No. 1, room 312 Senate Office Building
1. Chemicals, oils, and paints.	June 14	Smoot, chairman, Reed, Edge, King, and Barkley.
2. Earths, earthenware, and glassware.	June 19	Edge, chairman, Smoot, Reed, King, and Barkley.
3. Metals and manufactures of.	June 26	Reed, chairman, Smoot, Edge, King, and Barkley.
		Subcommittee No. 2, room 312 Senate Office Building
6. Tobacco and manufactures of.	June 13	Shortridge, chairman, Smoot, Watson, Harrison, and Connally.
8. Spirits, wines, and other beverages.	June 14	Shortridge, chairman, Smoot, Watson, Harrison, and Connally.
7. Agricultural products and provisions.	June 17	Watson, chairman, Smoot, Shortridge, Harrison, and Connally.
8. Sugar, molasses, and manufactures of.	June 26	Smoot, chairman, Watson, Shortridge, Harrison, and Connally.
		Subcommittee No. 3, room 301 Senate Office Building
9. Cotton manufactures	June 14	Bingham, chairman, Greene, Sackett, Simmons, and George.
10. Flax, hemp, jute, and manufactures of.	June 19	Greene, chairman, Bingham, Sackett, Simmons, and George.
11. Wool and manufactures of.	June 24	Bingham, chairman, Greene, Sackett, Simmons, and George.
12. Silk and silk goods	July 1 (2 p. m.)	Sackett, chairman, Greene, Bingham, Simmons, and George.
13. Rayon manufactures	July 8	Sackett, chairman, Greene, Bingham, Simmons, and George.
		Subcommittee No. 4, room 412 Senate Office Building
14. Papers and books	June 13	Deneen, chairman, Couzens, Keyes, Walsh (Mass.), and Thomas (Okla.).
4. Wood and manufactures of.	June 17	Couzens, chairman, Deneen, Keyes, Walsh (Mass.), and Thomas (Okla.).
15. Sundries	June 25	Keyes, chairman, Couzens, Deneen, Walsh (Mass.), and Thomas (Okla.).

NOTE.—Hearings on "Valuation" will be conducted before the full committee June 12. All meetings will commence at 9.30 a. m. unless otherwise noted. Hearings on free list, administrative and miscellaneous provisions will be conducted before full committee at the conclusion of the subcommittee hearings.

Stenographic reports were taken of all testimony presented to the committee. By direction of the committee all witnesses who appeared after the conclusion of the hearings on valuation were to be sworn.

The testimony presented, together with the briefs and other exhibits submitted, is grouped together as far as practicable in the numerical order of the House bill, which has made necessary the abandoning of the sequence of the statements and the order of appearance.

In this consolidated volume, which includes briefs and data filed since the publication of the original print, the arrangement of the testimony has largely been preserved, while the new matter has been arranged by paragraphs in the supplement at the end. The index has necessarily been revised to include this new matter.

ISAAC M. STEWART, *Clerk.*

TARIFF ACT OF 1929

SCHEDULE 2.—EARTHS, EARTHENWARE, AND GLASSWARE

WEDNESDAY, JUNE 19, 1929

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON FINANCE,
Washington, D. C.

The subcommittee met at 10 o'clock a. m. in room 212, Senate Office Building, Senator Walter E. Edge presiding.

Present: Senators Edge (chairman of the subcommittee), Reed, King, and Barkley.

Senator EDGE. The subcommittee will come to order. In hearing witnesses on Schedule No. 2 we will limit the time to 10 minutes to each witness, unless cross-examination on the part of members of the committee should detain him longer. But we want to give every witness sufficient time to state his case. I do not think that can be done satisfactorily in five minutes, and we will give 10 minutes, although if the witnesses can state their case more rapidly the committee will feel very much pleased.

Let it be thoroughly understood, so that there will not be any expectation of having any special requests granted for priority of appearance, that we will go through the schedules as they appear in H. R. 2667, from paragraph 201 through to the finish. And that witnesses will be called as they appear upon the printed schedule. There will be no transfers whatever made.

COMMON BRICK

[Par. 201 (b)]

STATEMENT OF HON. ROYAL S. COPELAND, A UNITED STATES SENATOR FROM THE STATE OF NEW YORK

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COPELAND. I do not need to remind the chairman of the committee, certainly, about the building situation in America right after the war. The chairman served as a member of a committee of which Senator Calder was the chairman, to give consideration to the housing situation in America. At that time I was commissioner of health of New York, and the committee asked me to serve as the chairman of a committee of health officials to give consideration to the conditions in America. I called a meeting of all the health officers of the large cities of the country, in Detroit, and we found a very sad situation as regards housing.

Later when I came into the Senate I served as a member of a joint committee of the two Houses to consider the housing problem in Washington. As a result of the conditions that prevailed then I think very properly it was recommended that building material be put upon the free list.

We have a different situation to deal with to-day. Manufacturing has been restored in Europe, and the effect of that restoration has been a very serious one upon industries in my section of the country.

We have in the Hudson River Valley 53 brick plants. Twenty-one of them are idle. Those 53 brick plants were operating last year, and 21 of them are now idle, largely because of the importation of brick from Belgium, with which, due to the low price of labor, it is impossible for our people to compete.

I am not going to ask you to hear Mr. Nerrie, who comes here from the Chamber of Commerce of Beacon, N. Y., representing also the Kiwanis Club of Beacon. If he would testify he would speak about the unemployment in that section, the suffering which has followed the closing of brick plants.

This is a general statement which I wish to present, Mr. Chairman, and now I will ask you to hear Mr. Floyd W. Flint, who represents the Common Brick Manufacturers' Association of America, and who particularly represents New York and New Jersey. And after him will be heard Mr. Pugh, if you please, of Virginia, who represents the Virginia Brick Manufacturers' Association, and I think the testimony of these two gentlemen, supplemented by the statement of Mr. Nerrie which I have recited to you will show you the necessity of protection as regards brick.

Senator REED. Senator Copeland, do you feel that this industry needs more protection?

Senator COPELAND; I do; yes.

Senator REED. You have looked into it yourself?

Senator COPELAND. Yes, sir. This matter has been brought to my attention through the past year by representatives from brick manufacturers and also employees of brick concerns, as well as merchants and citizens who are directly affected by it.

Senator EDGE. You are personally familiar—I will not ask you the figures but will ask the men directly affected, in the industry about that—but you are personally familiar with a large proportion of the imports from Belgium and some other countries?

Senator COPELAND. Yes, sir; I am, and I am cruelly disturbed because it brings about a condition of unemployment which is very distressing. On general principles as the Senators know, I would be in opposition to an increase of tariff, particularly on a thing that related to building, but I do feel that the conditions of this industry in my section, as well as in the country generally, are such that we should have an increase in tariff.

May I ask that Mr. Flint be heard?

Senator EDGE. Do any of the Senators desire to ask Senator Copeland any direct questions before he leaves the stand?

Senator KING. If he said anything I would like to cross-examine him.

Senator COPELAND. Very well; I did say before you came in, Senator, that in my opinion——

Senator KING. Well, I will read it and then if necessary call you back.

Senator REED. Why postpone it so long?

Senator KING. I can not cross-examine the Senator without knowing what he has said.

Senator COPELAND. Let me repeat it. I said this, Senator King, when you were not here, that I had personal knowledge of housing conditions during the war, and assisted Senator Edge's committee at that time in finding the conditions in other cities, and it seemed very important indeed that we might facilitate building, in view of the housing condition in the country, to put all building materials on the free list. It has operated as regards to brick in my section in this way. With the restoration of conditions in Europe the Belgians are now sending brick into our section at far less than the cost of production in America. Twenty-one of the 53 plants in the Hudson River Valley are now idle because of the competition of foreign brick.

Senator KING. Do you know that they sent in 113,000 brick, of the cheap brick, not tons, but brick, last year? Only 113,000 bricks as against more than 7,000,000 in the United States?

Senator COPELAND. I think the Senator is misinformed.

Senator KING. We will see.

Senator BARKLEY. Are you speaking of fire brick now?

Senator COPELAND. Common brick.

Senator REED. I think the Senator means 113,000,000.

Senator KING. No; I do not.

Senator REED. I know single houses that contain each that many brick.

Senator KING. Certainly; but that shows how inconsequential the imports are.

Senator COPELAND. We have witnesses here, Mr. Chairman, that I think will refute the mistaken information of the Senator. Ordinarily he is very accurate, but I think in this matter he is wrong.

STATEMENT OF FLOYD W. FLINT, NEW YORK CITY, REPRESENTING THE COMMON BRICK MANUFACTURERS ASSOCIATION OF AMERICA

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Flint, who do you represent?

Mr. FLINT. The Common Brick Manufacturers Association of America.

Senator KING. Pardon me, Mr. Chairman. I notice that a number of persons who filed briefs in the House committee have asked permission to file them now. They are not sworn to. I am going to ask that every brief that we have accepted be withdrawn unless it is sworn to, and that any briefs that are submitted in the future the accuracy shall be sworn to. I am going to ask that as one member of the committee.

Senator EDGE. Senator King, may I ask this as a matter of legal understanding: If a witness is sworn and a portion of his evidence is by brief, that certainly is covered by his oath, is it not?

Senator KING. It may or may not be.

Senator EDGE. Well, let us settle that then. I assumed that it would be. The witness is sworn.

Senator REED. If the witness says that the statements in the brief are true, then his oath would cover it.

Senator KING. Surely.

Senator EDGE. I would say that I would assume that that follows with every witness that is sworn.

Senator KING. And if the Senator followed what I said—I said a number of witnesses had filed briefs before the Ways and Means Committee and they have not testified here, and they have asked that the same briefs, or a brief supplemental thereto, be submitted here, and they did not testify, and I said that I was not in favor of accepting those briefs unless they were sworn to. Put the witness on the stand and let him swear to them before we accept any brief.

Senator EDGE. Mr. Flint, have you appeared before the Ways and Means Committee of the House?

Mr. FLINT. Yes.

Senator EDGE. Did you file a brief there?

Mr. FLINT. Yes.

Senator EDGE. Do you propose to file the same brief here?

Mr. FLINT. No, sir. We propose to file a brief, but we propose to file a much more condensed brief than the one we filed there, and one which will include our additional facts which we have uncovered since that time.

Senator EDGE. And you understand that any supplementary brief that you file here, or any brief that you file here, you are filing under oath?

Mr. FLINT. Yes.

Senator REED. Let me have it more explicitly. Do you now tell us under oath that the statements of fact made in the brief which you are about to file are true to the best of your knowledge and belief?

Mr. FLINT. Yes, sir. Shall I proceed, sir?

Senator EDGE. Proceed.

Mr. FLINT. Mr. Chairman and members of the Finance Committee, my appearance before this committee is as the representative of the Common Brick Manufacturers Association of America. It is our purpose to substantiate the position which we took before the Ways and Means Committee of the House of Representatives and to submit additional facts which have developed since that hearing.

In the brief which we will file with your committee we will point out that brick from European countries have been received in port markets on the Atlantic seaboard, the Gulf of Mexico, and the Pacific coast. Ninety-five per cent of these imports have entered the port of New York. That district consumes approximately 20 per cent of all the building brick used in this country. This market comprises the entire outlet of the most important brick producing section in the United States, the Hudson River valley.

Senator BARKLEY. I would like to know what you cover by common brick.

Mr. FLINT. Common brick is the ordinary structural building brick which has not been espcially treated.

Senator BARKLEY. How is it described in this bill?

Mr. FLINT. It is not described.

Senator BARKLEY. It comes under the head of "Other brick"?

Mr. FLINT. "Other brick"; yes, sir.

Senator BARKLEY. According to the bill it has a duty of $1.25 a thousand.

Mr. FLINT. According to the bill that the House Ways and Means Committee submitted; yes, sir.

It also consumes a great portion of the production of the brick plants in Connecticut and New Jersey. Because of the weight of this commodity, it is uneconomical to transport it any great distance except by water. Manufacturers in the districts named or in any other district in this country are entirely dependent upon the territory in the immediate vicinity of their plants for business.

The actual cost without profit, of manufacturing brick in the Hudson River Valley during the years 1926 and 1927, upon which years an independent survey was taken by Haskins & Sells, certified public accountants, was $13.42 per thousand alongside dock in New York. This cost is based upon figures obtained in 40 plants representing in excess of 80 per cent of the production in that district.

Senator COPELAND. Let us be clear about this. The cost of brick made in the Hudson River Valley, delivered in New York, you have stated to be $13.42?

Mr. FLINT. $13.42, yes. The cost of manufacturing in New England, New Jersey, Pennsylvania, and other surrounding North Atlantic States is higher than that of the Hudson River Valley. Compared to this domestic cost of $13.42 per thousand, Belgian brick, our principal competitor, are sold alongside dock in New York at the present time for $11 per thousand, which is 18 per cent less than our actual cost.

According to the Tariff Commission, the importers sold brick during 1927 and 1928 at between $11 and $11.90 per thousand. The amount first named is the prevailing price at the present time.

Senator COPELAND. Are you going to tell why the cost is so much higher here? Is it the labor cost?

Mr. FLINT. The labor cost is the chief item.

Senator COPELAND. And the difference is nearly $2.50?

Mr. FLINT. Yes.

Senator COPELAND. Belgian brick is nearly $2.50 less than New York brick?

Mr. FLINT. They are selling at less than our cost.

Senator COPELAND. Yes; less than the cost here.

Mr. FLINT. These figures do not reveal the difference between the actual American cost and the price at which the Belgian exporter can place his product in our market. They simply show the existing difference without any reference to any additional reduction in freight rates which the Lloyd Royal Belge, the importing company, would be willing to make in order to continue their invasion of the American market.

Belgian brick are imported in the vessels of this company, whose bonds are guaranteed by the Belgian Government. The director general of the Lloyd Royal Belge has stated that the quoted rate of $6 per thousand affords them a splendid profit, much of which they would be willing to sacrifice in order to retain brick as freight for their vessels.

Senator EDGE. Right there, so we can understand it: In view of this low price of Belgian brick delivered in New York, why have the imports of brick declined so rapidly in the last three years?

Mr. FLINT. I do not believe they have declined, sir, during the last three years. I believe 1928 showed some less than 1927.

Senator EDGE. I have figures that have been provided by the Tariff Commission that read as follows: "Imports of bricks not

specially provided for have declined in quantity as shown by the following figures——"

Senator KING. "Have steadily decreased."

Senator EDGE. "Have declined in quantity"—I am reading from the statement—"in 1926, 113,000,000."

Senator KING. Brick.

Senator EDGE. Brick, yes; "1927"—I am not reading the odd figures—"96,000,000; 1928, 79,000,000; four months of 1929, 9,000,000." Now that certainly is a steady decline of the importation of bricks.

Mr. FLINT. I have no information, of course, pertaining to the imports of brick this year. 1926 was the year of greatest importation. One of the reasons, of course, for the decline last year has been the fact that sand-lime brick from Germany and brick from Holland were greatly reduced. There was a slight reduction from 1928——

Senator KING. Mr. Witness, the statement just read by the Senator is corroborative of this statement which the Tariff Commission handed me:

> While the production of common building brick decreased in the New York district from 1926 to 1927, it also decreased throughout the United States where imports were not an affecting factor. The imports of brick n. s. p. f. have steadily decreased from 113,000,000 in 1926 to 79,000,000 in 1928, and 9,000,000 in the first four months of 1929, as against more than 7,000,000,000 in 1927.

So, when Senator Copeland said that I did not know the facts, I am stating the facts based upon the records of the commission.

Senator COPELAND. Well, is it not probable that the Republican prosperity which has resulted in lowered building has had much to do with this? The proportion of the reduction is the same, I would say.

Senator EDGE. I do not want to interrupt the statement except to interject this at the moment. I notice also in the same review that "as the importations have decreased so has the domestic production decreased."

Senator COPELAND. The proportion is the same.

Senator EDGE. The proportion of the decrease is about the same.

Senator COPELAND. Yes.

Mr. FLINT. It is true also, Mr. Chairman, that the imports of foreign brick during the months of January and February, I believe, are always much less. The early months of the year are less, because of the winter, than they are during the later months of the year.

Senator EDGE. I hope the Senator from Utah heard what I said. The domestic production is reduced in similar proportions to the importations.

Senator BARKLEY. That reduction was not due to the imports.

Senator EDGE. I presume it was due to the narrowed market. Both classes are reduced.

Senator KING. Are you attributing—if what the Senator states is accurate, and I have no doubt about it—are you attributing the diminished production in the interior where no foreign bricks penetrate, to the importation of these 9,000,000 brick in an entire year?

Senator EDGE. No; not an entire year. Three months.

Senator KING. I beg your pardon; 79,000,000 brick in an entire year?

Mr. FLINT. No, sir; we do not do anything of that kind.

Senator KING. You would not be surprised to know that a number of the brickyards in the interior part of the country, where there has been a vast amount of building, have closed down during the past two or three years, would you?

Mr. FLINT. I would not be surprised, sir. I do not believe it has been as great as that along the Hudson River Valley.

Senator KING. Do you know?

Mr. FLINT. No, sir.

Senator KING. Did you make any inquiry to ascertain?

Mr. FLINT. Not this year; no, sir.

Senator KING. Then you have been trying to convey the impression to this committee, have you not, that the decline in the production of brick in your district was attributable solely to this 9,000,000 imported this spring?

Mr. FLINT. No, sir.

Senator KING. Or 79,000,000 last year?

Mr. FLINT. No, sir. We are attributing that decline in production to two facts. One is that there has been a lessening in the consumption of brick, and the second has been the fact that a large number of our plants have closed down, and they can not continue to manufacture brick under present prices.

Senator COPELAND. It is only right to say in this connection that the great decrease in buildings incident to the war has been made up for to a great extent by the very rapid building after the war.

Senator EDGE. If the witness can be given the opportunity to finish his statement, and then the Senators can cross-examine to their limit.

Mr. FLINT. The Tariff Commission, referring to the Lloyd Royal Belge, states:

> A considerable percentage of the Belgian brick imported in the United States has been carried by a Belgian steamship line which is said to receive a partial subsidy from the Belgian Government. The ocean transportation charge on brick for such steamers could not be determined.

Fifty-three plants were manufacturing brick in the Hudson River Valley last year. To-day, 21 of these are idle, as a result of which 800 men are out of employment. One of these idle plants is the plant which has produced more brick since 1920 than any other company in this district. It is now undergoing receivership.

Senator COPELAND. Where is that?

Mr. FLINT. That is the Duffney Brick Co. at Mechanicsville, N. Y. They also own property in Beacon, N. Y.

Senator COPELAND. And it is because of that situation that Mr. Neerie, of Beacon, was here this morning?

Mr. FLINT. Yes, sir. Many of the plants now in operation are running at a loss and they, in turn, are facing disaster.

Bricks are consumed principally in large centers of population, and six port cities of the United States consume over 50 per cent of the total brick production of the country. They have already been active in seeking other seaboard markets.

A great majority of brick manufacturers are small operators. There is no combination or trust controlling the business. Competition throughout the country is extremely keen and no unfair advantage could possibly be taken of a tariff. There are approximately 1,150 brick plants scattered throughout the country, dotting

every State in the Union. They employ 40,000 workmen. These live according to American standards. There are no women or children employed in our industry.

The price for which brick would be sold in rural districts and inland points in the United States would be in no way affected by a protective tariff on brick, as these districts are served entirely by local manufacturing plants in the inland and farming districts, who do not come in competition in any way with the seaboard plants.

Manufacturers of common brick are among the largest users of fuel in the United States. A survey taken in 1925 shows the annual consumption of 1,800,000 tons of coal, 80,000,000 gallons of oil, 2,500,000,000 cubic feet of gas. The freight bill for fuel delivered to the plants was over $6,000,000 and the annual freightage charge for the transportation of brick from plants to the points of usage amounted to nearly $15,000,000. The employees of this industry receive nearly $40,000,000 per year in wages. For materials, supplies, fuel, and so forth, about $25,000,000 per year is expended.

The manufacture of brick in the United States is in the hands of 1,150 independent manufacturers. The control of the manufacture and sale of brick in Belgium is in the hands of two major cartels, the operation of which would not be permitted in our country because of our antitrust laws. The Fimacor Products Corporation, closely allied with the Lloyd Royal Belge, has the exclusive American sales rights for one of these cartels. Mr. Jules Velge, director general of the Lloyd Royal Belge, has stated that they expect to have a complete monopoly of the exportation of all Belgian brick, through cooperation of his Government.

Domestic manufacturers of common brick have practically no export trade. The market, to all intents and purposes, is within the boundaries of the United States.

Many American manufacturers have already closed their plants, due to the average importation of 100,000,000 brick per year during the years of 1926, 1927, and 1928. American labor is suffering a loss of employment equal to 100,000 days' pay per year.

We respectfully request the Finance Committee to recommend a duty upon imported building brick that will equalize the cost of manufacture and transportation between the United States and foreign countries. We do not appear before you to request a prohibitive tariff, but only a protective tariff, one which will no more than equalize the conditions between exporting countries and our own. Even American enterprise can not compete with the wages and standards of living of certain foreign countries.

Senator KING. How large did you say the imports were in 1927 all over the United States?

Mr. FLINT. I say the average for 1925, 1926, and 1927 is approximately 100,000,000.

Senator KING. May I correct you. In 1925 it was only 53,933,000. In 1927, 96,198,000. And in 1928, it was only 77,611,000.

Senator EDGE. And in 1926, 113,000,000.

Senator KING. I stated that before. I put that in the record.

Senator EDGE. I wanted to get them all together in one place.

Senator KING. Yes.

Senator COPELAND. I trust the point is made clear that in the interior the supply is furnished by local establishments. That the

effect of this situation is largely upon the coast where the competition is so great.

Senator EDGE. Do I understand that you are in sympathy with the changes made by the House Ways and Means Committee which transferred all other brick heretofore in paragraph 1630 to this paragraph 201, carrying a duty of $1.25 per thousand, and a 5 per cent ad valorem, but not less than $1.50 per thousand?

Mr. FLINT. We believe it is impossible to designate between a common building brick and a brick which is to be used for facing purposes.

Senator EDGE. You do not answer the question. Then you approve of this change made by the House?

Mr. FLINT. Yes, sir.

Senator EDGE. You are here as a witness asking that that change remain in the Senate bill?

Mr. FLINT. Yes, sir.

Senator BARKLEY. How many concerns do you say are manufacturing brick in the United States?

Mr. FLINT. Manufacturing common brick, I believe, 1,146.

Senator BARKLEY. How many of those 1,146 are affected by this Belgian importation?

Mr. FLINT. At the present time I would say practically all the plants in New Jersey, Connecticut, and New York, and some of those in New England.

Senator BARKLEY. What proportion of the 1,146 is that?

Mr. FLINT. I would say 10 per cent. Possibly 12.

Senator BARKLEY. What is the cost of laying brick down in New York, on the average, by freight? That is, from a domestic brickyard?

Mr. FLINT. It generally costs $3 per thousand, sir.

Senator BARKLEY. What is the cost of bringing them to the United States from Belgium?

Mr. FLINT. That is a question we have been unable to determine. The rate which the importers contend they pay for the importation of brick is $6 per thousand in their brief. That was during 1928.

Senator BARKLEY. The Tariff Commission states that it is $7 per thousand. So there is a difference of $4 a thousand in the freight charge of brick sent into New York, is there?

Mr. FLINT. I pointed out, sir, in my statement of facts that we believe and had been informed by the Director General of the Lloyd Royal Belge, which imports practically all of the Belgian brick, that they were willing to reduce that in order to meet American competition.

Senator BARKLEY. What is the total output of the brickyards in the territory affected by importation?

Mr. FLINT. I would say close to a billion and a half, sir.

Senator BARKLEY. Close to a billion and a half. Then if the average imports, we would say, are 75,000,000, or even taking your figures, 100,000,000 brick; that would be 100,000,000 brick as against one and a half billion.

Senator KING. One-half of 1 per cent.

Mr. FLINT. One-half of 1 per cent.

Senator BARKLEY. In order for that billion and one-half of brick to compete with 100,000,000 brick you are asking a tariff of $1.25 a thousand?

Mr. FLINT. Because, sir, that 75,000,000 brick go into exactly the same points that most of those billion and a half go. And the billion and a half must compete with the prices which those 75,000,000 are offered at.

Senator BARKLEY. You have been able to sell your brick at from $3 to $4 a thousand higher than the Belgian brick, have you not?

Mr. FLINT. No, sir; we have not.

Senator BARKLEY. Have not the average prices of your brick been ranging over the last few years from $14 to $17 a thousand?

Mr. FLINT. Our prices last year were brought down to where at the end of the year our best grade brick were bringing $12. Our ordinary grade brick were bringing $11. That is the poorer brought the same as the imported brick bring. We can not maintain our prices of brick.

Senator BARKLEY. You do not wish to leave the impression, though, that the reduction of the price of brick from a high rate of $17 a thousand was brought down to $11 and $12 on account of the importation of 100,000,000 brick?

Mr. FLINT. Yes, sir.

Senator BARKLEY. To compete with a billion and a half?

Mr. FLINT. Yes. Now of that entire billion and a half which are produced in the States, not all of that billion and a half goes into New York. Some of that billion and a half is in the outlying districts.

Senator EDGE. How much is consumed in the seaport, New York?

Mr. FLINT. New York City consumes about a billion and a quarter.

Senator BARKLEY. New York City consumes about a billion and a quarter; then the other quarter of a billion is scattered over the New England coast?

Mr. FLINT. Some places throughout the smaller cities, the smaller towns.

Senator COPELAND. Consumed locally?

Mr. FLINT. Consumed locally, yes.

Senator BARKLEY. How does the brick compare in quality?

Mr. FLINT. Between the Belgian brick and the American brick?

Senator BARKLEY. Yes.

Mr. FLINT. Our brick and the Belgian brick both are perfectly satisfactory for commercial uses.

Senator BARKLEY. If the Belgian brick can be brought across the ocean and pay $7 a thousand freight and be sold for $2 a thousand less than New York brick, how does it happen that only 100,000,000 out of a total consumption of a billion and a half have been imported?

Mr. FLINT. I believe, sir, it is due probably to the capacity of the boats which the Lloyd Royal Belge has. They only have a certain number of boats. A small number of boats. I do not believe that those boats could bring in at this time at least, unless it had more boats, much more than 114,000,000.

Senator BARKLEY. Well, the importations have decreased?

Mr. FLINT. We do not know why they have decreased. We are convinced they can certainly continue to undersell us.

Senator COPELAND. Even though it is a small percentage of the total consumption, the importation of those bricks and their low price on the market fixes the price of the American brick?

Mr. FLINT. Unquestionably such a price as the American brick are sold in New York.

Senator BARKLEY. The question was a little leading, but I will not object to it. The Senator is not a lawyer.

Senator COPELAND. I am also a witness.

Senator EDGE. Any other questions?

Senator KING. What is the area into which these Belgian brick enter?

Mr. FLINT. Practically all the Belgian brick are used within the radius of the metropolitan area of New York.

Senator KING. Just New York?

Mr. FLINT. New York and what we call the metropolitan area. That is the immediately surrounding districts.

Senator KING. Have you any reason—it is covering a question that Senator Barkley asked—to give in explanation of why there has been this great reduction in the imports if they are cheaper?

Mr. FLINT. We do not know. We are not sure they are not doing it purposely until after the tariff is enacted.

Senator KING. Did they do that in 1928? That is, did they do it purposely in 1928?

Mr. FLINT. They may have in the latter end of it.

Senator KING. Then you attribute it to some sinister motive on their part?

Mr. FLINT. No; I say we do not know but what that might be it.

Senator KING. You stated to Senator Barkley that it was perhaps because they did not have ships enough.

Mr. FLINT. He asked why it had not been any greater than it had been.

Senator KING. Yes; and you stated that it was because there were not enough ships coming from Belgium.

Mr. FLINT. I said because the company that imported them, the Lloyd Royal Belge, did not have enough ships.

Senator KING. Well, they imported 113,000,000?

Mr. FLINT. Yes.

Senator KING. And it dropped down to the number indicated here, seventy-odd million.

Mr. FLINT. I thought he meant why had it not been greater than this 113,000,000, perhaps.

Senator KING. You think this one-half of 1 per cent is a dangerous menace to the brick industry of the United States?

Mr. FLINT. I believe it is a very dangerous menace to the brick industry which depends upon New York City for its outlet.

Senator KING. It does not menace the interior or the area outside of that one particular community?

Mr. FLINT. Not one bit, sir.

Senator KING. Has the drop in the bricks been as great in those areas as it has been in the metropolitan area?

Mr. FLINT. The drop in the bricks?

Senator KING. Yes; and the reduction in the price.

Mr. FLINT. I am not prepared to say as to that.

Senator KING. The fact is that because of slowing up of building in the United States there is more competition among the brick men and among the cement men and among the men who furnish building material, is that not true, except where there is a combination in restraint of trade?

Mr. FLINT. The drop in the consumption of brick in New York City—that is, the metropolitan area—was not evident until this year. We have had a very good volume until this year.

Senator KING. There has been a drop?

Mr. FLINT. Yes; there has been some drop. But there has been no appreciable decrease until this year.

Senator KING. Just one thing. The New York brick are made by the soft mud process?

Mr. FLINT. Yes.

Senator KING. While the Belgian brick and the brick in most parts of the United States are made by what is denominated the stiff-mud process?

Mr. FLINT. Yes.

Senator KING. You adopt the least economic process—I am not saying that you do not have to do it, but you do it, is that true?

Mr. FLINT. That is true; yes.

Senator KING. That is the more costly method of production?

Mr. FLINT. Yes, sir.

Senator KING. By the stiff-mud process a stream of prepared clay is run through and cut into suitable lengths?

Mr. FLINT. Yes, sir.

Senator KING. According to the investigation of the Department of Labor the cost by the soft-mud process is greater than the stiff-mud process?

Mr. FLINT. Yes, sir.

Senator KING. You have an advantage in transportation of more than $4 per thousand over the Belgian brick, do you not?

Mr. FLINT. We do not believe it is that great, no, sir. We would be unwilling to state that.

Senator KING. If what the Tariff Commission states is accurate, then it is true? If their statement is true, it is $7?

Mr. FLINT. If they have stated it is $7; yes.

Senator KING. The brick in Chicago, the common, such as we have been indicating, was sold in 1928 and in March, 1929, at $8.64 and $8.69 a thousand?

Mr. FLINT. Those brick, of course, are produced under the stiff mud process, with clays which have many advantages over ours. Further, that, I believe, is a manufacturing cost. The sales price of brick in Chicago has been $12, according to the best information that I have.

Senator KING. Yes; that is the wholesale price.

Mr. FLINT. $8.72?

Senator KING. $8.64.

Mr. FLINT. The manufacturers sell them direct to the trade.

Senator KING. You would not contradict those figures? Those are the figures of the Department of Labor. That in March, 1928, it was $8.64 a thousand? You would not contradict that, would you? $8.64, the wholesale price?

Mr. FLINT. I would only say that they have no wholesale price because of the fact that the manufacturer there sells direct to the trade.

Senator KING. Well, would you still say that they did not sell for $8.64 a thousand?

Mr. FLINT. I would say that the brick manufacturers in Chicago have informed me that their sales price is $12 delivered on the job, and they do not sell brick wholesale.

Senator KING. The United States Department of Labor, Bureau of Labor Statistics, furnished me these figures per thousand wholesale; March, 1928, $8.64; March, 1929, $8.69 a thousand. That was in Chicago. And in Cincinnati, $11 both in 1928 and in 1929. And in New York, alongside of the docks, towing charges to be added, in March, 1928, was $13.25, and in March, 1929, $11.50. So that they are higher there than they are in the districts to which I have referred.

Mr. FLINT. Yes, sir. And manufacturing costs are greater, sir.

Senator KING. Manufacturing costs?

Mr. FLINT. Manufacturing costs are greater.

Senator KING. Mud does not cost any more, does it?

Mr. FLINT. No, sir, but the method of manufacturing costs more. There you are again referring to a stiff mud plant and a soft mud plant.

Senator KING. Have not mechanical appliances and machinery developed in the brick industry as they have in all other industries in the United States?

Mr. FLINT. Yes, sir.

Senator KING. You have not been laggards in that respect, have you?

Mr. FLINT. No, sir, we certainly have not.

Senator KING. So that by improved machinery your brick costs ought to have been cheaper, all things else being equal?

Mr. FLINT. Cheaper than the Chicago cost?

Senator KING. No, no; as the years go by?

Mr. FLINT. Yes; except for the fact that since the war wages have increased very materially. In the manufacture of brick labor is a very, very important item.

Senator KING. Do you not know that in your brick plants one laborer does more than three laborers in the Belgian plants?

Mr. FLINT. The information which I have, sir, would not indicate that.

Senator KING. Would not carry that out?

Mr. FLINT. No, sir; because in Belgium they again have the advantage of the stiff-mud process, whereas we are forced to use the soft-mud process.

Senator KING. Then you use the most costly process, the soft-mud process, rather than the other?

Mr. FLINT. We use the only process that is available to us.

Senator COPELAND. The witness has made clear that the soil does not give itself to the other method in our section.

Senator KING We will determine that, Senator.

Senator EDGE. Thank you.

(Mr. Flint submitted the following brief:)

BRIEF OF THE COMMON BRICK MANUFACTURERS' ASSOCIATION OF AMERICA

This brief is presented to the Finance Committee of the Senate of the United States by the Common Brick Manufacturers' Association of America through the following committee selected to represent the industry: D. B. Andrews,

North Haven, Conn.; Ferd. V. Becker, Brookhaven, Mass.; E. P. Cottle, Buffalo, N. Y.; Charles F. Clippert, Detroit, Mich.; Chester P. Cahoon, Salt Lake City, Utah; W. E. Dunwody, Macon, Ga.; Frank C. Ervin, Denver, Colo.; Douglas J. Fisher, Sayreville, N. J.; Floyd W. Flint, New York City; Herbert F. Geist, Cleveland, Ohio; Robert D. Hamilton, Philadelphia, Pa.; G. V. D. Hutton, Kingston, N. Y.; James F. Johnson, Raleigh, N. C.; H. C. Kleymeyer, Evansville, Ind.; George J. Langenecker, New Orleans, La.; W. Gardner Long, Boston, Mass.; J. A. Pugh, Norfolk, Va.; William E. Sankey, Pittsburgh, Pa.; William Schlake, Chicago, Ill.; H. M. Siner, Philadelphia, Pa.; John Stirrat, Seattle, Wash.; Ralph P. Stoddard, Cleveland, Ohio; J. H. Suderley, Coeymans, N. Y.; G. A. Wild, Los Angeles, Calif.

INTRODUCTION

The Common Brick Manufacturers' Association of America represents producers of common brick in all parts of the United States. Representatives of this industry appeared before the Ways and Means Committee of the House of Representatives and presented briefs and oral testimony supporting our contention that adequate tariff protection is of vital necessity to the brick industry in seaboard markets.

It is our understanding that the briefs and oral testimony given at the hearing before the Ways and Means Committee are part of the information upon which the Senate Finance Committee will base its findings. For that reason we will not attempt at this time to again present all the information submitted to the House committee. We will seek only to submit additional data which is now available and to point out the salient facts given in our earlier briefs and oral testimony.

IMPORTATIONS

While brick have been imported from several foreign countries during recent years, the brick imported from Belgium has caused the greatest disturbance in the American market. Ninety-five per cent of the imported Belgian brick entered the port of New York. In 1928 the Metropolitan area of greater New York consumed practically 20 per cent of all the building brick used in this country. This market comprises the entire outlet of the Hudson River Valley and also a large portion of the output of the plants in Connecticut and New Jersey.

It has been stated by the Tariff Commission that brick imports have been steadily decreasing since 1926. That statement is true as it pertains to all brick but it is not a fact in reference to Belgian brick. Importations of Belgian brick for the past four years have been: 1925, 44,597,140; 1926, 60,907,000; 1927, 78,180,000; 1928, 60,153,000.

So that instead of steadily decreasing since 1926, imports of Belgian brick in 1927 were higher than in 1926. In 1928 they were practically the same as in 1926. The lessened shipments during the early part of 1929 are accounted for by the following causes:

A greatly lessened building program in the area where Belgian brick are used. (Domestic consumption is off over 40 per cent in that district.)

Weather and labor conditions in Belgium.

Use by the Belgians of their surplus stocks in th... country.

The fact that shipments are always light early in the year owing to seasonal conditions.

In addition to these reasons it is not improbable that the exporters might purposely restrict their exports during the period of tariff readjustment.

Brick from countries other than Belgium were chiefly from the Netherlands and Germany. The Netherlands brick were used for facing purposes and sold for higher prices than the Belgian brick. Domestic manufacturers are now producing a brick of the same color and texture as the Holland brick, and have practically eliminated imports from Holland. The German imports were sand-lime brick. The sand-lime brick interests have erected a large sand-lime plant in the city of New York equipped throughout with German machinery and are more than displacing the number of brick formerly imported from Germany. There has been no decline since 1926 in the type of brick that has completely disrupted the New York markets. On the coutrary the average importations of Belgian brick during 1927 and 1928 exceeded the amount imported in 1926 and were greater than during any preceding 2-year period.

EFFECT OF IMPORTATIONS

It has already been pointed out that the majority of imported brick have been received in the port of New York. Because of the large number of brick manufacturers who depend upon this market for the sale of their output this market is exceedingly sensitive to price change. A single barge load of brick offered to the trade below the market level has been known to completely unsettle market conditions. Therefore, it is evident that the offering of millions of Belgian brick at prices consistently below that being secured for the first grade American product has made it impossible for the domestic producer to continue to dispose of his output profitably in the only market available to him. We quote here from the brief submitted to the Ways and Means Committee.

"At least a majority of these dealers handling foreign brick would have preferred to support the American industry but found it necessary under the pressure of constant underselling by the Fimacor Co. to have Belgian brick on hand to compete with the Belgian brick of the Fimacor Co. and its dealer. When the mason material dealer gets an order for mason materials for a building he supplies the entire job with all of its masonry materials. Competition between these dealers is very keen, and there is little choice in the price offered between these dealers. In addition to selling brick for the job, they also sell the cement, plaster, gypsum, metal lath, tile, and all the other hard materials going into the erection of the building. The dealer who can offer any one of these materials at a considerable reduction in price is likely to secure the balance of the contract because of the more favorable price at which he can offer the one commodity. Domestic dealers found that they were not only losing the brick sales but also part of the mason material business because of the fact that they could not supply the American brick in competition with the imported Belgian brick. For that reason many of them found it necessary to undertake the sale of Belgian brick.

"The last year on which we have authentic figures as to the importation of Belgian brick shows that 77,916,000 Belgian brick were used within the confines of Greater New York and while that number of brick is less than 10 per cent of the brick used in the metropolitan area it was sufficient to unquestionably lower the sales price of brick throughout the entire metropolitan area.

"It is impossible for a manufacturer to offer brick to one dealer at a price which is different, either higher or lower, from that at which he offers brick to another dealer. The domestic brick used in Greater New York are supplied by approximately 60 manufacturers and are sold to approximately 30 mason-material dealers. Every manufacturer sells to more than one dealer, and every dealer buys from more than one manufacturer. The manufacturer may sell his brick to two dealers in Brooklyn and three in Manhattan. Selling to these five men, he is selling in direct competition with probably ten or more other manufacturers and when any one of these manufacturers offers any one of these dealers brick at a lower price, it immediately affects the entire price structure throughout the area. Therefore, when Belgian exporters began offering their product to several dealers who had been buying domestic brick, domestic manufacturers who had been supplying these dealers tried to meet their competition by going almost as low in price as the Belgian exporter did. As soon as the other manufacturers learned of this through the dealer, their selling price was brought down to permit their dealers to compete with the dealer who was buying at these lower prices. The only effect that it had was to pull the price of brick lower and lower as the Belgian exporters immediately offered their brick at a still lower figure."

There is therefore not the slightest doubt that the importation of Belgian brick and the sale of this brick below the domestic cost of manufacture has been the direct cause of the closing down of many plants which were unable to continue to sell brick below the cost of manufacture. The plants continuing to manufacture are doing so at a financial loss in order to retain the trade they have taken years to build up and it is only a question of time until more plants will be forced out of business by financial losses greater than they can bear.

Out of 53 plants operating last year 21 are now idle, as a result of which 800 employees have been thrown out of employment. With the lessened usage of brick this year all of these idle plants could not have continued to operate full time, but they could and would have continued to employ their workmen part time if the return from their output would have permitted it. The employment which should have been given to these men has been given to citizens of Belgium. It has not alone been the volume of brick imported that has caused the shutdown of these plants, it has been the pursuance by the Belgians of the policy of continuously underselling the American producer.

THE EFFECT OF A TARIFF

A tariff placed upon common building brick will not affect the consumers of brick at inland points or at any point not invaded by the importer to the slightest extent. Because of the weight of this commodity and the relatively low selling price it is impossible to transfer it any great distance except by water. Manufacturers of the Hudson River district depend entirely upon the New York market for their output. By no conceivable stretch of the imagination can they go to other points to dispose of their product. It would cost the manufacturer of brick on the Hudson River more to freight his brick to Chicago than the selling price in Chicago, and it would cost the producer of common brick in Chicago more to freight his brick to New York than the sales price in New York. The manufacturer in every district depends for the disposal of his output entirely upon the district in the immediate vicinity of his plant. There are approximately 1,150 plants in the United States manufacturing common building brick. They are scattered throughout every State in the Union, and the consumer in any particular district must rely upon the manufacturers who are located near by for the brick which he must use. A continuance of the importation of Belgian brick and their sale below the American costs can have but one effect, and that is to so lessen the output of the plants remaining in business that the cost would mount ever higher and higher, and the ultimate result would be that instead of securing brick at a lessened cost he would be forced to pay even higher prices for brick. The Belgian importer has never shown a disposition to sell his brick at a price except that just below the American selling price. The American manufacturers, to the contrary, have been consistently striving to lower their production costs, and because of competition with other materials have been endeavoring to supply brick to the American building public at the lowest possible cost. Curtailment of their output must react to the disadvantage of the consumer as well as the manufacturer and his employees.

In seeking a tariff the manufacturer has not requested a rate which would exclude the importation of foreign-made products. He is seeking only a tariff that will compel importers to sell their product at a price that will permit the American producer to continue in business. Had the importers sold their output at American levels the industry would still be in a healthy, stable condition.

DOMESTIC COSTS AND WAGE SCALES

This subject is very clearly covered on pages 4, 5, 6, and 7 of the brief which was submitted to the Ways and Means Committee, copy of which is included herewith. A survey taken on 40 plants, representing in excess of 80 per cent of the output of the Hudson River district, revealed a cost of $13.425 per thousand delivered to the dealer over the stringpiece in New York City.

BELGIAN COSTS

Against the cost price of $13.425 per thousand to manufacture brick in the Hudson River Valley, the sales price of brick for home consumption in Belgium is 140 francs or $3.88 per thousand. In the brief filed by the Fimacor Products Corporation they state that their cost per thousand brick alongside steamer at Antwerp has varied from $4.30 to $4.65 per thousand. They have also said that the freight rate on 95 per cent of all the brick imported in 1928 was $6 per thousand; that the cost of loading on boat in Antwerp is $0.10 per thousand; marine insurance $0.03 per thousand, and that the unloading cost in New York was $1.25 per thousand. These items total $11.68 and $11.98 per thousand. However, despite the fact that they claim these are their costs, the Tariff Commission points out that brick were sold during 1927 and 1928 at between $11 and $11.90 per thousand.

Practically all Belgian brick are imported on vessels of the Lloyd Royal Belge whose bonds are guaranteed by the Belgian Government. The Fimacor Products Corporation, the sales agency in this country, is very closely allied with the Lloyd Royal Belge. The director general of the Lloyd Royal Belge has stated that the quoted rate of $6 per thousand affords them a splendid profit, much of which they would be willing to sacrifice in order to retain brick as a freight for their vessels and maintain the foothold which they have already secured in the United States. The Tariff Commission, referring to the Lloyd Royal Belge Co. states "A considerable percentage of the Belgian brick imported into the United States has been carried by a Belgian steamship company which is said to receive

a partial subsidy from the Belgian Government. The ocean transportation charge on brick for such steamers could not be determined."

We very fully explained the relationship between the Belgian brick manufacturing cartel, the Lloyd Royal Belge and the Fimacor Products Corporation in the brief submitted to the Ways and Means Committee. It is highly improbable that the combine purchasing approximately 60,000,000 brick for American exportation pay more than the quoted rate for Belgian home consumption ($3.88 per thousand) and it is undoubtedly true that the freight rate across the Atlantic on the Government controlled Lloyd Royal Belge could be reduced much lower than the quoted rate of $6 per thousand.

METHODS OF MANUFACTURE

Mention has been made of the fact that brick are sold for a lesser amount in Chicago where there has been no competition with foreign brick, than the selling price in New York which has been severely affected by importations. We therefore deem it necessary to fully explain the methods by which common brick are made.

There are three distinct methods of manufacture, namely the "soft-mud molded process," the "stiff-mud wire-cut process," and the "dry press process." The method used depends entirely upon the physical characteristics of the clay available.

Soft-mud brick are those which are manufactured in molds, in which the clay is pressed, after being mixed with water. The molds are then struck off at the top. The mold is either sanded or wetted before the clay is pressed into it in order that the brick may be withdrawn without sticking. If sand is used, the brick is called sand-struck brick. If water is used for this purpose, they are called water-struck brick.

Stiff-mud brick are made from stiff clay which is forced through a die either to the width and length of the brick or to the width and thickness of the brick. The clay comes out in the form of a column which is cut by wire cutters into brick of uniform size. If the die is of the width and length of the brick, the wires cut the brick through to the right thickness, and they are called side-cut brick. If the die is of the width and thickness of the brick, and are cut at the end, they are called end-cut brick.

The clays which are available along the Hudson River are soft mud clays. It is a physical impossibility because of their composition to use any method of manufacture other than the soft-mud process. Many efforts have been made to manufacture brick in this district by the stiff-mud process, and it has been proven beyond question that this method can not be employed with the clays available for the New York market.

In Chicago, where clays of a different consistency are found, the stiff-mud process can be and is used, as a result of which brick are produced much cheaper than in New York. In addition to this advantage which Chicago has in its speedier manufacture of brick, it has an additional advantage in the fact that their clays are carbonaceous and lend themselves more speedily and readily to burning than do clays which have no carbon content. The burning time required for Chicago clay is about two-thirds that of Hudson River clay and the machine output per man is about two and one-half times that of the Hudson River brick. The Hudson River plants now operating include the most modern well equipped soft mud manufacturing plants in the world, and brick are being produced there as cheaply as it is possible under the conditions which exist. It is impossible to use the stiff mud process.

Belgian brick manufacturing plants supplying the brick shipped to this country are well equipped modern stiff-mud process plants which have a very high ratio of productivity per man with employees receiving but a fraction of the wages paid in this country.

SUMMARY

It is evident that the building brick industry in the area surrounding the Greater New York market has been very severely crippled by the importation of brick from Belgium. In view of this fact and the certainty that importations from Belgium will increase in this district and then will spread to other ports unless forced to compete on the basis of equality with the product of American manufacturers and American wage earners who depend upon the prosperity of the brick industry, we most respectfully urge the Finance Committee of the Senate of the United States of America to place a duty upon building brick that

will equalize costs of manufacture and transportation in foreign countries and our own. The amount of duty requested is the difference between the known manufacturing costs in the market which has been invaded ($13.425) and the cost at which the importing combine can place their product in this market. We believe this difference to be greater than the $1.25 per thousand placed upon them in the proposed bill of the House Ways and Means Committee. Our investigations have convinced us that the quoted price alongside boat in Antwerp can be reduced and that the freight rate could be very materially reduced. We are convinced that the Belgian combine is profitably disposing of its imports at $11 per thousand ($2.42 below American costs) and will go even lower to retain its foothold in the American market. We believe that the new report of the Tariff Commission will indicate the need of a protective tariff exceeding the $1.25 placed upon imported brick by the Ways and Means Committee.

STATEMENT OF C. W. KING, HARTFORD, CONN., REPRESENTING THE CONNECTICUT BRICK MANUFACTURERS' ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. KING. Mr. Chairman and gentlemen, I am here to represent the Connecticut brick manufacturers. Our territory is located very close to the metropolitan district of New York, and that is the logical delivery point for us, taking into consideration freight rates and distance.

We are very much affected, directly, by the importation of brick. Some foreign brick have been brought into our State, and it has affected the trade with our companies so much that last year the output was considerably curtailed in all plants. Last year two plants were idle. They are idle this year; and this year two more plants are idle, and one has just gone into the hands of a receiver and probably will be idle within the next three or four weeks.

We urgently ask the support of this committee in behalf of the arguments presented by Mr. Flint, and we want to strongly indorse the position taken by him.

Senator BARKLEY. How many men are employed in the brick-making industry in the State of Connecticut?

Mr. KING. From 1,500 to 1,600.

Senator BARKLEY. What do you mean when you say a brick plant is idle?

Mr. KING. Shut down and not producing brick.

Senator BARKLEY. Is it not a fact that every brickyard in the country is idle some part of the time, under normal conditions?

Mr. KING. No; not unless they have a breakdown of the machinery.

Senator BARKLEY. Do they not frequently have a supply on hand that is sufficient to meet the demands for months, so that they do not engage in actual production until that supply is released?

Mr. KING. We have what we call two styles of plants in Connecticut; that is, summer and winter. A plant with a drier can run the year round. A summer plant has no drier. They figure on drying their brick out of doors in racks, and they are always closed down, as to production, in the winter. If a plant has trade enough, it can operate all the time.

Senator BARKLEY. That is true of the inland plants, is it not?

Mr. KING. Any plant.

I would like to say one thing in regard to the so-called stiff-mud process. That can not be employed in Connecticut. If we should use the so-called stiff-mud process, when our brick came out they would be mud pies instead of brick. Our clay will not permit it.

Senator BARKLEY. What is the average production of Connecticut brick?

Mr. KING. The normal production of Connecticut brick is 250,000,000 brick per year.

Senator BARKLEY. What is the average now?

Mr. KING. Last year I do not believe we produced over 180,000,000.

Senator EDGE. Do you attribute this falling off in your output, or rather, in your market, as much to the importation, which has already been fully discussed, as to the lessening of building activities?

Mr. KING. With us, I do attribute it to the importation, because a very large percentage of our brick seeks markets in New York.

Senator BARKLEY. The amount of your reduction from normal to what you say you are producing now absorbs the whole 79,000,000 that were imported this last year from Belgium. You would not attribute this falling off in Connecticut to that one item, would you?

Mr. KING. No; but a demoralization of prices makes that New York market so that our men would have to send a couple of gold dollars with every thousand brick.

Senator BARKLEY. That is all.

STATEMENT OF J. A. PUGH, NORFOLK, VA., REPRESENTING THE VIRGINIA BRICK AND CLAY MANUFACTURERS ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Pugh, have you appeared before the Ways and Means Committee of the House?

Mr. PUGH. No, sir.

Senator EDGE. This is your first appearance in the tariff investigation?

Mr. PUGH. Yes, sir.

Senator EDGE. You may proceed.

Mr. PUGH. I appear here as a manufacturer of brick and also as president of the Virginia Brick and Clay Manufacturers Association, representing approximately 40 plants in the State of Virginia.

There are over 40 brick manufacturers in the State of Virginia. They employ approximately from 800 to 1,000 men. Their annual productive capacity is approximately 250,000,000 brick. Many of these plants were practically compelled by the Government, during the war, to increase their capacity to care for the shortage in housing accommodations then existing at points of war-time activities, but which has since been supplied. Prior to the war, the Virginia brick manufacturers carried on practically a local business. Some of these factories are to-day shipping bricks by water to points without the State. I believe the bulk of such shipments go to Washington, D. C., Baltimore, Philadelphia, and New York City. Consequently, anything that affects the building situation at these points affects Virginia manufacturers of brick.

Bricks have been imported into New York in large quantities. The brief submitted to the Ways and Means Committee by the Common Brick Manufacturers' Association of America asking that brick be removed from the free list shows on page 9 how it is possible for foreign manufacturers of brick to place their material in American markets. I will not read that into my remarks here, because that page

shows what they can do in the matter of water transportation, and what they apparently propose to do in order to maintain the foothold they have gained here.

Senator COPELAND. Your testimony would be practically the same as Mr. Flint's in that?

Mr. PUGH. My testimony as to the New York situation would be of very little moment, because I am not personally familiar with it. I assume that the facts there stated are so.

The raw material—clary—costs very little to the foreign or American manufacturer. I think that answers the Senator's question, who wanted to know whether mud cost much, or something of that kind. Practically the entire cost of brick is made up of labor, machinery costs and repairs, coal and freight. I am speaking now of the actual factory costs and not of a cost that includes any overhead. Due to our American scale of wages and living, all these costs are much higher than the corresponding items of foreign costs.

Brick is simply a commodity and not a product for which extra prices can be asked because of patent rights, or because it is a novelty in the building trades.

Cold logic will force fair-minded men to admit that once a country adopts a tariff system, it should in fairness afford each manufacturer compensating duties in all cases where his business is adversely affected by tariffs on other articles. I do not think any economist could dispute that fact.

Senator COPELAND. Even a Democrat would admit that.

Mr. PUGH. I, a Democrat, will admit that. I would say I concurred once with General Hancock, who said that the tariff was a local issue, and a friend of mine who was Comptroller of the Currency said it was worse than that; it was a personal issue.

The brief will show you that American brick manufacturers are entitled to an adequate tariff. There is no danger whatever of costs being unduly increased to users, because the productive capacity of American plants is composed of small independent units indulging in free competition with each other. On the other hand, there is distinct danger of ruin to many brick manufacturers located in port cities or in districts to which brick would be shipped from port cities. Foreign brick were offered to my company by a foreign manufacturer at prices delivered on the dock at Norfolk at less than our actual costs delivered alongside of the dock.

We respectfully urge that adequate protection be given our industry.

Senator BARKLEY. What proportion of the 79,000,000 bricks shipped in last year came into the district?

Mr. PUGH. My district?

Senator BARKLEY. Your district.

Mr. PUGH. None.

Senator BARKLEY. You have not been bothered so far, except the prospective fear that you entertain?

Mr. PUGH. No. We ship brick to New York, as I stated.

Senator BARKLEY. What is the volume of your shipments to New York?

Mr. PUGH. Very little. I suppose they will run around 10,000,000 a year.

Senator BARKLEY. What do you get for those you ship?

Mr. PUGH. We get at our plant $10.

Senator BARKLEY. Then after adding freight and other charges what does that mean that you get in New York?

Mr. PUGH. We get for bricks delivered in New York about $15.25.

Senator BARKLEY. Have your shipments been curtailed to any appreciable extent by reason of the importation of Belgian brick?

Mr. PUGH. Yes. You see we have a small factory. I should add, by the way, that our brick go to New York as facing and not as common brick, which accounts for that apparent high price that we get there as compared with the New York price of common brick.

Senator BARKLEY. Your facing brick in this tariff bill that comes over from the House bears $1.50 per thousand tariff.

Mr. PUGH. Yes.

Senator BARKLEY. How does your price compare with the price of facing brick made in New York?

Mr. PUGH. Some of the facing brick made in New York is just about the same price as ours, and some of the imported facing brick are just about a dollar or so cheaper than ours.

Senator BARKLEY. What is the capacity of your yards?

Mr. PUGH. My own yard is about 10,000,000 brick a year.

Senator BARKLEY. What is the capacity of the yards in Virginia, if you know? You are president of the association.

Mr. PUGH. Roughly, about 250,000,000 combined.

Senator BARKLEY. What proportion of that 250,000,000 is consumed in Virginia?

Mr. PUGH. The Virginia manufacturers at present are not producing over about 50 per cent of capacity.

Senator BARKLEY. That is because of the general slump in the building?

Mr. PUGH. Partly that, and partly because of the fact that our market in New York has been curtailed.

Senator BARKLEY. That is all.

Senator REED. Mr. Pugh, I find on looking over the prices of common brick at brick yards furnished us by the Department of Labor for March, 1929, that the price in New Britain, Conn., is stated at $15; at Boston, Mass., $15.76; Philadelphia, $15; Chicago, $12. Why is common brick in the inland away from Belgian competition cheaper than it is at these seaboard towns which suffer from competition?

Mr. PUGH. I believe I can answer that question. If you have within the shipping radius of a factory a sufficient volume of business to put in a very large plant where everything is handled by mechanism, you can, of course, handle bricks cheaper than if you have to have a smaller factory and have so much of your labor done by hand. That is always true.

Senator COPELAND. Illinois mud you can use almost without pressing, can you not?

Senator REED. Wisconsin mud seems to be the cheapest. The price at Milwaukee is $1.

Mr. PUGH. May I add to that that the Chicago clay is a very peculiar product, which can be burned, as I understand, in 48 hours, while our Virginia clays, for instance, take six to seven days constant burning. And of course the coal consumption is much more with us.

Senator BARKLEY. Do you use the stiff or soft mud process?

Mr. PUGH. We use the stiff-mud side-cut brick process in my own plant, and some few plants in our vicinity in Virginia also use the soft-mud process.

Senator BARKLEY. But the bulk of the Virginia brick is the stiff-mud production?

Mr. PUGH. The bulk of the Virginia brick is the stiff-mud production, side cut or end cut.

Senator BARKLEY. That is less costly as compared to soft mud.

Mr. PUGH. That is less costly up to a certain point. A soft-mud brick machine has a definite capacity. I believe the best of them do not make over 100,000 brick per day. Some of the stiff-mud machines will run as high as 400,000 to 500,000 per day. And the manufacturer must choose between the two machines according to the quality of clay he has. One clay will make into a stiff-mud brick and not into a soft mud, and vice versa.

Senator BARKLEY. Your plant has a capacity of 10,000 bricks a day?

Mr. PUGH. Our plant has a capacity, every working day, of 40,000 to 50,000, or approximately 10,000,000 per year.

Senator EDGE. Let me ask you another question, supplementing the questions asked by Senator Reed with regard to the statement from the Department of Labor. I notice that bricks in New Orleans are $9 a thousand. There is a tremendous difference between that and the price at New Britain, Conn., of $16. How do you account for that difference?

Mr. PUGH. I would say that the wage rate had considerable bearing on that question.

Senator EDGE. I presume that is so.

Mr. PUGH. The productive capacity per man is approximately the same.

Senator COPELAND. Mr. Chairman, I am sure you will not overlook the human side of this. In my section, among my neighbors in the Hudson River Valley, there are 53 plants. Twenty-one of them are idle, and our feeling is that we need some kind of relief.

Senator BARKLEY. Mr. Pugh, how many men did you say are involved in the manufacture of brick in the territory you represent?

Mr. PUGH. Between eight hundred and a thousand.

Senator BARKLEY. What is the population of that district?

Mr. PUGH. Of Virginia?

Senator BARKLEY. Yes.

Mr. PUGH. I am sorry—I am an Ohio man living in Virginia, but I think it is about 3,000,000. I am not sure about that.

BRIEF OF THE FIMACOR PRODUCTS CORPORATION, NEW YORK CITY

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

SIRS: This company, the Fimacor Products Corporation, 101 Park Avenue, New York City, a domestic corporation organized under the laws of the State of New York, is engaged in the importation of brick from Belgium.

Whereas the tariff act of 1922, Schedule 15, paragraph 1536, states as follows:

"Brick not specifically provided for: *Provided*, That if any country, dependency, province or other subdivision of government imposes a duty on such brick imported from the United States, an equal duty be imposed upon such brick coming into the United States from such country, dependency, province or other subdivision of government."

"House bill 2667, paragraph 201 (b) states as follows:

"PAR. 201 (1538). (b) All other brick, not specially provided for: Not glazed, enameled, painted, vitrified, ornamented or decorated in any manner, $1.25 per thousand; if glazed, enameled, painted, vitrified, ornamented or decorated in any manner, 5 per centum ad valorem, but not less than $1.50 per thousand."

Which removes brick from the free list and which imposes a rate which will prohibit all further importations.

QUALITY OF BRICK

The common brick imported from Belgium is not a cheap, low-grade and low-priced material. It is on the contrary a brick of high quality, utmost resistance, well above the standard required in the matter of absorption limit, and of an entirely different color and texture.

Whereas the American standard specifications for building brick, which classify building brick as hard, medium, and soft, set forth the following requirements:

Grade of brick	Absorption limit (per cent)		Compression strength on edge (pounds per square inch)		Modulus of rupture (pounds per square inch)	
	Mean of 5 tests	Individual maximum	Mean of 5 tests	Individual maximum	Mean of 5 tests	Individual maximum
Hard	5 to 12	15	3,500 or over	2,500	600 or over	400
Medium	12 to 20	24	2,000 or over	1,500	450 or over	300
Soft	20 or over	No limit	1,000 or over	800	300 or over	200

The standard tests conducted at Columbia University in the department of civil engineering, New York City, showed the following results:

Absorption limit, average 11.1 per cent.

Compression strength, average 5,275 pounds per square inch.

Modulus of rupture, average 1,019 pounds per square inch.

Freezing test loss, none.

Fire test 1,700° during 60 minutes: No visible change.

It may be seen from a comparison of the American standard requirements and the results of the tests of the Belgian common brick conducted at Columbia University, that this brick is with respect to most requirements nearly 100 per cent above the specifications of the American Society for Testing Materials for the very best American common brick.

It has been stated that Belgian brick could be and was imported from Belgium at a price as low as $7 per thousand. During the years 1925, 1926, 1927, 1928, and 1929 (first 6 months) this company has imported from Belgium a quantity of 227,000,000 out of a total of 250,000,000 brick, or more than 91 per cent of the total importations, and our cost price per thousand brick, loaded on trucks, at the point of discharge from steamer during all that period has ranged between $11.55 and $12.40 Our sales price to the consumer must include, of course, in addition to the above cost price, profit, general expenses, commissions, and delivery charges.

The prices paid during the years 1925 to 1929 to the Belgian manufacturers per thousand brick, alongside steamer at Antwerp, have varied between $4.30 and $4.65. In addition, the ocean freight for delivery at New York paid by contract during this period, has ranged between $6 and $6.50 per thousand brick, and pier and loading costs on trucks have amounted to $1.25 per thousand.

Since the stabilization of its currency, wages are increasing steadily in Belgium and in the modern brick plants are as high as $3 a day. Furthermore, Belgian brick workers under no circumstances are allowed to work more than eight hours per working day.

Since we filed our brief before the House committee we have received definite information from Sundicat des Briqueteries Mecaniques de Boom et Environs, S. A., Terhagen, Belgium, one of our shippers, stating that the labor cost involved in the production of one thousand bricks is $3 instead of $0.78 as has been stated before the House committee.

For a yearly average of 50,000,000 brick imported in 1925, 1926, 1927, 1928, and 1929 (first 6 months) from Belgium, the freight paid has varied from $6 to $6.50 per thousand brick, and has been as follows: 1925, 1926, 1927, and 1928, $6.50 for 166,358,500 bricks; 1928 and 1929 (6 months) $6 for 60,921,500 bricks.

It has been stated that the cost of barge transportation from the Hudson plants to New York is $3 per thousand. We attach photostatic copies of letters received from stevedoring and towing companies establishing barging costs from Hudson River plants to Brooklyn not to exceed $0.95 to $0.98½ per thousand brick.

Against this advantage to Hudson manufacturers, we must labor under the penalty of a heavy freight. This freight item amounting, on account of the very nature of the goods, to more than 50 per cent of our cost price c. i. f. New York constitutes in itself a protective barrier as shown below.

	Hudson River	Belgian brick
Inland transportation	$0.95	$0.30
Insurance	.....	.09
Interest on invested money during ocean voyage	.....	.06
Ocean freight	.....	6.50
Total	.95	6.89

The $6.89 items are the findings of the Tariff Commission.

This constitutes a standing penalty of $5.94 against Belgian brick, which should in equity be given due regard in the drafting of our tariff.

Finally, the fear of a lowered freight rate for the transportation of Belgian brick is groundless since these rates are governed by the North Atlantic Steamship Owners Freight Conference, of which the Black Diamond Steamship Corporation, the Red Star Line, the Holland-America Line, and the Lloyd Royal Belge are members.

QUANTITY OF IMPORTS

According to the statistical abstract of 1928 (p. 745) of the Department of Commerce, the total production of common brick in the United States from 1921 to 1927 was as follows:

1921	4,448,000,000
1922	5,899,000,000
1923	7,282,000,000
1924	7,159,000,000
1925	7,562,000,000
1926	7,520,000,000
1927	7,676,000,000

Which indicates a steady increase in the volume of production.

During the period 1923–1928 the consumption of brick in New York City has been increasing as follows:

1923	961,000,000
1924	981,000,000
1925	1,034,000,000
1926	1,314,000,000
1927	1,280,009,000
1928	1,296,000,000

During the years 1924–1929, inclusive, according to the reports of the Bureau of Foreign and Domestic Commerce, United States Department of Commerce, the total imports of common brick from Belgium in the United States were:

1924 (customs, New York)	None.
1925 (customs, New York)	44,597,140
1926 (calendar year 1926, vol. 1, p. 245)	60,907,000
1927 (calendar year 1927, vol. 1, p. 255)	78,180,000
1928 (customs, New York)	60,153,000
1929 (6 months)	7,280,000

Of which our share in New York City was:

1924	None.
1925	44,597,140
1926	59,804,948
1927	62,557,300
1928	56,731,000
1929	7,280,000

Department of Commerce statistics show that before 1925 no brick was imported from Belgium. Further, the quantities of common brick imported from Belgium outside of New York City, from 1925 to 1927, were as follows:

1925	None.
1926	3,558,000
1927	546,000

Compared with the total production in the United States, the percentage of imports from 1925 to 1927 was on a basis of a yearly average of eight-tenths of 1 per cent and compared with the total consumption in New York, the percentage of imports during the years 1925 to 1928, inclusive, was 4.93 per cent.

BRICK EXPORTATIONS FROM UNITED STATES

During the years 1924–1927, inclusive, exportations of all classes of brick from the United States into foreign countries, according to Department of Commerce statistics, were as follows:

1924	33,047,000
1925	22,958,000
1926	25,620,000
1927	34,281,000

LIMITATIONS ON IMPORT POSSIBILITIES

The area of the United States in which foreign brick can be imported and compete at all with the domestic product is extremely limited. We must shut out from consideration the quantity of 4,000,000 brick which was imported into the United States in the booming years 1926 and 1927 in ports other than New York, because on account of market conditions, these experimental importations had to be stopped at once, leaving to the importers very serious losses. Demands of other cities, even on the Atlantic seaboard, are taken care of adequately by the domestic, manufacturers, where brickyards are located closer to the cities than they are to New York and where prices are not so high.

In Chicago wholesale prices of common brick averaged $8.72 per thousand in 1926. (Commerce Yearbook, 1926, vol. 1, p. 355.) At such prevailing prices no common brick whatsoever could ever have been imported or sold in the United States.

EFFECT OF IMPORTS ON PRODUCTION, LABOR AND PRICES

Production.—The statistics of the Department of Commerce cited above show that production has regularly increased from year to year.

Further, statistics show that in New York City the consumption of brick has varied with the valuation of building projects:

	Quantity of brick	Valuation
1923	961,000,000	$637,418,400
1924	961,000,000	879,355,700
1925	1,034,000,000	1,047,309,000
1926	1,314,000,000	1,157,041,000
1927	1,280,000,000	930,415,900
1928	1,296,000,000	1,056,120,000

After the boom year of 1926 the quantity of brick consumed dropped in a much smaller proportion than the valuation of building projects fell off in the same period.

If there has been any reduction in the consumption of common brick in New York in 1927 and 1928 this reduction has not been due to imports but rather to an increased use of substitutes, such as domestic sand-lime brick, cement blocks, secondhand brick, and to competition between old-fashioned and modern domestic brickyards, and finally to a decline of new building projects. The imports of common brick from Belgium dropped by approximately 25 per cent during 1928.

Can it be said, when total imports do not exceed eight-tenths of 1 per cent of the total production of the United States or 5 per cent of the consumption of the limited area of New York City, that these imports could reasonably affect

domestic production? Is it conceivable, when 60,000,000 brick were imported from Belgium in one year and 53 plants were working in the Hudson River district, that the importations of the first five months of 1929, amounting to 7,250,000, could close 21 plants in that district, as was stated before your committee? Since the 1st of June, 1929, our imports have been entirely stopped, due to the fact that we have been unable to purchase any brick from any of the Belgian manufacturers at prices which would enable us to sell them in this market even at cost.

Labor.—It was stated that 800 brick laborers were unemployed to-day in the Hudson River district, when brick importations from Belgium are stopped.

If we take as a basis the year 1927, in which importations of Belgian brick were at their highest and amounted to 78,180,000, and bear in mind the fact that the average laborer can make 1,000 bricks a day during 300 working days a year, we come to the conclusion that this 78,180,000 divided by 1,000 by 300 would equal the work of 260 laborers; and it is at once obvious that these importations could not have effected the status of 800 brick laborers of the Hudson River district.

As against this, however, and as a clear indication that American labor has in no way been affected by these importations, Department of Commerce statistics show that the number of men employed and the wages earned have steadily been increasing. Viewed from this angle, it is difficult to see how these imports can effect the 5,500 men employed in the brick industry along the Hudson River or the total of 102,777 employed in the clay products industry in the United States.

During the period in which our company has been importing Belgian brick, a sum of approximately $640,000 has been paid to stevedores and members of longshoremen's unions in connection with the discharge of the brick from vessels to point of discharge. Likewise, an additional sum of $720,000 has been expended in connection with loading and trucking brick from the point of discharge to destination. These two sums together aggregate $1,360,000. If any duty whatsoever is placed upon Belgian brick, such duty will be a prohibitive measure and stop at once all importations of this commodity. As a consequence, longshore workers, brick handlers, and loaders will be affected to a much greater degree than the few brickmakers we have pointed out above who might be affected by the continuance of such importations.

Price.—The very nature of imported brick has never permitted of and never will permit of its disposal outside a limited trucking radius from the pier of discharge. In fact, New York being the only port of importation and the discharging pier being situated in Brooklyn, Belgian brick has never been sold in quantities outside of the limits of the Borough of Brooklyn.

Notwithstanding this, even in the local market of Brooklyn, prices of Hudson River brick have never been affected by imports of Belgian brick. We wish to point out here that there is a difference in marketing domestic and imported Belgian brick. Whereas, the dealer pays for Hudson River brick $11 a thousand delivered at his yard on his trucks, he has never paid less than $11.50 per thousand brick c. i. f. our yard, which means that he is compelled to pay an additional loading charge of $1 per thousand in order to place the brick on his trucks plus the trucking rate from our yard to his own yard.

Therefore, since Belgian brick is sold at a slightly higher price, it is evident that prevailing low prices are due not to these imports but to the competition waged by modern equipped Hudson plants against old fashioned Hudson plants using antiquated machinery and obsolete methods.

Furthermore, what has been said regarding production must also be said with reference to price; that is, that brick prices have had to follow the trend toward lower prices of brick substitutes, such as sandlime brick, cement blocks, hollow tile, etc.

TRADE BALANCE BETWEEN BELGIUM AND THE UNITED STATES

Brick exportations from Belgium have greatly aided in stabilizing one of the country's important industries and have had a far more salutary effect upon the business and buying power of that country than a duty upon its small brick exportations could have upon the brick industry of this country.

In spite of these exportations of brick, vessels coming here from Belgian ports arrive on an average of 50 per cent empty and sail from the United States to Belgian ports loaded to capacity. The trade balance between the United States and Belgium for the years 1921–1927, inclusive, is as follows:

	Exports from United States to Belgium	Imports from Belgium in United States
1921-1925	$111,300,000	$58,300,000
1926	120,300,000	69,000,000
1926	99,300,000	77,800,000
1927	116,200,000	72,200,000

It may thus be seen that a great rise in balance of trade in favor of the United States occurred in and after 1925, the year in which brick importations were begun. Cutting out imports of Belgian brick by a slight duty for the benefit of a domestic monopoly and to the detriment of the ultimate consumer and taxpayer, will place the country of Belgium, where our domestic industries expect to continue profiting by increasing exportations, in an even more unfavorable position, so far as trade balance is concerned.

We submit, therefore, that the conditions amply warrant the continuance of common brick upon the free list by striking out paragraph 201 (b) from the House of Representatives bill 2667, and we respectfully request that the provisions of section 15, paragraph 1536, of the tariff act of 1922 be continued as heretofore.

Respectfully submitted.

FIMACOR PRODUCTS CORPORATION,
J. NEWTON VARD, *Secretary.*

Sworn and subscribed to be fore me at New York City, this 24th day of June, 1928.

[SEAL.] GEO. F. BRELSFORD,
Notary Public.

Commission expires March 30, 1930.

We beg leave to incorporate herein our brief submitted to the Committee on Ways and Means of the House of Representatives together with the exhibits annexed thereto and exhibits hereto attached and marked "No. 1 and 2."

FIMACOR PRODUCTS CORPORATION,
J. NEWTON VARD, *Secretary.*

Sworn and subscribed to before me at New York City this 24th day of June, 1929.

[SEAL.] GEO F. BRELSFORD,
Notary Public.

Commission expires March 30, 1930.

EAST COAST STEVEDORING CO. (INC.),
New York City, March 8, 1929.

FIMACOR PRODUCTS CORPORATION,
New York, N. Y.

(Attention Mr. Robinson.)

GENTLEMEN: We are pleased to confirm our conversation of even date wherein we quoted you the following prices on cargoes of brick moving from Pier 2, Erie Basin, to Haverstraw:

For charter of scow (per day)	$15
Towing to alongside steamer, Erie Basin	15
Towing from Erie Basin to stake boat, North River	25
Towing from stake boat, North River to Haverstraw and return light to North River	220

It is our understanding that you are contemplating shipping loads of 500,000 brick from Erie Basin to Haverstraw, and we believe from the information as furnished by your good self, the charges would sum up as follows:

Erie Basin tow	$15
Towing to stake boat	25
River towing	220
Charter hire 14 days at $15 per day	210
	470

Thanking you for this inquiry, we are, yours very truly,

EAST COAST STEVEDORING CO., (INC.),
Per F. KELLY, *Vice President.*

CONNERS MARINE CO. (INC.),
New York, March 7, 1929.

PHINACORE PRODUCTS CORPORATION,
New York City.

GENTLEMEN: Confirming telephone conversation of even date, we submit the following prices for the towing and boat hire of a scow New York to Haverstraw.

Charter hire of boat, $15 per day; all other expenses, such as wharfage, etc., for your account. There will be a charge of $15 to tow the boat to Erie Basin, a charge of $25 to tow the boat to Cornell Stake, Cornell's charge is $225 to Haverstraw, with a charge of $17.50 in and out at Haverstraw, and on the return of the barge to New York there will be a charge of $15 from the stake boat to wherever we may request you to land this boat.

Trusting this is the information you desire, we are, yours very truly,

CONNERS MARINE CO. (INC.),
J. HERMANN, JR.

BRIEF OF THE UNITED BRICK AND CLAY WORKERS' UNION

Hon. REED SMOOT,
Chairman Senate Finance Committee, Washington, D. C.

HONORABLE SIR: The membership of the United Brick and Clay Workers, affiliated with the American Federation of Labor, following the declaration of both political parties and the addresses of the candidates of both parties, expected that with the subject of tariff protection being taken up by Congress we would have but little trouble in securing the adoption of legislation which would make it possible for the product of our labor to be placed upon the American market at least on an equal basis with the product of the labor of foreign workers.

Our organization is composed of hard working, industrious men. We are dependent upon the success of the American brick industry for our livelihood. Our families are dependent upon our labor being employed for their happiness. Our membership will not profit, except in so far as possible steady employment may be regarded as profiting, by the placing of a fair and adequate tariff duty on common brick.

There is a difference in the wages paid to workers in Belgium, where our competition is coming from, as compared to the wages paid to our members along the Atlantic coast plants, so that the American brick cost at least $7 per thousand additional due to the difference in labor costs.

Ordinarily the transportation costs would give us some protection against the competition of this foreign labor. However, your committee can easily ascertain that these common bricks are being transported either as ballast directly, or, with the steamship company, subsidized by a foreign government, being the sole selling agency and purchasing these bricks in Belgium for $4.30 per thousand along the dock in that country, they can charge themselves such costs for the transporting of these bricks as they care to and still undersell the product of our labor to such an extent that our members are forced into idleness.

Our workers in the Atlantic coast plants have already accepted reductions in wages in order to make it possible for the product of our labor to be sold in competition with the product of foreign labor at points in some cases less than 10 miles from the brickyards where our members are employed.

We note with much surprise the unfair attitude of some Members of Congress toward the product of our labor. We, having some knowledge of the brick industry, sincerely believe that the adoption of a tariff rate of $3 per 1,000 will not increase the price of common brick an additional penny to the builders, except along the Atlantic coast, where our members are threatened with either enforced idleness or with the acceptance of wages and working conditions comparable with those in effect in foreign countries.

The adoption of a tariff policy by the American Congress which would force the American wage earners down to the level of wages, working conditions and standards of living of the workers in Europe and Asia would be a betrayal of the promises of both political parties and the candidates of those parties.

This statement is additional to the testimony which I gave, and the facts and appeal contained in my brief which I filed with the Ways and Means Committee in behalf of the membership of the United Brick & Clay Workers.

We earnestly appeal to the members of the Finance Committee, and, through your committee to the Members of the Senate, to place a duty of not less than $3 per thousand on foreign-made common bricks.

Hopeful that our appeal will receive favorable consideration from your committee, the Members of the Senate, and Congress.

Respectfully submitted.

UNITED BRICK & CLAY WORKERS UNION,
Chicago, Ill.

FRANK KASTEN, *President.*

BRIEF OF SPRENGER'S BRICK CO. (INC.), NEW YORK CITY

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

SIR: Our company, the Sprenger's Brick Co. (Inc.), 155 East Forty-second Street, New York City, a domestic corporation organized and existing under the laws of the State of New York, is engaged in the importation of face brick from Holland.

In view of the removal of brick from the free list as adopted by the House of Representatives, we wish to bring before your committee certain facts and conditions as relate specifically to the importation of face brick from Holland.

1. *Description of Holland face brick.*—The peculiar method used in the manufacture of Holland face brick give this product the appearance of a brick that is made by hand. The raw material used in the manufacture of this type of brick can not be found anywhere in the United States. The bricks are entirely different as to texture and color from those manufactured domestically. The colors of Holland face brick vary from light to dark red, salmon, blues, blacks, and also clinker type, and therefore not this particular type of brick nor the particular colors of the brick can be exactly duplicated by the domestic manufacturer. Thus it is evident that Holand face brick does not compete directly with the domestic product.

Architects frequently visit foreign countries for the express purpose of studying foreign brickwork about which so much is written in numerous architectural publication. On their return they frequently incorporate in their work certain features which can only be carried out by the use of, for example, Holland face brick. As a result of its peculiar adaptability to the work in hand as well as to its esthetic qualities and distinctive colorings, the architect has an opportunity to adequately display his talents in the art of brick work which can not be expressed by the use of domestic face brick.

2. *Face brick versus common brick.*—Permit us to point out the difference between the face brick as imported from Holland and the ordinary common brick. Holland face brick is used for facing purposes only and in certain types of brick structures, such as private dwellings, country homes, garden apartments, etc., or where an architect is desirous of securing certain architectural effects and is willing to pay the price to obtain those results. Therefore, this type of brick is sold on such a basis that there is only very limited competition with any of the domestic products. Common brick is used in any and all types of brick structures as for example, in sky-scrapers, apartments, etc., in court, side and rear walls as well as backing up face brick, and, therefore, sold on a competitive price basis.

3. *Quantity Holland face brick imported.*—From the Netherlands:

1926	28,386,000
1927	14,479,000
1928	11,000,000

From this table it will readily be seen that the quantity of Holland face brick brought into the United States has been steadily decreasing as is shown for the years 1926, 1927, and 1928. This quantity of face brick represents less than one-half of 1 per cent of the total quantity of face brick manufactured and used in this country.

4. *Potential market for Holland face brick.*—Holland face brick is used only in certain types of buildings such as private dwellings, country homes, and garden apartments where the architect desires certain esthetic and architectural effects which he can only produce by the use of this type of brick. Therefore, it can readily be seen that our market is very limited as we only render a service which can not be duplicated by the domestic brick industry.

Also the peculiar features of the raw product and the special burning and drying process used in the manufacture of Holland face brick practically eliminate

efflorescence on the outer walls in cold weather, which is an additional feature why architects specify Holland face brick in their work.

5. *Labor hours lost.*—It has been stated that the American manufacturers complain about the number of labor hours lost to American labor due to the importation of brick. While this may be true to a certain extent for the brick industry as a whole, our contention is that very little if any loss of labor hours is due to the very small importation of Holland face brick. Besides many hours of labor are gained by the longshoremen, as for example, in a city like New York. Discharging a steamer of brick to the dock requires a large force of laborers; then, again, much labor is required for hauling it to the storage yard and subsequently have it loaded and trucked from the storage yard to a building operation. All of this handling and rehandling is done by hand with brick tongs.

In a large city like New York, where these brick are imported, labor conditions are very acute. As a verification of this statement permit us to refer you to copy of Traiff Readjustment of 1929, hearings before the Committee on Ways and Means, House of Representatives, page 7499, Exhibit F, which is an appeal of the International Longshoremen's Association to prevent Congress from putting a restrictive tariff into effect, thereby causing their present struggle for a livelihood to become much more severe than it is at the present time.

6. *Living condition standards.*—While it has been stated before the Ways and Means Committee that the wage earner in European brick plants earns lower wages, resulting in living conditions far below those of the wage earner in domestic brick plants, this does not apply to conditions in Holland. Wages in the Holland face brick industry have the same purchasing power as those paid in the brick industry in the United States.

The Social legislation in Holland is exceeding strict. Forty-eight hours comprise a full week with no overtime allowed; no one under 16 years of age can be employed. Living quarters are on a par with those of a wage earner in a domestic brick plant; their homes being substantial brick structures with flower and vegetable gardens, etc.

7. *Testimonial letters.*—Inclosed you will find letters from architect and builder and from which you will note they are emphatically opposed to any duty being placed on Holland face brick. Many more letters substantiating our claims could be included but suffice these to answer your purpose.

8. *Summary.*—Holland face brick does not enter into competition with the domestic brick. Only small and decreasing quantities are imported.

We therefore beg you kindly to retain brick on the free list or to classify face brick separately as is done in the trade and to place face brick on the free list.

Respectfully submitted.

SPRENGER'S BRICK CO. (INC.),
WM. EEFTING.

MOUNT VERNON, N. Y., *June 11, 1929.*

SPRENGER BRICK CO. (INC.),
New York City.

GENTLEMEN: Word has reached me to the effect that a duty is about to be placed on foreign brick imported in this country.

I have used Holland face brick on various operations for the reasons that I find they have very little efflorescence and are more dense and far superior in textures and colors than the domestic brick.

I am very much opposed to any increase in the price on Holland face brick caused by duty.

Very truly yours,

LOUIS LEVINE.

MOUNT VERNON, N. Y., *July 2, 1929.*

SPRENGER'S BRICK CO. (INC.),
New York, N. Y.

DEAR SIRS: My attention has been brought to the fact that an effort is being made to place a duty on the importation of Holland bricks.

I have used a large quantity of this brick on several of my operations, and anticipate using more on future operations, inasmuch as I find them very distinctive in quality and color and entirely different from any face brick manufactured in the United States; therefore I sincerely trust no burden such as custom duties will be added to make the use of these prohibitive in this country and that they will be left on the free list.

Very truly yours,

AUGUST F. ALTIERI.

BRIEF OF THE NETHERLANDS CHAMBER OF COMMERCE IN NEW YORK (INC.)

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

GENTLEMEN: Under the present Fordney-McCumber Tariff Act of 1922 no import duty is levied on building brick.

Under the proposed new tariff act as adopted by the House of Representatives, a duty of $1.25 per thousand is placed on common building brick.

We herewith request your honorable committee to make a distinction in the new tariff act now up for discussion before you between face brick and common brick and to leave imported face brick on the free list, as at present, for the following reasons:

1. Both the manufacture and use of face brick are essentially different from the manufacture and use of common brick. The cost of manufacturing face brick is about 50 per cent higher than that of common brick and frequently calls for different raw materials.

Face brick is used chiefly for ornamental or decorative purposes because of its different texture, color, and hardness, while common brick is used simply as any other building material.

2. Face brick is imported from Holland and from no other country. Unlike common brick imported from other countries, it is never shipped as ballast, therefore pays a high freight rate. Its stowing in the ship's hold is done carefully and at great cost; it is neatly stacked by hand so as not to damage it.

3. Dutch face brick is demanded by architects in New York City and two or three other points along the Atlantic seaboard, mainly because of its peculiar texture, color, and size, not found in American made face brick.

4. Imports of face brick are but an infinitesimal part of the domestic production of America and are gradually declining as may be seen from the following statistics of imports:

Imports

1926	23, 245, 000
1927	21, 197, 500
1928	9, 215, 000

5. A precedent for differentiating face brick from common brick may be found in an official explanation of the Treasury Decision No. 41604, whereby the duty of marking imported face brick from Holland is not made obligatory because it is not of standard American size, while common brick must be so marked.

In view of the above we request your Honorable Committee to recommend to the Senate that face brick be retained on the free list.

Respectfully,

THE NETHERLANDS CHAMBER OF COMMERCE IN NEW YORK (INC.),
NEIL VAN AKEN, *Secretary.*

TILES

[Par. 202 (a)]

STATEMENT OF LOUIS GOLDEY, NEW YORK CITY, REPRESENTING THE FOREIGN TILE IMPORTERS' ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. GOLDEY. I was asked to come down here to represent the Tile Importers' Association.

Senator EDGE. Did you appear before the Ways and Means Committee of the House?

Mr. GOLDEY. No, sir.

Senator EDGE. Did anyone representing your association appear?

Mr. GOLDEY. Mr. Muller appeared before the Ways and Means Committee of the House.

Senator EDGE. Did Mr. Muller file a brief with the Ways and Means Committee of the House?

Mr. GOLDEY. Yes.

Senator EDGE. Are you filing any additional information not contained in that brief?

Mr. GOLDEY. We have here some information in refutation of some statements made recently in connection with tiles and we would like permission also to file a brief with your committee.

Senator EDGE. We do not want that same brief, unless you have some additional information. There is no use spending the Government's money printing the same brief twice.

Mr. GOLDEY. The information we would have in our brief would be information not originally incorporated in the first brief.

Senator EDGE. That is all right. We are entirely ready to accept any additional or supplemental information in addition to the brief originally filed. You want to file a brief. Is there any oral testimony you desire to give?

Mr. GOLDEY. We would like to make a statement and then file a brief.

Senator EDGE. Proceed with your statement.

Mr. GOLDEY. We import tile, which is an essential building material, and is increasingly used in connection with residences, hospitals, and other construction work. The proposed increase would eliminate any further importations of tile. The proposed increase will vary from about 12 or 14 per cent to 25 per cent over the present rates. If it is the object to eliminate all importations, of course that will serve the purpose. The present rate averages about 50 per cent. A further increase will practically create a domestic monopoly in the tile industry.

At the present time the domestic manufacturers have a monopoly at interior points, and we are only in a position to compete at the eastern seaboard and western seaboard points. The records of the various companies prove very clearly that the domestic industry has been in a highly prosperous condition for a number of years.

Senator EDGE. Have you any figures there to substantiate that, and figures on imports?

Mr. GOLDEY. Here are some clippings from the Wall Street Journal. A statement is made concerning a leading factor in the industry. It says, in part:

> Demand for the company's products is increasing constantly, incident to greater construction and to the development of new uses.
> The four plants of the company are operating at capacity and on a profitable basis.

This clipping is dated August 30, 1928.

> Encaustic Tiling's financial position has been improved by repayment of bank loans and retirement of preferred stock.
> Retirement of preferred of about $1,800,000 par value has been accomplished within the past year, the last 4,410 shares being redeemed early in the current year.

These clippings are all along the same line, indicating that the company is working at capacity and producing about 25 per cent of the entire domestic production of tiles.

Senator BARKLEY. What is that company?

Mr. GOLDEY. The American Encaustic Tile Co.

Senator BARKLEY. Is that glazed or unglazed tile?

Mr. GOLDEY. Both. The American Encaustic Co. manufactures every kind of tile in this country.

We will leave these clippings with the committee.

Senator EDGE. The imports have increased, according to this statement, from something over 2,000,000 square feet in 1924 to 5,000,000 square feet in 1928.

Mr. GOLDEY. Yes.

Senator EDGE. What have you to say, if the imports have so increased, as to why there should not be a higher range in duty?

Mr. GOLDEY. The principal reason for the increase in imports is due to the fact that the domestic plants were unable to cope with the demands, and the importations took care of that shortage. The fact is that we have had a very large building movement during the last seven or eight years. The domestic factories were not prepared for it, and they have been constantly increasing their production. In spite of all those increases, they disposed of all their stocks.

Senator EDGE. What is the increase that has been allowed by the House over the existing law?

Senator BARKLEY. From 8 to 10 cents per square foot, and from 45 to a minimum of 50, and a maximum of 70 per cent ad valorem.

Mr. GOLDEY. Yes. That increase runs from 12 to 15 per cent over the present rates.

Senator EDGE. I still would like to have a little more of a general explanation of why, under the theory of protection, it is not absolutely essential to have a higher duty, if the condition is as you agree it is, with constantly increasing imports. Do you mean to suggest that the American producer is not able to produce that class of goods?

Mr. GOLDEY. No, sir; he has not been able to take care of the demand during the past few years, and evidence of that is the constant increase in production. I do not know what the exact increase in production is, but I should say, just at a guess, probably 30 to 50 per cent over the production back in 1923.

Senator EDGE. In other words, the American producer has increased his production, and at the same time the imports have more than trebled.

Mr. GOLDEY. In order to take care of the shortage, particularly during the seasonal periods of the year, running from about May to October.

Senator BARKLEY. In the last six years the imports have increased from 3,064,000 square feet to 5,248,000 square feet.

Senator EDGE. They have substantially increased.

Mr. GOLDEY. We are basing that on no imports at the beginning of that period.

Senator BARKLEY. 1922 was the first year in which there were any imports at all.

Mr. GOLDEY. Yes. Prior to that time the domestic production took care of the demand.

Senator EDGE. The figures for 1924 are 2,299,000 square feet; for 1928, 5,267,000 square feet. It has more than doubled, in other words.

Mr. GOLDEY. Another factor to be considered in connection with the increase in imports during 1927 and 1928 is the destruction of one of the leading tile plants in the Ohio district, the Empire plant,

which was ruined by fire. They bought from one of the importers a considerable quantity of tile to take care of their demand. In addition to that, we import a class of tile which has not as yet been produced in this country, at least to any extent. Some of the factories, we understand, here are experimenting with it. It is a class of decorated colored tile.

Senator EDGE. What proportion of the tile that is imported would you say, under oath, can not be produced by American producers?

Mr. GOLDEY. I think that with proper study and experimentation they can produce all tiles, because we have very efficient ceramists in this country. But, as yet, they have not produced to any extent the class of tile which we import in large quantities—what are known as art glazed tiles.

In addition, three or four of the factories are themselves importers of tile, or take considerable quantities from importers.

Senator BARKLEY. What percentage of the total consumption of tile in the United States is constituted by this importation?

Mr. GOLDEY. The total imports?

Senator BARKLEY. No. What percentage of the total consumption is represented by the total imports?

Mr. GOLDEY. About 6½ per cent, in quantity and value.

Senator BARKLEY. How many tile factories are there in the country, do you know?

Mr. GOLDEY. There are about 12 or 13 large factories and probably 50 very small plants scattered throughout the country, which cater chiefly to more or less local consumption.

Senator BARKLEY. If you can estimate, what will be the average ad valorem tariff on this tile, if the House bill should be adopted, of 10 cents a square foot, and a maximum of 70 per cent ad valorem?

Mr. GOLDEY. I can say very faithfully that it will eliminate entirely the importation of various kinds of tile, and also practically make it impossible to import very many tiles.

Senator BARKLEY. Will that include the elimination of the tile you say is not now made in this country?

Mr. GOLDEY. It will permit the importation of a very small quantity of that, but with the tendency in the matter of prices during the past six months, that increase in duty will eliminate that also.

Senator BARKLEY. Has there been any slump in the tile business in the last two or three years?

Mr. GOLDEY. 1928 was the largest year in the history of the tile industry, I believe. 1927 fell off a bit, due to a falling off in consumption, residential work, and other work where tile is a large factor. 1926 was the largest year previous to that, I believe.

Senator BARKLEY. Does this tile referred to include roofing?

Mr. GOLDEY. So far as I know, no roofing tile is imported.

Senator BARKLEY. That is all.

Senator EDGE. You are speaking in answer to Senator Barkley's question, from the standpoint of an importer answering questions as to the domestic situation, are you not? I am not criticizing it. I am simply trying to have the record straight. I mean, you are representing a foreign tile importers' association.

Mr. GOLDEY. Yes.

Senator EDGE. And the questions have been propounded to you as to the condition of the domestic industry.

Mr. GOLDEY. Yes.

Senator EDGE. And you have given those figures from your statement, or from memory.

Mr. GOLDEY. These figures are from Government reports, so far as I recall. I believe the Tariff Commission will verify them.

Senator EDGE. There does not seem to be anyone on the list here representing the domestic tile producers.

Mr. GOLDEY. The domestic industry did not appear before the Ways and Means Committee. They filed a brief, which was refuted, so far as facts and statements were concerned.

Senator EDGE. According to the memorandum I have here—and I am also utilizing a representative of the importers to get some information, Senator—according to the memorandum I have, with regard to the hearings before the Ways and Means Committee, the domestic floor and wall tile industry appeared, or filed a brief.

Mr. GOLDEY. They just filed a brief. The brief contained statements which were not based on facts, which were refuted by our statements in connection with the various items.

Senator EDGE. Does your brief discuss their brief?

Mr. GOLDEY. Yes.

Senator EDGE. And the brief you are now filing——

Mr. GOLDEY. The brief we now file—if we repeated the refutations, we would be merely repeating the brief.

Senator EDGE. We have the original brief, of course.

Mr. GOLDEY. I want to bring out a point I read in the newspapers about a week ago, with regard to a statement made before your committee in connection with valuation, by a former member of the Tariff Commission, as I understand it, saying that German tiles were being sold in this market at 40 per cent under their domestic prices. That is not a statement of fact, to the best of our knowledge. The Treasury Department, about two years ago, I believe, made an investigation of that condition in Germany, and ascertained that there was a variation of about 10 per cent, with the result that we now add 10 per cent to our costs in order to make appraised value; so that there is no difference between their domestic selling prices and their export prices, in this market.

Senator EDGE. Does your brief go into the actual cost of your imported goods delivered at the ports on this side?

Mr. GOLDEY. Yes, sir. On many of the things, even at the present rate of duty, our costs are higher and we are only able to sell them in very small quantities, among favored customers, but the present rate of protection——

Senator EDGE. That does not apply to the totals, because we have already gone over the rapidly increasing imports.

Mr. GOLDEY. Due chiefly to the shortage at seasonal periods of the year; due in one year to the destruction of one of the factories; due also to the fact that we import a large quantity—that is, a substantial quantity of our imports consist of tiles which are not at present being manufactured in this country. We created a demand for those tiles.

Senator EDGE. Relatively, how much of the total imports consist of that particular tile that is not produced here, approximately?

Mr. GOLDEY. I should say 50 per cent.

Senator EDGE. 50 per cent, then, consists of tile not produced in this country?

Mr. GOLDEY. Not at present manufactured in this country.

Senator EDGE. Are they attempting to provide a formula to manufacture it?

Mr. GOLDEY. So far as I know, one of the factories——

Senator EDGE. What do you call this particular tile?

Mr. GOLDEY. They call them art glazed. They have varied effects, and more than one color in the same tile. There is a substantial demand for them in connection with residential work, in order to get away from the ordinary tiles that have been largely used heretofore.

Senator EDGE. Are there any further questions?

Senator BARKLEY. That is all.

Senator EDGE. That is all.

STATEMENT OF LUDOLPH MULLER, NEW YORK CITY, REPRESENTING THE FOREIGN TILE IMPORTERS' ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. MULLER. I just came here, Mr. Chairman, in case the Senators wanted to ask any questions. I appeared before the Ways and Means Committee. I just asked, at the time, that we be permitted to file a brief, which we did.

Senator EDGE. You appeared before the Ways and Means Committee, did you?

Mr. MULLER. We filed a brief. That was all that happened before the Ways and Means Committee. We then got our data from abroad and filed a brief.

Senator EDGE. As I understand it, you represent the same viewpoint and the same association as the previous witness.

Mr. MULLER. That is correct.

Senator EDGE. Do you have anything of a supplementary nature to offer in addition to what he has already testified to?

Mr. MULLER. I do not think so. I think it has been covered. I can only say that while the importations have increased, the domestic production has increased in the same way, practically, in the last few years. The domestic factories also have imported tiles from abroad. It is not only the importers, but also the domestic producers.

Senator BARKLEY. Have they sold them as domestic products?

Mr. MULLER. No, sir.

Senator BARKLEY. They have sold them as imported goods?

Mr. MULLER. Yes, sir.

(Mr. Muller submitted the following brief:)

BRIEF OF THE FOREIGN TILE IMPORTERS ASSOCIATION OF AMERICA, (INC.)

1. *Tile an essential building material.*—Tiles are used increasingly in homes, hotels, schools, hospitals, apartments, dairies, abattoirs, etc.

2. *Domestic tile industry enjoying record prosperity.*—(*a*) American Encaustic Tiling Co. (Ltd.), the largest clay products unit in the world, producing about 25 per cent of entire domestic production, declare 100 per cent stock dividend in 1929, after increasing dividend on common stock from $2.40 to $3.40 per share in August, 1928, and in November, 1928 increased the dividend to $4 per share. (See clippings from Wall Street Journal filed with subcommittee at hearing on June 19, 1929.)

(*b*) The Rossman Corporation is a consolidation of four tile establishments showing steady and substantial profits according to prospectus issued at time of merger two years ago.

(c) According to confidential reports issued by R. G. Dun and Bradstreet, other domestic tile factories show continued and substantial profits.

(d) An editorial from June, 1929, issue, Tile and Tile Work, trade paper of the industry, reads in part as follows:

"Hardly a week passes but that a report reaches this desk telling about this factory or that factory greatly increasing its production. It can be safely said that virtually every tile factory in the United States is now working full time and several of them have found it necessary to engage double shifts to keep up with the demand. We prophesy that the production and consumption of tile for the current year will in volume and money greatly exceed the fondest expectations or estimates of any so far made."

The editorial further states that "Good sized melons are being cut by almost every factory."

(e) Steady and substantial growth of industry is clearly indicated by following quantity of domestic production (Summary of Tariff Information 1929, p. 427):

	Square feet
1919	24,308,473
1927	90,612,072

The 1927 decrease in production as compared with 1926 is attributed to destruction by fire of the plant of the Empire Floor & Wall Tile Co.

3. *Imports small in amount and importance.*—(a) Causes of imports:

(1) Inability of domestic production to satisfy demand particularly during seasonal periods notwithstanding tremendous increase in domestic production.

(2) Introduction and popularity of new imported tiles not manufactured in the United States.

(b) Total imports never exceeded 6½ per cent of total sales in the United States.

(c) Increase in domestic production exceeds increase in importation.

(d) The 1928 increase in imports was due chiefly to shipments of imported tile to domestic factory of plant destroyed by fire in 1927.

(e) Substantial quantities were imported directly, or purchased through importers, by some factories in the United States.

(f) Ten per cent of imports represent Quarry Tiles in which we have no interest and therefore figures of imports should be reduced accordingly to obtain approximate comparison.

4. *Comparative costs of imported tile with domestic production costs.*—(a) Summary of Tariff Information, 1929, is misleading in price comparison. It compares import cost f. o. b. foreign port of shipment with domestic list selling price f. o. b. factory. The following figures give a more accurate comparison of the principal item specified in Tariff summary:

United States price f. o. b. factory

6 by 3 inch white wall tile:	
Commercials	0.25
Specials	.18

Import costs ex warehouse New York

6 by 3 inch white wall tile:	
First	0.25
Second	.21

Comparison of figures should be made with total costs ex warehouse New York on imported tile and actual average selling prices of domestic factories. Any other comparison is thoroughly misleading.

(b) A substantial item of import is colored tile: Total import cost ex warehouse is $0.47 per square foot as compared with actual selling price of domestic factories ranging from $0.35 to $0.55 per square foot. Colored tile in the New Yorker Hotel job, New York City, was sold during the last few months at below $0.40 per square foot. Import cost of $0.47 per square foot does not include overhead or profit but represents actual cost.

5. *Labor and machinery.*—(a) Labor and machinery in tile plants abroad inefficient as compared with American labor and machinery.

(b) Up-to-date tile plants in the United States use tunnel-kilns, power presses, sizing machines, conveying equipment and other modern appliances, most of which are not at present employed in European plants.

(c) Wholesale adoption of labor-saving equipment by United States plants has greatly decreased production costs of domestic plants.

(*d*) Low paid Mexican labor employed in tile plants on west coast of United States according to report from Fred M. Dean, which reads in part as follows:

"You have already shown in your original brief that, owing to the installation of modern machinery, the domestic tile manufacturers have been able to greatly increase production with less labor cost. One fact that we didn't bring out is that here in California, at least, the tile manufacturer employs a large percentage of woman labor, and of these women a majority are low-paid Mexicans. I tried once to determine the exact number of Mexican women employed in the local tile plants, but for obvious reasons I could never get accurate statistics. I do know from my various visits through the plants that the percentage of Mexican labor is very high."

6. *Few domstic factories affected by tariff.*—(*a*) While the Department of Commerce (November 7, 1928) shows 62 establishments reported manufacturing tile in 1927 in the United States, only about 15 plants manufacture the class of tile similar to the larger portion of imported tiles.

(*b*) The domestic industry has a complete monopoly in all inland areas, including the whole midwestern area.

7. *Accusation relative to undervaluation of imports.*—(*a*) Statement made before Senate Finance Committee on June 12 by William Burgess former member of Tariff Commission to the effect that German tile was sold in the home market at a price 40 per cent higher than export prices to the United States is absolutely incorrect and is clearly disproved by investigation of Treasury Department in 1927. That investigation, after taking into consideration f. o. b., packing, taxes, etc., costs, concluded that there was a difference of 10 per cent between German prices in the home market and export prices to the United States. As a result all entries of German tile at present must add 10 per cent to invoice price in order to make valuation.

8. *Summary of tariff information, 1929.*—This report states that imports consist largely of white glazed wall tile and trim, but figures obtained by us from those firms who import white tile indicate that the imports of white glazed wall tile are less than one-fifth of the total imports.

9. *Advantages obtained from imports.*—The introduction of many kinds of new tiles and the popularizing of these tiles through efforts of importers has stimulated the demand for other tiles manufactured in the United States.

10. *Rates of duty.*—(*a*) Present rates averaging 50 per cent prevent the wider use of tile in various farm establishments such as abattoirs, dairies, etc., and also in very low priced dwellings in farm areas.

(*b*) Proposed increase averaging 15 to 25 per cent would act as an embargo against further importations of most tile and would create a complete monopoly for domestic industry.

(*c*) Continued growth and prosperity of domestic industry and inability to satisfy demand indicates that present tariff affords more than sufficient protection.

11. *Conclusion.*—Any increase in the present rates will violate the policy of the administration as to the purpose of present tariff revision in view of the fact that the industry is at present enjoying and has enjoyed for a number of years past the greatest prosperity in its history. If the function of the tariff is to provide a rate inadequate to afford protection to the industry, then the present rates are 25 per cent excessive. A reduction of 25 per cent in the present rates will provide ample protection and more than equalize comparative costs. We therefore request a downward revision as follows:

Tile valued at not more that $0.40 per square foot, $0.08 per square foot but not less than 30 per cent nor more than 45 per cent.

Tile valued at more than $0.30 per square foot, 37½ per cent.

Any further information which your committee may require can be obtained from Ludolph Muller, care of Hansa Co., 131 East Twenty-third Street, New York City.

LUDOLPH MULLER, *President.*

COUNTY OF NEW YORK,
State of New York, ss:

Mr. Ludolph Muller, being duly sworn, deposes and says that he is the president of the Foreign Tile Importers Association of America (Inc.); that he has read the foregoing statement; and that all the facts therein contained are true to the best of his knowledge, information, and belief.

LUDOLPH MULLER,
President Foreign Tile Importers Association of America (Inc.).

Sworn and subscribed to before me this 15th day of July, 1929.

BENJAMIN BERNSTEIN,
Notary Public.

BRIEF OF THE WEST COAST TILE IMPORTERS ASSOCIATION, LOS ANGELES, CALIF.

This brief presented by the tile importers of the Pacific coast is for the purpose of entering a protest against the proposed increase in duties on tiles as submitted in H. R. 2667.

The data upon which this protest is based and the justification for it, appear in the printed hearings concerning paragraph 202 before the Ways and Means Committee of the House of Representatives, and are hereby referred to and made a part hereof.

The information as presented by the tile importers and as borne out by the Tariff Commission on pages 426–432 of Summary of Tariff Information, 1929, on tariff act of 1922, Schedule 2, show two facts conclusively:

1. The tile manufacturing industry of the United States is enjoying and has every reason to anticipate a continuation of highly prosperous conditions.
2. Imported tile in 1928 constituted only 6 per cent of the domestic production; a quantity which in no sense threatens the dominant position now occupied by the domestic industry.

In view of these basic facts any increase added to the present high tariff can have but one effect, namely: To lead to a complete monopoly of the American market in the hands of the domestic producers. It is the sincere belief of the signatories hereto that such a condition would be intolerable to American economic principles and ordinary fair play, and further, impose an unjust burden upon the ultimate consumers of tiles.

WEST COAST TILE IMPORTERS ASSOCIATION,
By J. J. KESSLER,
West Coast Tile Co.
OMER F. ERNSTER,
Burnham Tile Co.
F. H. BLUMENTHAL,
Ticla Tile Importing Co.

LETTER FROM THE NATIONAL TILE COMPANY, ANDERSON, IND.

HON. JAMES E. WATSON,
United States Senate, Washington, D. C.

MY DEAR SENATOR: The tile industry of Indiana needs your support and active help in obtaining a sufficient degree of protection against foreign tile importations, and I am taking the liberty of sending herewith certain information touching upon the high points of the situation. I would appreciate very much if you would intercede in our behalf with the chairman of the Senate Finance Committee, namely, Senator Smoot, so that the two important changes are made in the House bill.

We are not asking for complete protection but for no more than a reduction of the competitive differential to a point where the domestic product has a chance to compete in the principal markets of the United States.

In reporting the 1929 tariff bill to the House the Ways and Means Committee acknowledged the tile importer's advantage in the following statement:

"The selling prices at New York City of various types of decorated wall and floor tile, as compared with the costs to the importer at foreign ports, indicate the importer has an advantage. The rates of duty in force under the act of 1922 are insufficient to protect the industry against the increasing foreign competition. The rates have been slightly increased in the interests of the American producer."

We appreciate the slight advance in rates although our recommendation for a redrafting of the paragraph was not granted. While we do not for a moment recede from our original request of having the entire paragraph rewritten there seems to be little chance for accomplishing this in view of the peculiar political aspects. We have come to the conclusion that it is more expedient to follow up the intial move made by the Ways and Means Committee of the House in leaving the wording of the paragraph substantially as in the 1922 law and securing merely an adjustment in the rates which will protect us in the major items of foreign competition. The two amendments to the House bill for which we seek to enlist your support are, first: An increase in the minimum ad valorem rate from 50 to 60 per cent and, secondly; the insertion at the end of the first section of the paragraph of the phrase, "trimmers and strips, four-tenth cents per square inch."

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The need for these amendments was substantiated in our brief to the House committee with comparative wage scales, tabulations of comparable prices, and similar information. The following is our recommendation for the wording of the paragraph and represents the very minimum below which our industry can not go without certain detrimental effects upon production and employment.

"PAR. 202: (a) Tiles, unglazed, glazed, ornamented, hand painted, enameled, vitrified, semivitrified, decorated, encaustic, ceramic mosaic, flint, spar, embossed, gold decorated, grooved or corrugated, and all other earthen tiles or tiling by whatever name known (except pill tiles, but including tiles wholly or in part of cement), 10 cents per square foot, but not less than 60 nor more than 70 per centum ad valorem; trimmers and strips five-tenths cents per square inch.

"(b) Mantels, friezes, and articles of every description of parts thereof, composed wholly or in chief value of earthen tiles or tiling, except pill tiles, 50 per centum ad valorem."

Change in ad valorem minimum.—There is no justification for a division of tiles in two groups, those valued less than 40 cents and those valued at more than 40 cents, inasmuch as over 90 per cent of all tile imports are valued at less than 40 cents per square foot. The minimum of 60 per cent should be made applicable to all tiles covered in this paragraph, except trimmers and strips. The present rate stipulated in the House bill if 50 per cent. This increase to 60 per cent in the ad valorem minimum will barely enable us to compete in the major item of importation without assuring actual protection, and still leave unglazed tiles, such as vitrified, semivitrified, encaustic, flint, spar, etc., with about one-quarter of the protection that would be necessary to equalize the competitive differentials. Fortunately the volume in the latter class is not as great as that of the glazed importations. The principal items against which we seek protection are the so-called matt glazed and bright glazed tiles brought in in ever increasing volumes from Germany for which the following are comparable prices, f. o. b. New York exclusive of duty:

	Domestic	Foreign	Difference
Matt glazed	67.8	24.9	42.9
Bright enamel black	60.3	22.9	37.4

Even with this increase in the minimum ad valorem our industry would enjoy no more than about one third of the protection it actually needs for complete equalization.

Separate rate for trimmers and strips.—As our industry pointed out to the Ways and Means Committee the regular rates applying to tiles can not be made to cover so-called trimmers and strips, which are really handmade pieces that are largely hand pressed, hand glazed, and hand decorated and require a much greater number of handlings by skilled and unskilled labor during the process of production than other kinds of tiles. Consequently the domestic manufacturers with wage scales 4 to 5 times higher than those of the foreign manufacturer is at a considerable disadvantage unless a separate and specific duty on these articles is stipulated in the paragraph. In 1922 our industry did not have to contend with this competition and the paragraph consequently made no provison for it, but in the last few years the importers have taken advantage of this deficiency in the 1922 bill and have brought in great quantities of these articles on the square foot rate of duty, which has made it absolutely impossible for the domestic manufacturer to sell the same articles in competition with the foreign-made articles.

I should point out too, that our industry is in position to meet any domestic demand and there is no type of the imported tiles which could not be produced and sold in this country if a slight advance in the duty were granted. In fact within the last two years there has gradually developed a considerable idle plant capacity. It is also significant that the importer does not sell at a low price to benefit the public, but just low enough to take business from the domestic producers and the slight difference in price is not passed along by the intermediate buyer to the public. The home builder pays the same price for foreign tiles as for domestic goods. Incidentally the type of tiles which this paragraph covers has nothing to do in one way or another with the farm problem because tiles are used entirely in urban communities.

I should add that the average monthly importations of tiles in 1929 increased 75 per cent over those in 1928. The importations in 1929 were 553 per cent greater

than in 1922, while the domestic industry in the same period and in spite of tremendous building activity enjoyed an increase of only 80 per cent.

My company represents the largest tile producing unit in Indiana. We depend upon the market represented by the Atlantic and Pacific coast cities, where importations are concentrated, to absorb a substantial portion of our production. We know that our business is seriously affected in these markets by the increasing volume of importations and we trust that our appeal for relief will meet with your whole-hearted support. We are ready at any time to substantiate and enlarge any of the statements made herewith and in any form that may be necessary.

Yours very truly,

THE NATIONAL TILE CO. (INC.),
By L. S. JONES, *President*.

TILE PARAGRAPH IN HAWLEY BILL AS PASSED BY THE HOUSE, 1929, WITH CORRECTIONS

PAR. 202. (a) Tiles, unglazed, glazed, ornamented, hand painted, enameled, vitrified, semivitrified, decorated, encaustic, ceramic mosaic, flint, spar embossed, gold decorated, grooved or corrugated, and all other earthern tiles and tiling by whatever name known (except pill tiles, but including tiles wholly or in part of cement), 10 cents per square foot, but not less than 60 nor more than 70 per centum ad valorem; trimmers and strips four-tenths cents per square inch.

(b) Mantels, friezes, and articles of every description or parts thereof, composed wholly or in chief value of earthern tiles or tiling, except pill tiles, 50 per centum ad valorem.

QUARRIES

[Par. 202 (a)]

STATEMENT OF E. H. COUSINS, REPRESENTING WILLIAM H. REVIS (INC.), NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Whom do yo[illegible] Cousins?

Mr. COUSINS. I repres[illegible] (Inc.), and also Mart & Lawton. I [illegible] a somewhat similar business. In[illegible]ure [illegible]d not come down and go over [illegible] I simply [illegible] them, and they said they wo[illegible]d to [illegible]me spe[illegible]

Senator EDGE[illegible]om the [illegible]t [illegible]isted as representing th[illegible]f "quarr[illegible]para[illegible] is the paragraph we [illegible]t had [illegible]n. W[illegible]icular part of the par[illegible]

Mr. COUSIN[illegible]

Senator EDG[illegible] I am merely asking [illegible]ranted [illegible]

Mr. COUSINS[illegible]r.

Senator EDG[illegible]he ge[illegible] quarries[illegible]eed in your own way. [illegible] ap[illegible]use com[illegible]

Mr. COUSINS. [illegible] sho[illegible]ef, b[illegible]d not go into the question[illegible] costs an[illegible]er[illegible], which I would like to do at [illegible]

Senator EDGE. Bef[illegible] you a couple of general questions. H[illegible]odities you represent, quarry products, d[illegible] in the last seven years?

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Mr. COUSINS. Of course, seven years ago there was very little being done on the other side. I have records only from about 1923 and 1924, and they are practically stationary since that time.

Senator EDGE. The imports?

Mr. COUSINS. Yes. The available records I could get on quarries started with 1924, showing an importation of 605,000 square feet.

Senator EDGE. Your commodity is what you term "quarry tile," is that it?

Mr. COUSINS. That is right, sir. Did you want those figures, or have you the figures before you?

Senator BARKLEY. Why not let him make his statement?

Senator EDGE. Make your statement.

Mr. COUSINS. The importation for 1924 was 605,000 square feet; for 1925, 530,000; 1926, which, incidentally, was the year of the coal strike, when it would be expected they would decline, was 400,000; 1927 was back to 600,000, just short of the figures for 1924. The figures for 1928 I have never seen. I have never been able to obtain them.

Senator BARKLEY. They were 373,428. You speak of imports?

Mr. COUSINS. Yes. That is quite a diminution.

Senator EDGE. That is reduced considerably from 1927—597,000.

Mr. COUSINS. Yes.

Senator EDGE. What do you want that is different from the bill as passed by the House?

Mr. COUSINS. We would like to have quarries kept as a separate unit; that is, made an exception to the regular tile tariff. Heretofore they have had a duty of so much for tiles, except quarries and pill tiles, and they have recognized that quarries should not justly be put under the same tariff, under the same rate.

This year they have eliminated that exception, and thrown quarries into a very high duty, which is used for tiles, which are very much more valuable, very much easier to handle, less expensive to transport, and so forth.

Senator EDGE. In the 1922 act the duty was 3 cents per square foot but not less than 30 per cent ad valorem.

Mr. COUSINS. That is right.

Senator EDGE. Now, with this transfer to paragraph 202, you come under this maximum of 70 per cent, or whatever it might be?

Mr. COUSINS. That is right.

Senator EDGE. You object to that extra duty?

Mr. COUSINS. We do, sir.

Senator EDGE. Go ahead with your statement.

Mr. COUSINS. A part of this has already been brought out. I do not want to waste your time.

I am president of William H. Revis (Inc.), of New York, and also speak for Messrs. Mart & Lawton, of New York, the two remaining firms doing a regular business in the importation of quarries.

Since the definition of quarries is not always thoroughly understood, I should explain that quarries are heavy slabs of burned clay used for flooring and paving and are not decorated in any manner. Quarries are made from the same material and in much the same manner as face brick, and to a large extent are manufactured by makers of face

brick. Previous tariffs have recognized that quarries can not be correctly placed in the same classification as tiles since the valuation is very low and their bulk and weight compared to the unit of value results in a barrier against importation. The handicap against imported quarries is increased owing to the fact that these must all be packed in crates for shipping, whereas the domestic quarries are successfully shipped loose in car-lot quantities.

Before going into the specific question of costs, we will give a brief statement showing that the sale of domestic quarries has increased many times during a term of years, whereas the opposite is true of imported quarries. Practically all imported quarries come from the town of Ruabon in the northern part of Wales. Fifteen years ago there were five Ruabon factories producing quarries; in 1921 there were four, and to-day only three factories remain. Fifteen years ago there were a number of concerns and individuals importing Welsh quarries. This was reduced to four in 1921, and to two at the present time. Against these declining figures must be shown an exceedingly small American industry 15 or 20 years ago, with probably two or three factories producing probably less than 50 per cent of the quarries being used.

To-day there are a considerable number of large and up-to-date factories producing domestic quarries. These factories account for all but a very small proportion of the quarries used in the United States and in addition are able to take care of some export business.

Senator EDGE. What is the percentage of imports to domestic production?

Mr. COUSINS. I am not able to get the figures of domestic production, because all the figures I have seen put all floor tiles together. They count quarries as floor tiles. The last figures that I had were for 1927, showing about 20,000,000 feet all together, but that included other kinds of floor tiles.

An example of how the domestic factories are able to compete may be cited in a recent order negotiated by our firm for a domestic factory whom we also represent. This order was from the Government for delivery to the Panama Canal and was obtained against open competition.

We attach hereto four exhibits, each of which refer to the four most common sizes in which quarries are used. It is shown that under the present tariff the bare cost of 6 by 6 Welsh quarries in New York amounts to 20 cents per square foot and the cost under the proposed bill would be 25 cents per square foot. Please note that these costs do not include trucking, warehousing, overhead for our English shipping office, overhead for our American organization, including sales force and profit, which brings our selling cost up to 30 cents per square foot in competition with our price on American quarries of 17, 15, or 10 cents per square foot for select, standard, or commercial grades, which price includes not only the cost, overhead, and profit of the factory but also includes our profit on the sale of these goods. In taking the cost of 6 by 9 quarries, which is the size almost always used for promenade roofing purposes, the difference is even greater. Welsh quarries of this size under the present tariff cost 31½ cents per square foot on dock in New York without any

handling, insurance, overhead, or profit. The new bill will mean a cost of 35⅝ cents under the same conditions. To these high costs must be added the usual expenses of doing business, which brings the price of 6 by 9 Welsh quarries up to 38 cents per square foot at New York. The domestic factory price is again 17 cents for the select grade and 10 cents per square foot and in some cases even less for the bulk of this size which is commonly used for roofing. Nine by nine Red Welsh quarries cost 25½ cents under the present tariff or 31 cents under the proposed tariff with a retail sales price of 33 cents against the domestic retail sales price ranging from 24 to 12 cents.

The fourth comparison completing the commonly used sizes refers to 4 by 4 Quarries, the cost of the Welsh being 27 cents per square foot on dock New York, or 32 cents per square foot on dock New York under proposed tariff, with a retail sales price of 41 cents per square foot. The retail sales price of the domestic is 20 cents down to 10 cents. The prices we have given you can be relied upon as the correct prices, but we wish to note an exception, that is, one domestic factory is now producing what is known as an Improved Quarry which is hand finished after being burned. I believe that the price of these improved quarries is 4 cents per square foot above the regular domestic prices. The one exception noted is, I believe, a matter of experiment and does not establish domestic prices.

Considering the high cost of imported quarries, even under the existing tariff, it is almost inconceivable that a new tariff would propose increases averaging five (5) cents per square foot on these four commonly used sizes. This effect has been obtained by a practically unnoticed and probably erroneous deletion in the wording of the schedule. Schedule 2, paragraph 202, tariff of 1922, a copy of which is attached, excepts so-called quarries or quarry tiles, red or brown, measuring seven-eighths inch or over, from the classification governing ordinary tiles, and in view of the obvious difficulty of importing heavy but inexpensive material of this sort, allowed a special duty on quarries of 3 cents per square foot but not less than 30 per cent ad valorem. The proposed tariff throws quarries into the same class with glazed, ornamented, hand-painted, enameled, decorated, embossed, and so forth, tiles calling for a duty of 10 cents per square foot but not less than 50 nor more than 70 per cent ad valorem.

The comparison of prices which we have given shows the working of the present tariff and also the proposed tariff, and we ask that consideration be given to our plea for relief. The statements and figures which we have made and given are conservatively correct as can be ascertained from almost any source. We also offer a letter from William H. Jackson Co., of New York and Chicago, probably the largest and best known firm of tile contractors in this country. This letter states, in part:

If an architect specifies quarries, no one would ever figure imported quarries because the difference in price would be enough to lose the job.

The letter further states:

That due to the difference in price between the foreign and domestic quarries the use of Welsh quarries is negligible in comparison to 20 years ago.

Senator EDGE. Does your firm, William H. Revis (Inc.) represent the Welsh quarries, or are you selling agents for the Welsh quarries?

Mr. COUSINS. We represent one of the factories, J. C. Edwards (Ltd.). We have represented them for 30 years.

Senator BARKLEY. What proportion of the total consumption of quarries is represented by this 373,000 square feet imported in 1928, if you know?

Mr. COUSINS. That is very hard to say. I have asked one or two people better able to judge than myself, because they are on the using end of the business, and they have suggested that probably half of all floor tiles are quarries. I think that is very conservative, so that you would take the total number of floor tiles produced in the United States and divide by two, and that would give you a comparison with the imported figures, which you have.

Senator BARKLEY. Is this 373,000 square feet a large or small percentage of the total?

Mr. COUSINS. Very small. In 1927 the domestic production was 20,000,000 feet.

Senator BARKLEY. It would be about one-fourth of 1 per cent?

Mr. COUSINS. No. It would be more than that. You have 373,000 against—have you the domestic production in 1928?

Senator BARKLEY. No, sir.

Mr. COUSINS. We will have to assume it was about 20,000,000. Assuming that it was the same as 1927, it would be 373,000 against about 10,000,000, we will say, or probably one-thirtieth, or around 3 per cent.

(The exhibits referred to by the witness are as follows:)

EXHIBIT A

Typical invoice, 6 by 6 red Welsh quarries

10,000 6 by 6 red quarries at 117/6	£58. 15. 0	
Less 10 per cent	5. 17. 6	
	52. 17. 6	
200 crates at 13¼ pence	11. 0. 10	
	53. 18. 4	=$311. 05
Duty under present tariff		93. 30
Freight to Liverpool		28. 39
Ocean freight		64. 59
		497. 33

Equivalent to 20 cents per square foot on dock, New York.

	311. 05
Duty under proposed bill	217. 70
Freight to Liverpool	28. 39
Ocean freight	64. 59
	621. 73

Cost per square foot on dock, New York, 25 cents.

EXHIBIT B

Typical invoice 6 by 9 red Welsh quarries

2,016 pieces 6 by 9 red quarries at 230/	£23. 3. 8	
Less 10 per cent	2. 6. 4	
	20. 17. 4	
112 crates, at 18½ pence	8. 12. 8	
Duty under the present tariff		$43.20
	29. 10. 0 =	143.56
Freight to Liverpool		14.48
Ocean freight		35.77
		237.01

Equals 31½ per square foot on dock, New York.

	143.56
Duty under proposed bill	75.60
Freight to Liverpool	14.48
Ocean freight	35.77
	269.41

Which equals 35⅜ cents per square foot on dock, New York.

EXHIBIT C

Typical invoice 9 by 9 red Welsh quarries

5,008 pieces 9 by 9 red quarries at 322/6	£80. 15. 1	
Less 10 per cent	8. 1. 6	
	72. 13. 7	
313 crates, at 13 pence	16. 19. 1	
	89. 12. 8 =	$436.20
Duty under present tariff		130.80
Freight to Liverpool		43.11
Ocean freight		107.30
		717.41

Which equals 25½ per square foot on dock, New York.

	436.20
Duty under proposed bill	281.70
Freight to Liverpool	43.11
Ocean freight	107.30
	868.31

Which equals 31 cents per square foot on dock, New York.

EXHIBIT D

Typical invoice, 4 by 4 red Welsh quarries

5,000 pieces of 4 by 4 red quarries, at 77/6	£19. 7. 6	
Less 10 per cent	1. 18. 9	
	17. 8. 9	
Packing 50 crates, at 13 pence	2. 14. 2	
	20. 2. 11 =	$98.04
Present duty		29.40
Freight to Liverpool		6.06
Ocean freight		17.12
		150.62

Equaling 27 cents per square foot free on dock, New York.

	$98.04
Duty under proposed bill	55.55
Freight to Liverpool	6.06
Ocean freight	17.12
	176.77

Or 32 cents per square foot free on dock, New York.

EXHIBIT E

SCHEDULE 2, PARAGRAPH 202, TARIFF OF 1922

Tiles, unglazed, glazed, ornamented, hand painted, enameled, vitrified, semi-vitrified, decorated, encaustic, ceramic, mosaic, flint, spar, embossed, gold decorated, grooved or corrugated, and all other earthenware tiles and tiling by whatever name known, except pill tiles and so-called quarries or quarry tiles, red or brown, and measuring seven-eighths of an inch or over in thickness, but including tiles wholly or in part of cement, valued at not more than 40 cents per square foot, 8 cents per square foot, but not less than 45 nor more than 60 centum ad valorem; valued at more than 40 cents per square foot, 50 per centum ad valorem; mantels, friezes, and articles of every description or parts thereof, composed wholly or in chief value of earthenware tiles or tiling, except pill tiles, 50 per centum ad valorem; so-called quarries or quarry tiles, red or brown, and measuring seven-eighths of an inch or over in thickness, 3 cents per square foot, but not less than 30 per centum ad valorem.

WM. H. JACKSON CO.,
New York, June 14, 1929.

WM. H. REVIS (INC.), *New York, N. Y.*
(Attention Mr. Couzens.)

DEAR SIR: With reference to your request of June 15 regarding the quarry situation, we would say that as regards a general comparison of the prices of the foreign and domestic quarries that to-day "if an architect specified quarries" no one would ever figure imported quarries because the difference in price would be enough to lose the job if any considerable amount would be required.

Furthermore, in our opinion, due to the difference in price between the foreign and domestic quarries, the use of Welsh quarries as in comparison of 20 years ago has become almost negligible. Frankly, we can not see any reason why duty should be raised on these quarries, as it is a well known fact that they are to-day so much more expensive than the American quarries that where the prices at all enter into equation the American quarries are immediately taken.

Trusting the above information is satisfactory to you, we are,

Very truly yours,

WM. H. JACKSON CO.
W. J. WAGNER,
Tile Department.

CRUDE MAGNESITE

[Par. 204]

STATEMENT OF NELSON FRANKLIN, WASHINGTON, D. C., REPRESENTING MAGNESITE MINERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. FRANKLIN. I shall occupy only a few minutes of your time, sir.

Senator EDGE. Mr. Franklin, you represent the tungsten miners?

Mr. FRANKLIN. No. I represent the magnesite miners.

Senator EDGE. You are appearing before the committee to testify in connection with paragraph 204?

Mr. FRANKLIN. No. 204; yes, sir.

Senator EDGE. Did you appear before the House Ways and Means Committee?

Mr. FRANKLIN. We did. I appeared.

Senator EDGE. Did you file a brief with them?

Mr. FRANKLIN. I did.

Senator EDGE. Are you proposing to file something supplemental to that brief? We do not want the same brief.

Mr. FRANKLIN. No; it is not the same brief. It is on a different matter, on a different controversy.

Senator EDGE. Then, as a matter of fact, you have not filed a brief on this particular subject with the Ways and Means Committee?

Mr. FRANKLIN. Not the subject I want to talk about.

Senator EDGE. That is what I asked you.

Mr. FRANKLIN. I appeared before the committee and only asked that the same rates that were now existent on all the products of magnesite remain.

Senator EDGE. Let me get this straight.

Mr. FRANKLIN. Perhaps I can explain that.

Senator EDGE. The House bill proposes a raise from five-eighths of a cent to fifteen-sixteenths of a cent a pound, is that correct?

Mr. FRANKLIN. On which commodity?

Senator EDGE. On the caustic calcined magnesite.

Mr. FRANKLIN. Yes.

Senator EDGE. On crude magnesite, five-sixteenths of 1 cent.

Mr. FRANKLIN. That is what I wanted to talk about—the crude. I asked, before the committee, that the rates as proclaimed by the President in November, 1927, remain. The Tariff Commission had just completed an investigation and recommended the full raise of 50 per cent on crude magnesite and caustic calcined magnesite.

Senator EDGE. What would that 50 per cent have reached?

Mr. FRANKLIN. On the crude, the 1922 act provides for $6.25 per ton, and the present raise of 50 per cent made it $9.375 per ton.

For some reason they did not proclaim the duty on crude magnesite that was proclaimed by the President. They did not provide for it in the bill, I should have said, as proclaimed by the President.

Senator EDGE. Let me get that straight. The House bill provides for crude magnesite, five-sixteenths of 1 cent a pound.

Mr. FRANKLIN. That means $6.25 per ton. The President had proclaimed, in November 1927, a raise of 50 per cent on that.

Senator EDGE. Which would have made it——

Mr. FRANKLIN. The $6.25 is what was provided by the 1922 act. The increase of 50 per cent makes it $9.375.

Senator EDGE. The House has retained the old schedule without the presidential increase.

Mr. FRANKLIN. Yes, sir. It retained the raise on the caustic calcined, which is the finished product of the crude magnesite. They retained that rate as proclaimed by the President.

Senator EDGE. I see, yes; but they did not on the crude.

Mr. FRANKLIN. They did not on the crude.

Senator EDGE. You are here to protest because of that fact.

Mr. FRANKLIN. Yes, sir; because there are some new conditions. There is a very large deposit, about 300 miles south of San Diego, in Lower California, Mexico, of a very high grade amorphous magnesite, which has laid dormant there all the time, and it is now financed, Mr Chairman, and the machinery is going in on the ground. The freight rate from that point, for instance, into Los Angeles or San Francisco, is about $2 a ton. If the rate of $6.25 is left in the bill on crude magnesite, we are out of business in California, on account of that low freight rate from that property in Lower California, Mexico, where the wages are low, of course, also.

Senator EDGE. What is your record of the percentage of importations to the domestic production? Have you the record there?

Mr. FRANKLIN. On crude?

Senator EDGE. On crude. I am speaking now entirely of crude magnesite.

Mr. FRANKLIN. Of crude magnesite, last year there were 900 tons brought into the country.

Senator BARKLEY. The Tariff Commission report shows that the importations of crude magnesite have fallen off from 61,000 tons in 1922 to 762 tons last year. In view of that decrease, almost to the vanishing point, how does that seriously affect the market for it in the United States?

Mr. FRANKLIN. Senator, most of the magnesite comes in now as a finished product, either as caustic calcined, or as dead burned, which is another product.

Senator BARKLEY. The importations of caustic calcined in 1923 were 11,229 tons; in 1927, only 108 tons; but last year, 5,472 tons.

Mr. FRANKLIN. Yes, sir; on caustic calcined.

Senator BARKLEY. So that there is a decrease there.

Mr. FRANKLIN. Yes, sir.

Senator BARKLEY. Of 50 per cent?

Mr. FRANKLIN. There is an extra duty on that. It was raised from $12.50 to $18.75.

Senator BARKLEY. What I am getting at is that the importations of both crude and caustic calcined, having fallen off considerably in the last seven years, I do not see why——

Mr. FRANKLIN. That duty of $9.375 is now in existence. The House bill proposes to put it back to the 1922 figure of $6.25.

Senator BARKLEY. I do not see how any duty can very much affect the situation when you have such small importations.

Mr. FRANKLIN. It would not, except for the fact I am telling you about, this new development in Lower California, Mexico. That is now financed and machinery is going into the plant at this time. They have erected a plant there for operation of that property.

Senator BARKLEY. Where is it financed?

Mr. FRANKLIN. In California.

Senator BARKLEY. With American capital?

Mr. FRANKLIN. Yes.

Senator BARKLEY. Are the same people interested in it that are interested in the California deposits?

Mr. FRANKLIN. They are not. That is why we are appearing here.

Senator BARKLEY. They got in ahead of you down in Lower California.

Mr. FRANKLIN. If that stuff comes in from Lower California, we are out of business on crude, and also on caustic calcined, for the Pacific coast. We can not enter the Atlantic coast trade on a duty of $9.375 on crude magnesite.

Senator BARKLEY. When was this deposit opened up?

Mr. FRANKLIN. It has been known for some time, but was not financed.

Senator BARKLEY. Have they actually imported any yet?

Mr. FRANKLIN. They have mined some stuff.

Senator BARKLEY. But they have not imported any into this country yet?

Mr. FRANKLIN. No; they have never had the machinery there on the ground to operate.

Senator BARKLEY. So, you are seeking protection against a future possibility instead of a present danger?

Mr. FRANKLIN. It is absolutely going to be a fact. When the House reduced the rate to $6.25 they immediately financed that property.

Now, they can import that stuff into California, and we will lose our California trade for crude magnesite, which is put into epsom salts, pipe covering, and so forth.

Senator BARKLEY. In other words, this financing development has occurred within the last three months?

Mr. FRANKLIN. Yes, sir.

Senator EDGE. The 1928 report of the total value of the imports is only $132,000, and that showed a decrease under any previous year.

Mr. FRANKLIN. We had a higher duty in 1928, Mr. Chairman, and the imports were lighter.

Senator EDGE. When did this go into effect?

Mr. FRANKLIN. Do you mean on the crude?

Senator EDGE. No; on the caustic.

Mr. FRANKLIN. That is a different proposition.

Senator EDGE. Let us see how it is on the crude.

Mr. FRANKLIN. On the crude, less than 900 tons total came in.

Senator BARKLEY. There was $6,264 of the crude in 1928.

Senator EDGE. It is really negligible, is it not, as a matter of business?

Mr. FRANKLIN. There is not much crude brought in, unless it would take this low rate of $6.25. There was crude brought in up to the time the rate went up to $9.375; a good deal of crude.

Senator BARKLEY. Was there any effort made to finance this Lower California proposition while it was $6.25, before the present raise?

Mr. FRANKLIN. I do not know.

Senator BARKLEY. When was that raise made?

Mr. FRANKLIN. To $9.375? In November, 1927.

Senator BARKLEY. It has been in effect a little over a year. I do not want to ask any further questions.

Senator EDGE. I just wanted to get this straight, in order to help write the bill. I have the crude magnesite in mind.

Mr. FRANKLIN. Yes, sir.

Senator EDGE. On the caustic calcined magnesite, this change from five-eighths to fifteen-sixteenths of a cent a pound is, then, the same as the President's proclamation.

Mr. FRANKLIN. On caustic calcined.

Senator EDGE. Yes. I am talking about the second item.

Mr. FRANKLIN. Yes, sir. That corresponds to the proclamation of the President.

Senator EDGE. Will you explain, then, why, in the case of the second item, the one that is the same as the President's proclamation, the imports of——

Mr. FRANKLIN. Caustic calcined.

Senator EDGE. Yes—have also declined in about the same proportion. The crude has been reduced considerably more than that.

Mr. FRANKLIN. Yes.

Senator EDGE. Your point, then, is that if the President's proclamation on the second item, with the imports not having shown as great a decrease, is to stand, you should also have it on the first. I can not follow your logic. There does not seem to be any competition at all, so far as crude magnesite is concerned.

Mr. FRANKLIN. There is not so much competition on the Atlantic coast, Senator, but the competition is in the only place that we have a market for our crude magnesite, on the Pacific coast. We can not market a pound of it, under the $9.375 duty, on the Atlantic coast. If the duty is put back to $6.25 from $9.375, we will lose our California market for crude magnesite, and at the same time, our California market for caustic calcined magnesite, which is made from the crude.

Senator BARKLEY. Why should there be the same duty on a raw product as there is on the refined product?

Mr. FRANKLIN. There is not the same duty.

Senator BARKLEY. I thought you said that the President's proclamation raised the duty on crude to fifteen-sixteenths of a cent.

Mr. FRANKLIN. It raised the duty on it to equal $9.375 a ton.

Senator BARKLEY. That is a 50 per cent raise from what it was.

Mr. FRANKLIN. Yes, sir.

Senator BARKLEY. Fifty per cent above five-eighths would be fifteen-sixteenths.

Mr. FRANKLIN. Yes.

Senator BARKLEY. So that you are contending for the same rate on the crude that you are on the refined. What is the reason for that?

Mr. FRANKLIN. Our rate on the refined was $12.50 before the President's proclamation. Now it is $18.75. I have not the figures in front of me.

Senator BARKLEY. It is fifteen-sixteenths of a cent a pound.

Mr. FRANKLIN. On the caustic calcined.

Senator BARKLEY. Yes, sir; fifteen-sixteenths of a cent.

Mr. FRANKLIN. It is $18.75 a ton.

Senator BARKLEY. That is because the price of the refined is higher.

Mr. FRANKLIN. Yes, sir. It takes two and a quarter tons of crude to make one ton of caustic calcined.

Senator BARKLEY. In other words, fifteen-sixteenths of a cent per pound, which this bill carries, and which the President's proclamation carries on the caustic, is the same as you are asking on the crude.

Mr. FRANKLIN. No, sir; it is not. I am asking for $9.375.

Senator BARKLEY. I am not speaking of it in terms of dollars. I am speaking of it as this bill expresses it—crude magnesite, five-

sixteenths of a cent a pound. You are asking for a 50 per cent increase over that, which is the tariff in effect now by presidential proclamation, and if you take five-sixteenths and add 50 per cent to it——

Mr. FRANKLIN. I do not think you understand that.

Senator BARKLEY. I was thinking about five-eighths instead of five-sixteenths. I was figuring on the basis of five-eighths instead of five-sixteenths.

Senator EDGE. I do not want to argue your presentation with you, but on the basis of the tariff information, it would seem to me that the House bill followed that very distinct difference between imports. If your brief covers these additional reasons you have given us——

Mr. FRANKLIN. Yes, sir; it does.

Senator EDGE. As to wherein the House has made an error.

Mr. FRANKLIN. Yes, sir.

Senator EDGE. It would seem to be in proper proportion.

Mr. FRANKLIN. Yes, sir.

Senator EDGE. Then, you will file that additional information?

Mr. FRANKLIN. I will, sir.

Senator EDGE. Is that all?

Mr. FRANKLIN. That is all, Mr. Chairman. Thank you. The reasons are all set forth in here.

By the way, Mr. Chairman, these briefs were sent to me a few days ago from the producers in California. I am very familiar with all the facts contained in these briefs, and I can swear that they are correct.

Senator EDGE. They will go in under the decision this morning. You are making the affidavit as to their accuracy.

Mr. FRANKLIN. I know them to be true, although I did not sign them. They are signed by the companies producing this stuff.

(The briefs referred to are as follows:)

BRIEF OF C. S. MALTBY, SAN FRANCISCO, CALIF.

JUNE 4, 1929.

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

GENTLEMEN: The proposed tariff act of 1929 contemplates reducing the duty on crude magnesite from fifteen thirty-seconds of a cent to five-sixteenths of a cent per pound. This item is covered in paragraph 204, page 29, of the proposed tariff act of 1929, H. R. 2667.

At the present time it is not possible for California producers of crude magnesite to compete with the imported in the eastern markets. Our only market for crude magnesite is for local consumption in the State of Carlifonia. This market is threatened by a Mexican deposit of magnesite which is about to be opened up and worked, and the magnesite is to be shipped into California for calcination and for marketing as crude magnesite.

This Mexican deposit is in Lower California, about 300 miles south of San Diego, situated right on tidewater. The freight rate from there to San Diego, Los Angeles, or San Francisco is $2 per ton. This freight is cheaper than the railroad freight from the property I am operating at Livermore, Calif., to Los Angeles. My railroad freight for this haul is $5.90 per ton. In addition, as the mine is 35 miles up in the mountains from the railroad, a trucking charge of $4 is involved, making a total transportation charge from the mine to Los Angeles of $9.90 a ton, giving transportation differential in favor of the Mexican producers of $7.90 a ton to one of the principal consuming points on the Pacific coast. A group of operators in Los Angeles has organized to operate this property under the existing duty, and has calculated that it is possible to market

their product in this State, as well as eastern markets, under the present tariff rates.

We therefore strongly recommend that you keep the tariff at its present levels rather than reduce it, making it just that much easier for this particular Mexican deposit to come into our own State and take what little business we have in this State away from us. It is not necessary to call your attention to the comparison of wages paid in Mexico and the United States, as operating conditions there are undoubtedly much lower because of low wages than here.

The metal section of the Tariff Commission made an exhaustive study of magnesite conditions preceding the increase in duty on November 10, 1927. They found that it was necessary to increase the then existing rate on magnesite, and notwithstanding this we still have serious competition from foreign producers in all kinds of magnesite. We also find that the crude-magnesite tariff particularly is not high enough to give us an opportunity to market any of this particular commodity in the Middle West or Atlantic ports whatever, and it would be a severe blow to have what little market we are now enjoying in California lost because of a lowering in the present rates.

I trust you will give this matter your serious consideration and have the present duty stand as recorded.

Yours very truly,

C. S. MALTBY.

BRIEF OF THE SIERRA MAGNESITE CO.

San Francisco, Calif.

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

GENTLEMEN: Our attention has been directed to your proposal to reduce the import duty on crude magnesite from the present one of $9.37½ per ton to $6.25 per ton and in this brief, we expect to prove the necessity of keeping the duty on crude at $9.37½.

Reference to import tonnage figures for crude for the year 1928 discloses that over 900 tons were imported to the Atlantic seaboard whereas we were unable to move any tonnage of crude to that district. Our quotations being declined with statements that our prices were too high, showing that even with a duty of $9.37½ per ton, transportation costs from our mines to Atlantic seaboard prevented us from competing with foreign. Obviously, a lowering of the present duty would result in still further advantages to the foreign producer and will allow him to reach out for further business in this line.

In California there are various industries requiring crude magnesite. This is used for the production of Epsom salts, carbon dioxide gas, manufacture of magnesia pipe covering, etc. These industries are using crude magnesite produced in our mines and there is now a movement on foot to take that business away from us even at the existing rate of $9.37½ per ton. This competition is being offered by operators who are busily engaged in forming an organization to produce at a large deposit in Lower California, Mexico. We have positive information that they are now engaged in arranging for supplies, labor, etc., and that they have already succeeded in obtaining a low steamer freight rate to New York and Pacific coast points. These rates are $2 to Los Angeles and San Francisco, and $5 to New York. Crude magnesite being a hard mineral is not subject to any deterioration in transit and can be loaded bulk aboard steamers and transported at extremely low figures.

The deposit above referred to is quite an extensive one containing an excellent grade of magnesite. Its nature is such that it is merely a quarrying and steam-shovel proposition, and can easily be put aboard steamers at a total cost of $1 per ton. This means that even with the present duty of $9.37½, they will be able to deliver crude magnesite to either San Francisco or Los Angeles for $12.37½ per ton, which is made up as follows:

Cost of mining	$1.00
Freight to Los Angeles or San Francisco	2.00
Duty	9.37½
Total	12.37½

Our cost of transportation from our mines at Porterville to both Los Angeles and San Francisco is $4.28 per ton so that if we were obliged to quote same

delivered price, it would figure only $8.09½ f. o. b. our plant at Porterville. What this means to us can be easily ascertained by our costs of production as determined by the investigators of the United States Tariff Commission.

The above competition is not merely a threat, for, as above stated, we have positive information that this new company is engaged in perfecting its organization and arranging for supplies and labor. Were it not for the Pacific coast demands for magnesite we would unquestionably have been out of business long ago as foreign competition in the East is so severe that we could not operate profitably in that territory alone. Even at the existing rate of $9.37½, it becomes very apparent that our local business is seriously threatened and any change in the present duty is merely going to result in still further benefit to the foreign producer. It is absolutely essential for us to keep our local business and we sincerely trust that upon further review of the situation which we have outlined you will decide that it is necessary to keep the present duty of $9.37½ per ton on crude magnesite.

Trusting that you will give this your favorable consideration, we are

Respectfully yours,

SIERRA MAGNESITE CO.,
J. A. BERNHARD,
Vice President.

CEMENT

[Par. 205 (b)]

STATEMENT OF W. M. RICHARDSON, PHILADELPHIA, PA., REPRESENTING CEMENT IMPORTERS' COMMITTEE

(The witness was sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the Cement Importers' Committee; is that correct?

Mr. RICHARDSON. Correct.

Senator EDGE. Did you appear before the House Ways and Means Committee?

Mr. RICHARDSON. Yes, sir. We appeared and made an oral statement. We also filed briefs.

Senator EDGE. Do you propose to file a brief before this committee?

Mr. RICHARDSON. I would like to file a new brief with you, covering some questions I would like to clear up.

Senator EDGE. A brief supplementary to that already in the record?

Mr. RICHARDSON. There are some facts that I want to get a little more clearly in the minds of this committee.

Senator EDGE. Will you do that through the brief, or orally, or both?

Mr. RICHARDSON. I would like to do both, if you will permit me.

Senator EDGE. Proceed.

Mr. RICHARDSON. When we appeared before the Ways and Means Committee, at that time cement was on the free list, subject to countervailing duties. The committee has now placed cement on the dutiable list, subject to specific duty of 8 cents per hundred pounds.

Senator EDGE. In other words, for the record, the House has transferred Roman, Portland, and other hydraulic cement, under paragraph 205–B, from the free list, to carry a duty of 8 cents per hundred pounds.

Mr. RICHARDSON. Including the weight of the container; that is, the bag.

Senator EDGE. Yes. You are appearing before the committee in opposition to that.

Mr. RICHARDSON. In protest; and asking you gentlemen to correct that situation and put cement where we think it properly belongs.

Senator EDGE. Proceed with your argument.

Mr. RICHARDSON. After we appeared before the committee the President called the Congress into special session, as we understand it, for the specific purpose of granting farm relief and also suggesting limited changes in the tariff. I make mention of this because I want to elaborate on some of these particular features, as they affect our business particularly.

The President calls our attention to these facts:

In considering the tariff for other industries than agriculture, we find that there have been economic shifts, necessitating a readjustment of some of the tariff schedules.

That might be correct. We do not protest that, in a general way. We say to you gentlemen that we do not think cement belongs in that class; that is, for any readjustments.

It would seem to me that the test of necessity for revision is, in the main, whether there has been a substantial slackening of activity in an industry during the past few years and a consequent decrease of employment due to insurmountable competition in the products of that industry. It is not as if we were setting up a new basis of protective duties. We did that seven years ago. What we need to remedy now is whatever substantial losses of employment may have resulted from shifts since that time.

In that connection I would like to point out, by facts and figures, that the cement industry has expanded tremendously. There has been no actual loss. The curve has been upward so far as employment in that industry is concerned.

The President also points out:

In determining changes in our tariff we must not fail to take into account the broad interests of the country as a whole, and such interests include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a lesser amount of employment from imports.

We want to tell you, gentlemen, in that particular sense, that some of us are general exporters and general importers. We should like to have you give some consideration to the fact that we must sell some stuff to Europe and, in return for that, we must buy some stuff from Europe.

I think almost every well-informed Senator must know that cement is very generally used; that you can hardly think of health or safety or comfort in this Nation without first thinking of cement.

I want to point out, in particular, that 18 per cent of all the cement shipped from the mills in this country is actually consumed on farms; and that about 20 per cent or 25 per cent is used entirely in the construction of roads and highways. A total of 84½ per cent of all the cement consumed is used in that sort of work, including harbor improvements, piers, bridges, dams, sewers, hospitals, homes, and schoolhouses.

We particularly want to point to the expansion in the industry since the present act of 1922 was enacted into law. In 1928, 175,455,000 barrels of cement were shipped from the mills. In 1922, when this act became effective—the present tariff act—there were shipped from the mills 117,701,216 barrels. So that their annual expansion between those two years has been 57,753,784 barrels.

The imports in 1923 were 1,678,636 barrels. The imports in 1928 were 2,283,351 barrels, showing a slight increase of 600,000 barrels, in round figures, as against an expansion in the American industry of 58,000,000 barrels, in round figures.

The exports in 1928 from the American mills were 824,000 barrels, in round figures. In 1923, the year following the enactment of this legislation, when it became effective—referring to the 1922 act—the exports were, in round figures, 1,000,000 barrels, so that the American mills have lost some 200,000 barrels, as compared with 177,000——

Senator EDGE. Where do the American mills export to?

Mr. RICHARDSON. To Central America and South America, principally, and to the West Indies, the natural place for them to make shipments.

A very important item that I want to call to your attention is that they have broadcast—I am speaking now of the publicity bureau of the American cement manufacturers—statements to the effect that the American markets are being flooded with shipments of foreign cement, and that they are losing their markets to this competition from abroad.

The total imports, including the years 1923 to 1928 inclusive, have been slightly under 15,000,000 barrels. During that same period——

Senator EDGE. You mean the total of the five years?

Mr. RICHARDSON. The five years inclusive. During that same period the total shipments from the American mills have been practically 950,000,000 barrels.

Senator EDGE. That is for domestic and export both?

Mr. RICHARDSON. No. The exports are not included, as I understand it. That is 950,000,000 barrels, and yet these men would have it appear that we are injuring their business, featuring the fact that that 15,000,000 barrels is a tremendous amount of business. We think it is very small. We have taken the Government figures.

Senator EDGE. What is that figure again—15,000,000 in a range of how many years?

Mr. RICHARDSON. Including 1923 and 1928—six years.

Senator EDGE. There were approximately 15,000,000 barrels imported; and how much produced and sold domestically?

Mr. RICHARDSON. Slightly under 950,000,000 barrels. The exact figure, as given by the Government department, is 948,000,000 barrels, or practically 950,000,000 barrels.

Another very important fact that I should like to impress upon your minds is that these mills which have met the competition of the imported cement—every one of them in groups in the north and south Atlantic territories, in the Gulf territory, and also on the Pacific coast—have also increased their production and shipment. I am quoting the figures of 1927, as given by the Bureau of Mines, Department of Commerce, where they say that the only districts that did not increase their production and shipments in 1927 were those located in the central part of the country, where there is no possibility of foreign competition.

Senator EDGE. What is your explanation of the possible protection that may be needed, just for the sake of hearing your viewpoint, with respect to those on the east coast, as compared to those inland, in view of the almost prohibitive freight rates for the transportation of cement?

Mr. RICHARDSON. I would say that there is no mill or manufacturer who can honestly claim that he needs protection, for this reason. He can manufacture cement in a modern mill, in our opinion, at as low a cost as it can be produced in any part of the world, and he can ship the stuff cheaper from his mill to his natural market, at a lower cost price than any man can import it.

Senator EDGE. He can not produce it at as low a cost, when we recognize the difference in the expenses of production on all commodities, as represented by wages and other conditions.

Mr. RICHARDSON. Senator, cement is rather a different commodity from the usual manufactured product. It is a very simple process. Very little, if any, labor can be used in manufacturing cement.

Senator EDGE. You say labor can not be used?

Mr. RICHARDSON. Very little. I mean the total cost is very slight. It is a machinemade product from the time it is quarried until it is put in a car for shipment. The same system is used in this country, in the good mills, as is used in Europe.

I do not believe it can possibly amount to any sum of money that would impress you as thinking that the labor cost should be given consideration.

Senator EDGE. Are you familiar with the difference, if any exists, between the cost of cement, the retail price of cement, in New York, for instance, as compared with Chicago?

Mr. RICHARDSON. We may have these prices in some figures I have here. I am not sure. But I would say, Senator, that the prices are practically the same. That is explained in this way, I think.

The American cement manufacturers are very clever men. They are very intelligent men, and they have found a way, through some understanding or through some agreement, to make an exact selling price in any given zone, at any given place, at any given time, anywhere in this country.

Senator EDGE. Have we a price schedule here for the different sections?

Mr. RICHARDSON. I think I have it.

Senator EDGE. I have it right here. I had not reached it. I was trying to listen to your testimony and look over a brief at the same time. I ask that question for information, as I ask all questions, because it occurred to me that even though the imports are small, as demonstrated by the record, if they stop at the seaboard, it might compel a lower price for the American product there than inland, because the competition would not exist inland.

Mr. RICHARDSON. I can explain that to you in this way: The American manufacturers have made up their minds that the American market belongs to them, and that they are not going to tolerate any competition. They are very rich. They have tremendous reserves of money and they are making a lot of money with well-managed properties. They decided to eliminate this competition, to make special zones, special city prices, and so forth, in order to make it unprofitable for an importer to trade, the theory being that they will keep that price reduced to that level until the time when the importer discontinues doing business.

Senator BARKLEY. Do you mean that they had a general understanding among themselves to fix prices, so as to eliminate competition?

Mr. RICHARDSON. I think that is a very reasonable conclusion.

Senator BARKLEY. That is a very interesting development, if that is true. Whatever may have been the method, you know that the price has been fixed at practically the same point in all sections of the country?

Mr. RICHARDSON. Prices in the different sections of the country may vary. For instance, the Philadelphia price level will be at one point. New York prices will be at another level. Pittsburgh prices may be another one; but you will find, if you examine the statistics and records, and, as a matter of fact, if you examine the prices they filed themselves with the House Ways and Means Committee, that there is exactly the same price——

Senator EDGE. Just as a general comparison at this point in the record—because it will probably be referred to by Senators when we consider this in its finality—the tariff record from the Tariff Commission shows a range as follows: At Philadelphia, $2.35 per barrel. That is on the seaboard. Chicago, $2.25. That is 10 cents cheaper. St. Paul, $2.44; Boston, $2.08; Charleston, S. C., $2.05. There is a range from $2.05 per barrel at Charleston, S. C. up to $2.65 for St. Louis, which is the highest.

Mr. RICHARDSON. I want to make it clear in your mind that they are net prices. They really got higher prices than that. They are less discounts. I think Philadelphia is $2.55, less those trade discounts.

We want to point out to you that in the last few years these American manufacturers, who are appealing to you to assess a prohibitive duty on imported cement, have built new mills in Maine, in Pennsylvania, in Virginia, Florida, Louisiana, Texas, California, Washington, and Oregon, and their production has been on the upcurve in all districts.

Senator EDGE. Do you know whether those mills are running at practically full time, or not?

Mr. RICHARDSON. I think the Government figures that we have last seen show that they have operated, as an industry, something like 75 per cent, unless weather conditions upset them and we understand, as a big industry, that that is a very remarkable record.

In 1926 and 1927—because this pressure on you gentlemen I know has been mostly from Philadelphia—I want to point out to you that right outside Philadelphia they have built a new modern mill that is operating 100 per cent, and they meet the competition of the imported cement in Philadelphia.

Senator BARKLEY. What company built it?

Mr. RICHARDSON. It was an individual, Colonel Fuller. He also owned and operated a plant at Allentown; one of the best informed men and the most successful men in the cement industry.

Senator EDGE. Is he the builder?

Mr. RICHARDSON. He was the builder and operator.

Senator EDGE. I mean, is he connected with the Fuller Construction Co.?

Mr. RICHARDSON. No, sir.

I want to point out to you that another mill was built at Bath, Pa. The production of those two mills was 4,000,000 barrels. That is double the imports to all American ports, including Porto Rico and Hawaii. And yet those same men tell you that they are being injured because of these importations.

In 1927 the shipments from the American mills which supply the North, the South, the Gulf and the Pacific coast ports, and which meet the competition of the imported cement, were 91,000,000 barrels.

The Pennsylvania, New Jersey, and Maryland mills are the ones that are complaining the most bitterly about this competition, particularly our friends in Philadelphia. The shipments from that State alone were 52,000,000 barrels.

Senator BARKLEY. How much was that over and above their domestic consumption, do you know?

Mr. RICHARDSON. You mean the domestic consumption or production?

Senator BARKLEY. What is the total production of the Pennsylvania mills?

Mr. RICHARDSON. Somewhere in that neighborhood—perhaps 1,000,000 barrels or more above that. But the point I want to make is that the Pennsylvania mills are complaining about these importations. Congressman Watson, in his statement on the floor, raised the question——

Senator EDGE. You are speaking of something that happened in the other House?

Mr. RICHARDSON. I was referring to Congressman Watson.

Senator EDGE. Let us not go into something that was said in the other House.

Mr. RICHARDSON. He made this statement, and raised the question, "Shall we close the Pennsylvania mills?" in appealing for votes for his recommendation.

I want to point out to you that the shipments from that district were 52,000,000 barrels in 1927, and that represents about 25 per cent of all the cement manufactured in the United States; so they have not suffered very much.

I would like to read, for your information——

Senator EDGE. We want to give you all the time you really need, but, of course, we will have this brief. You are not going to read this brief to us, are you?

Mr. RICHARDSON. No; I am just going to give you these figures.

The Lehigh Portland Cement Co. is the largest cement company in the world, and the largest also, of course, in this group of mills. From 1889, when they were incorporated, until 1928, they have paid dividends regularly on their common stock, averaging about 6 per cent. During that same period they paid 473 per cent in common stock dividends, equal to approximately $17,750,000. In 1928, the preceding year, they paid 100 per cent in preferred stock, equal to $22,500,000.

One of the other large units, the Atlas Portland Cement Co., have paid regularly 8 per cent on their preferred stock, and in some years 4 per cent on their common. They have paid in stock dividends, since they have been operating, 92½ per cent.

Senator EDGE. You say some years they paid 4 per cent on the common. What is the average, so long as you are giving the balance sheet? What has the common stock gotten out of it in the way of dividends?

Mr. RICHARDSON. A minimum of 4, and some years 8. On an average, I should say 6, or perhaps 7.

Senator EDGE. You would say they were entitled to 6 per cent, would you not?

Mr. RICHARDSON. Yes.

Senator EDGE. At least.

Mr. RICHARDSON. Certainly. I think that any stockholder is entitled to good earnings on his investment.

Senator EDGE. In an industrial enterprise you usually expect to have a little higher dividends than you do in banking, for instance.

Mr. RICHARDSON. And I subscribe to that theory.

Whitehall is another Pennsylvania company. They have paid, on an average, 17 per cent on their common, and they have also paid 156 per cent in stock dividends.

Here is another very interesting statement I would like to make. If you had invested $5,000 in 1889 in 100 shares of common stock of the Lehigh Portland Cement Co., on the present market your stock holdings would be 3,423 shares of common stock. These calculations were made up on a market value of 60. It has since declined a few dollars. When these calculations were made that was the market price, a few months ago, when we appeared before the other committee. The market value at that time would have been $205,000. The preferred that you would hold, 1,711 shares, would equal about $184,788, and you would have received in cash dividends $256,236, or a total of $646,000, in round figures, on an investment of $5,000. We missed some chances. We ought to have been manufacturing cement instead of importing it.

In 1928 the total dividends paid were $1,125,870 on their common. Their cash on their preferred was $1,537,463. The total cash dividends were $2,663,300; the preferred stock dividend was $22,517,400.

The total dividends in 1928 were $25,180,703.

Senator EDGE. Do you know, as a matter of fact, if you have the information, as to whether all those profits shown on the balance sheet you have read were made from the production and sale and marketing of cement exclusively?

Mr. RICHARDSON. That is our understanding.

With respect to labor costs, they said that labor was being injured, and the working man was being cut out of work, losing his wages. We want to particularly impress upon you gentlemen that we importers pay more to labor than any cement manufacturer pays—twice over, tonnages considered, because we employ stevedores and river-front workmen, the highest paid class of workmen in the world. Our work is labor. We can not use machines. We must use common, ordinarily, hard labor.

Am I tiring you a little?

Senator EDGE. No; but we have had a sort of limit of 10 minutes. You have had 25 minutes. I will have to extend the same consideration to the other side. I want you to reach a conclusion as soon as you conveniently can.

Mr. RICHARDSON. On the question of manufacturing costs, I want to quote a man who is well known to most people in this country, James A. Farrell, president of the United States Steel Corporation. In an authorized interview published in the Washington Herald Sunday, December 23, 1928, he says, "We can meet foreign competition because we manufacture more cheaply in spite of—or perhaps because of—high wages."

In considering that statement I want you to keep in mind that the Steel Corporation owns, controls, and operates the Universal Portland

Cement Co., one of the largest units in the industry, with a total production of 18,000,000 barrels.

Senator EDGE. All those statements are contained in the brief?

Mr. RICHARDSON. Yes. Another point I would like to impress upon you at this time is that the importer's market is very limited. We can go only as far as we can truck cement, generally, from the piers. Railroad transportation is precluded, because of rates.

Senator EDGE. Is that not true of producers on the seaboard, in the same way?

Mr. RICHARDSON. I think their rates are not so exorbitant. I think the railroads make an effort to protect the industries on their lines.

Senator EDGE. You think the railroads give the domestic producers of cement different rates than you would get?

Mr. RICHARDSON. I think the rate structure is made to move the other way, eastbound, and they are not going to incorporate any attractive tariffs to move stuff westbound. As an illustration, in Philadelphia I can not move stuff on a car two blocks without paying 9 cents a hundred pounds, or 36 cents a barrel. Cement producers pay 40 cents per barrel to bring cement from the Lehigh district to the same spot. I have to truck it from a pier. I am not complaining to the railroad about this program, but that is the situation the importer is confronted with in almost any industry.

Senator EDGE. But if you were shipping from New York to Pittsburgh or some interior point in Pennsylvania, you would pay exactly the same as the American producer, would you not?

Mr. RICHARDSON. He can not ship that way.

Senator EDGE. He can not ship that way?

Mr. RICHARDSON. No. The shipments are made the other way, eastbound, very generally. The Pittsburgh mills, as an illustration, go east, and they go west within a certain radius.

Senator EDGE. This is very interesting. I must admit my ignorance of it. Do you mean to say that a producer of cement could not sell or ship an allotment of cement from Philadelphia to Harrisburg, for instance?

Mr. RICHARDSON. Harrisburg would be different. From the Lehigh district to Harrisburg might be within his circle, but certainly not Pittsburgh.

Senator EDGE. He could not ship beyond that?

Mr. RICHARDSON. I doubt it.

Senator BARKLEY. You mean it is not economical or profitable to ship it?

Senator EDGE. I realize that, if that is his answer; but I did not understand that that was his answer.

Senator BARKLEY. I did not understand him to mean that there was any physical impediment to shipping it.

Mr. RICHARDSON. The rate structure prevents it.

Senator EDGE. I understand that perfectly well. We all realize that.

Mr. RICHARDSON. It can be done; yes.

Senator EDGE. You were inferring that the domestic shipper had an advantage over the importer through the use of the railroads.

Mr. RICHARDSON. On the use of the railroads.

Senator EDGE. How?

Mr. RICHARDSON. Because he handicaps me. He will not take my freight even for a short distance—a switching distance—without penalizing me the same rate he charges a mill to ship, say, from the Allentown district to Philadelphia.

Senator BARKLEY. In other words, you have to pay the same rate to ship a few blocks that the other fellow pays to ship 100 miles.

Mr. RICHARDSON. Exactly. For that reason I have to truck my product.

Another very serious problem we are confronted with, gentlemen, is——

Senator EDGE. You will have to stop in a very few minutes. I can not give you more than 30 minutes.

Mr. RICHARDSON. Shut me off whenever you want.

Senator EDGE. You are rambling right along. I do not want to be discourteous, but we must come to a finish.

Mr. RICHARDSON. There are only three countries from which we can import cement at the present time. They are England, Belgium, and Denmark.

I do not want to tire you.

Senator EDGE. It is not a question of tiring us. It is a question of treating everybody alike. Senators are not supposed to get tired.

Mr. RICHARDSON. The exports to those countries are $906,000,000. The imports from those countries are $427,000,000. There is a trade balance against those countries of $500,000,000. I maintain that it is unfair to ask Europe to buy from us and not permit them to sell to us.

Senator EDGE. I am not going to argue that with you, because that is a great international problem, not directly related to any one commodity. We have to work that out from many, many angles. We might answer that to some extent by saying that we are spending billions and billions of dollars, through American tourists over there in all those countries, and that that helps to balance the trade. But, as I say, that is outside the scope of this hearing.

Mr RICHARDSON. Another very strong objection we have to the proposed tariff in the House bill is this. If you gentlemen do not put that back on the free list you will give the American manufacturers a monopoly of this market. There is no other result possible. They already have 98¾ per cent of all the business. We have never exceeded 1¼ per cent. The figures have never exceeded that total.

Senator BARKLEY. This tariff as carried in the House bill amounts to an embargo?

Mr. RICHARDSON. It is a prohibitive, embargo tariff. I thank you very much.

(Mr. Richardson submitted the following brief:)

BRIEF OF THE IMPORTERS OF CEMENT

HON. REED SMOOT,
Chairman Finance Committee,
United States Senate, Washington, D. C.

SIR: Schedule 15, paragraph 1543, of the tariff act of 1922, which places cement on the free list, reads as follows:

"Cement: Roman, Portland, and other hydraulic: *Provided*, That if any country, dependency, province, or other subdivision of government imposes a duty on such cement imported from the United States, an equal duty shall be imposed upon such cement coming into the United States from such country, dependency, province, or other subdivision of government."

Schedule 2, paragraph 205 (b), in House bill 2667, which removes cement from the free list and penalizes all importations, reads as follows:

"Roman, Portland, and other hydraulic cement or cement clinker, 8 cents per one hundred pounds, including the weight of the container; white nonstaining Portland cement, 8 cents per one hundred pounds, including the weight of the container."

On behalf of the importers of Portland cement, located at the principal Atlantic, Gulf and/or Pacific ports, we wish to protest against and object to the imposition of a duty of 8 cents per 100 pounds, including the weight of the container, on Portland cement, for the following reasons:

The Congress was called into special session by President Hoover to redeem two pledges given in the last election—farm relief and limited changes in the tariff. In his message the President said:

"In considering the tariff for other industries than agriculture, we find that there have been economic shifts necessitating a readjustment of some of the tariff schedules.

"It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years and a consequent decrease of employment due to insurmountable competition in the products of that industry. It is not as if we were setting up a new basis of protective duties. We did that seven years ago. What we need to remedy now is whatever substantial loss of employment may have resulted from shifts since that time.

"In determining changes in our tariff we must not fail to take into account the broad interests of the country as a whole, and such interests include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a less amount of employment from imports."

USES OF CEMENT

The farms of the country use 18 per cent of all the Portland cement consumed in the United States, while 66⅔ per cent is used in the construction of public highways (National and State); bridges and dams; harbor improvements—piers; wharves and docks—streets; sewers; hospitals; homes; schoolhouses and other public and commercial buildings, making a total of 84⅔ per cent of the entire consumption.

Certainly there can be no measure of relief contemplated for the farmers of this country by removing cement from the free list; on the contrary they would be severely penalized.

PRODUCTION

The official statistics compiled by the Department of Commerce (mineral statistics division) show that the American manufacturers have enjoyed enormous increases in the volume of business since the enactment of the present tariff act which became effective September 21, 1922, viz:

	Barrels
In 1928 (159 mills being operated) shipments from the mills were	175,455,000
In 1922 (118 mills being operated) shipments from the mills were	117,701,216
Increase	57,753,784
In 1928 imports into the United States (all ports of entry) were	2,283,351
In 1923 imports into the United States (all ports of entry) were	1,678,636
Increase	604,715
In 1928 exports from the mills of the United States were	824,656
In 1923 exports from the mills of the United States were	1,001,688
Decrease	177,032
From 1923 to 1928, inclusive, the total shipments from the American mills were	948,761,697
The total imports at all ports of entry in the United States (including Hawaii and Porto Rico)	14,910,806

This proves that the American manufacturers of cement have enjoyed a most wonderful period of development in their industry and can not fairly or decently claim that the importations of cement have injured them.

And it would seem, from the very careful analysis by districts made by the same bureau, that the American mills, particularly those which have had to meet the competition of imported cement, actually have not suffered at all as a result of it—on the contrary, they have actually increased production enormously.

The Bureau of Mines, Department of Commerce, in its pamphlet entitled "Cement in 1927" (p. 272), states:

"In 1927 Florida and Louisiana, with one new plant each, were included for the first time in the list of producing States. Of the 29 other States in which Portland cement was manufactured in 1927, all but 10 showed increases in both production and shipments as compared with 1926. All the commercial districts, excepting western Missouri, Nebraska, Kansas, Oklahoma, Colorado, Montana, and Utah, showed increased production, and all but the last-named showed increased shipments; the gain in both production and shipments ranged from 1 to 23 per cent. The net change for the whole country was an increase of 5 per cent in production and of 6 per cent in shipments. The production of 173,206,513 barrels of 376 pounds net is equivalent to 692,826,052 sacks; 29,073,950 long tons, or 32,562,824 short tons. In 1927 production exceeded shipments by 1,341,785 barrels."

During the past few years new mills have been constructed in Maine, Pennsylvania, Virginia, Florida, Louisiana, Texas, California, Washington, and Oregon, and the production generally increased in all districts.

This program of expansion would seem to prove that the cement industry does not require any additional protection at this time in the form of a prohibitive tariff.

During 1926 and 1927 two new mills were built and placed in operation in Pennsylvania (adjacent to the seaboard) with an annual capacity of 4,000,000 barrels. Other mills in this same territory also have increased their production; modernising their plants, as well.

In 1927 the shipments from the American mills, which supply all North and South Atlantic, Gulf and Pacific coast ports, were 91,448,525 barrels. Out of this total, the mills located in Pennsylvania, New York, New Jersey, and Maryland shipped 52,187,581 barrels. The total importations at all ports of entry in the United States, including Porto Rico and Hawaii, were only 2,065,730 barrels.

From this statement of facts it can be plainly seen that the American mills which have felt the competition of imported cement have enjoyed a period of wonderful prosperity.

The annual production of the two new mills placed in operation in eastern Pennsylvania the last two years (4,000,000 barrels) actually exceeds—in fact, nearly doubles—the total importations at all ports of entry in the United States, including Porto Rico and Hawaii.

FINANCIAL REPORTS

From the available statements that have been published by bankers and other authorized agencies, it would seem that where the mills have had the benefit of good management and their plants are properly located geographically (where fuel and raw materials are available in sufficient quantities) the industry as a whole has made returns to stockholders, in the form of cash or stock dividends, that are astoundingly large. Very few of our other important industries have enjoyed such prosperity.

Your attention is directed to the dividend-paying records of some of the American companies, which are made a part of this brief.

The Lehigh Portland Cement Co. has paid cash dividends regularly since its organization in 1889, including 1928, on an average of 6 per cent on its common stock. During the same period it has also paid a total of 473 per cent in common stock, equal to $17,748,150 and, in 1928, 100 per cent in 7 per cent cumulative preferred stock, equal to $22,517,400

The Atlas Portland Cement Co. has also paid dividends on its preferred stock since its incorporation in 1899, including 1927, on a basis of 8 per cent per annum and regular dividends on its common stock, the minimum 4 per cent and, in some years, 8 per cent. During the years 1920–1924, stock dividends amounting to 92½ per cent were paid. Dividends also have been paid regularly during 1928, but the actual figures are not available at this time.

The Whitehall Portland Cement Co. since 1915, including 1927, has paid cash dividends on an average of approximately 17 per cent per annum on its common stock, or a total of 218 per cent during that period. During the years 1920–1923, inclusive, they also paid a total of 156 per cent in stock dividends.

It is also known that other well-managed properties have shared in the general prosperity; but as in many cases their stock is owned and controlled by private individuals and corporations, being closely held, their earning records are not easily determined.

LEHIGH PORTLAND CEMENT CO.

Capacity: Reported productive capacity 23,400,000 barrels, 20 plants located in Pennsylvania, New York, Indiana, Illinois, Iowa, Kansas, Washington, Maryland, Virginia, and Alabama. This company's reported productive capacity is approximately 12 per cent of the country's total reported productive capacity.

Cash position, Nov. 30, 1928:	
Current assets (includes cash items, $12,715,785)	$19,272,805
Current liabilities	2,310,466
Net current assets	16,962,339
Current assets $8 plus to $1 liabilities.	
Capital, Nov. 30, 1928:	
Preferred stock (par, $100)	21,696,700
Common stock (par, $50)	22,517,400
Surplus	8,324,132
Net gain (published reports June 12, 1929):	
Net income for year ended May 31, 1929	4,108,567
Net income for year ended May 31, 1928	3,955,041
Net gain for year ended May 31, 1929	4,108,567
Dividends preferred stock 7 per cent	1,518,769
Balance available for dividends on common stock	2,589,798

Represents $5.75 per share on common stock, par $50.

The first quarter 1929 earnings were equal to $5.74 a share on the common stock after allowing for preferred dividends.

Dividends paid by Lehigh Portland Cement Co.

[Organized November 26, 1897]

Year	Cash dividends		Common stock dividends	
	Rate	Amount	Rate	Amount
	Per cent		*Per cent*	
1900	6	$21,000.00		
1901	6	48,000.00	128	$438,000.00
1902	6	80,250.00	58	463,000.00
1903	6	111,420.00	32	432,000.00
1904	6	111,810.00		
1905	6	112,200.00		
1906	6	112,200.00		
1907	6	226,806.00	100	1,870,000.00
1908	3	216,952.50	60	2,276,900.00
1909	4	303,270.00		
1910	6	475,905.00		
1911	6	475,905.00		
1912	6	475,905.00		
1913	3	250,850.25		
1914	6	545,871.00		
1915	6	596,415.00		
1916	6	596,571.00		
1917	8	795,428.00		
1918	6	873,615.00	50	4,852,200.00
1919	4	582,360.00		
1920	6	873,615.00		
1921	6	873,615.00		
1922	6	873,615.00		
1923	6	873,615.00	20	2,938,800.00
1924	6	1,137,251.25	25	4,467,250.00
1925	7	1,565,718.00		
1926	7	1,573,968.00		
1927	7	1,576,218.00		
1928	7	1,576,218.00		
1929[1]	5	1,125,870.00		
Total		19,062,437.00		17,748,150.00

[1] Preferred stock: Stock dividend (100 per cent), $22,517,400; cash dividend (7 per cent), $1,537,433.

Total dividends paid 1928:	
Cash common stock	$1,125,870.00
Cash preferred stock	1,537,433.00
Total cash dividends	2,663,303.00
Preferred stock dividend	22,517,400.00
Total dividends 1928	25,180,703.00

Five thousand dollars invested in 1899 for 100 shares of common stock on present market:

Present holdings through stock dividends—	
3,423 shares common stock at $60	$205,380.00
1,711 shares preferred 7 per cent, at $108	184,788.00
Cash dividends	256,236.60
Total	646,404.60

(Source of above information Moody's Manual, 1928, and statement of Frank H. Crehore & Co., 74 Broadway, New York, N. Y.)

DIVIDEND RECORD OF THE ATLAS PORTLAND CEMENT CO.

[Published by Frank H. Crehore & Co., 74 Broadway, New York]

Since 1899, the year when The Atlas Portland Cement Co. was incorporated, cash dividends have been paid on the common stock as follows:

Year	Amount paid	Annual rate	Number shares outstanding (common)
1899	$82,502.00	4 per cent (2 quarters)	41,271
1900	165,084.00	4 per cent	41,271
1901	202,542.00	do	60,000
1902	600,000.00	4 per cent and 6 per cent extra.	60,000
1903	243,600.00	4 per cent	63,000
1904	291,069.00	do	85,000
1905	340,000.00	do	85,000
1906	425,000.00	4 per cent and 1 per cent extra.	85,000
1907	680,000.00	8 per cent	85,000
1908	680,000.00	do	85,000
1909	680,000.00	do	85,000
1910	420,000.00	8 per cent (to May 1)	110,000
1910-1919 common dividends suspended on account of expenditures for plant extensions.			
1919 (September and December)	275,000.00	5 per cent	110,000
1920	550,000.00	do	110,000
1921	660,000.00	4 per cent	165,000
1922	660,000.00	do	165,000
1923	792,000.00	do	198,000
1924	1,308,800.00	4 per cent and 2 per cent	217,800
1925 [1]	1,650,234.00	$2	825,117
1926	2,475,351.00	$2 and $1 extra	825,117
1927	2,475,351.00	do	825,117
	15,654,533.00		

[1] May, 1925, par value of common changed from $100 to no par on basis of 3 new shares for 1 share of old.

Stock dividends in common on common stock:	Per cent
1920	50
1922	20
1923	10
1924	12½

Through stock dividends and subscriptions, an original investment of 100 shares in 1899 has grown to approximately 2,000 shares and has received $37,931.07 in cash income.

Quarterly preferred dividends at the rate of 8 per cent annually have been paid regularly since incorporation.

Dividends have been paid regularly during 1928.

The Atlas Portland Cement Co. of Texas, a subsidiary formed in 1928, is constructing a plant near Waco, Tex., to have an initial annual production of about 1,000,000 barrels. Company's production is 19,000,000 barrels per annum.

WHITE HALL CEMENT MANUFACTURING CO.

[Source, Moody's Manual, 1928]

Plant: Cementon, Pa.

Capacity: 2,000,000 barrels per year ($1.10 per barrel output).

Capital: $1,985,000 common, par $50 (39,700 shares); 300,000 preferred 7 per cent, par $50.

Cash dividend paid

Per share (par $50):

1915	$2.00
1916	2.00
1917	3.00
1918	3.00
1919	3.00
1920	4.00
1921	2.00
1922	2.00
1923	2.00
1924	3.00
1925	3.00
1926	4.00
1927	4.00
Total	37.00
Regular	3.08
Extra	6.50
Stock	7.00
Average per share per year	16.58

Extra cash dividend

1916	$2.00
1917	1.00
1918	1.00
1919	4.50
1920	3.50
1921	1.00
1922	3.00
1923	3.50
1924	3.50
1925	3.50
1926	24.00
1927	16.50
Total	72.00

$6.50 average per year.

Stock dividends

	Per cent
1920	100
1922	36
1923	20

ALPHA PORTLAND CEMENT CO.

Balance sheet December 31, 1928

[Source: Standard Corporation Reports]

ASSETS

Cash	$2,585,938	
Marketable securities	1,557,976	
Call loans	2,800,000	
Accounts and notes receivable	557,110	
Inventories	2,848,270	
Working funds and advances	186,744	
Total current assets		$10,336,038
Land, buildings, equipment, etc., less depreciation	22,552,771	
Investments	212,166	
Prepayments	38,989	
Work in process	328,074	
		23,132,000
Total assets		33,468,038

LIABILITIES

Accounts payable	447,723	
Wages payable	46,955	
Tax reserve	404,475	
Dividends payable	533,250	
Total current liabilities		1,432,403
Insurance reserves	596,950	
Other reserves	130,766	
		727,716

CAPITAL

Preferred stock	2,000,000	
Common stock	24,134,500	
Profit and loss surplus	5,173,469	
		31,307,969
Total liabilities and capital		33,468,038

Increase in capital stock:	
1927, 592,500, no par common	19,750,000
1928, 711,000, no par common	24,134,500

Proceeds from additional stock sold during 1928 were used to acquire new plant at Birmingham, Ala.

Cash position, Dec. 31, 1928: Current assets (includes cash items of $6,743,964)	$10,336,038
Current liabilities	1,432,403
Net current assets (current assets $7 plus to $1 of liabilities)	8,903,635

Alpha Portland Cement Co., incorporated January 21, 1910, owns and operates nine plants located in Pennsylvania, New York, West Virginia, Michigan, Illinois, Missouri, Ohio, and Alabama. Reported capacity, 12,500,000 barrels.

Earnings and dividend record, years ended December 31

	1928	1927	1926	1925	1924	1923
Gross sales		$19,226,270	$17,250,792	$20,128,921	$20,203,540	$20,629,502
Cost of sales		16,566,984	14,647,294	16,270,675	17,117,990	17,601,103
Net profit	$2,585,535	2,359,286	2,603,498	3,858,246	3,085,550	3,028,399
Dividend 7 per cent preferred		140,000	140,000	140,000	140,000	140,000
Dividend 9 per cent common		1,777,500	1,481,124	948,000	948,000	948,000
Total dividends paid		1,917,500	1,621,124	1,088,000	1,088,000	1,088,000
Surplus after dividends		441,786	982,374	2,770,246	1,997,550	1,940,399

Stock dividend declared Dec. 10, 1925, 25 per cent, or $3,950,000. Earnings for year ended Dec. 31, 1928, showed increase of over 9½ per cent above 1927.

INTERNATIONAL CEMENT CORPORATION

Year	Productive capacity (barrels)	Funded debt and notes	Preferred 7 per cent cumulative	Common no par shares	Sales	Total income	Interest, Federal taxes, etc.	Net income	Balance for common	Earnings per share
1919	2,800,000	$3,649,534		238,666	$4,492,634	$743,039	$425,435	$317,604	$317,604	$1.33
1920	3,200,000	2,636,038		268,159	8,461,896	2,564,000	784,450	1,779,559	1,779,559	6.69
1921	4,450,000	1,640,801	$1,559,000	322,978	9,172,311	2,271,127	741,226	1,529,901	1,475,374	4.55
1922	4,450,000	1,627,758	1,409,700	423,047	9,407,726	1,962,080	437,033	1,425,047	1,318,031	4.09
1923	5,400,000	248,900	1,402,700	564,167	11,289,117	2,972,430	549,553	2,422,877	2,319,226	6.37
1924	7,000,000		2,411,800	400,000	12,622,509	2,771,397	722,500	2,047,507	2,552,917	7.14
1925	12,000,000		2,271,700	500,000	17,712,900	4,635,521	662,436	3,976,236	3,815,462	7.08
1926	14,700,000		2,004,400	562,500	21,022,582	5,230,220	881,020	4,355,199	4,093,441	6.83
1927	16,200,000		2,549,800	562,500	23,671,135	5,420,559	890,057	4,554,172	4,292,922	6.90
1928	20,000,000		(1)	618,830	27,494,890			6,139,284	4,970,160	7.87

[1] Preferred retired May 20, 1928.

Incorporated Nov. 15, 1919. Plants located in New York, Pennsylvania, Kansas, Texas, Virginia, Indiana, Louisiana, Alabama, Cuba, Uruguay, and Argentina.

Record earnings: Reports for year 1928 showed profits at record levels, maintaining upward trend which began in 1922. Preferred stock was retired in May, 1928, at 110 and accrued dividends, and dividends have been allowed to that date in calculating common earnings per share. Current dividend rate of $4 on common was earned twice over during the year. Book value of no par common approximately $33. During 1928 capital expenditures totaled $10,752,262, of which the major investment was the purchase of the Phoenix Portland Cement Co. at Nazareth Pa.

LAWRENCE PORTLAND CEMENT CO.

Reports favorable net income for year ended December 31, 1928. Dividend rate of 8 per cent maintained on capital stock since 1918 was covered of safe margin in past year.

Net earnings after all charges for depreciation, depletion, interest, amortization of bond discount, Federal taxes—$9.62 per share on 75,000 shares of par value $100.

Cash position, Dec. 31, 1928:

Current assets (includes cash, $752,383)	$2,272,559
Current liabilities	345,281
Net current assets (current assets $6.60 to $1 of current liabilities)	1,927,278

RIVERSIDE CEMENT CO., LOS ANGELES, CALIF.

(Succeeded Riverside Portland Cement Co., April, 1928)

May 1, 1928:

Current assets (includes cash, $1,351,649)	$3,153,420
Current liabilities	828,877
Net current assets (current assets $3.80 to $1 current liabilities)	2,324,543

Capital:

Apr. 27, 1928, stockholders of Riverside Portland Cement Co. receive for each share of stock the following shares of stock of the Riverside Cement Co.—

1 share first cumulative $6 preferred no par.
4 shares class A common.
4 shares class B common.

Divident record:

	Per share
Paid on $100 par stock, 1915–1928	$6
Extra cash dividends—	
1920–1925	3
1926–1927	4
1928	4
Stock dividends:	
May 15, 1921	per cent.. 100
Feb. 15, 1923	do.... 20

(Authority, Standard Corporation Records and Moody's.)

SUPERIOR PORTLAND CEMENT CO.

Incorporated in 1925 in Washington. Capacity, 1,500,000 barrels.

Earnings of company for November, 1928, were reported to be $98,550 after depreciation, depletion, and Federal taxes, against $15,938 for November, 1927, bringing total for 11 months of current year to $959,360 against $892,443 for same period of 1927.

Wall Street Journal, March 25, 1929: Estimated January earnings—company is understood to have earned net in January, 1929, of approximately $28,000, which is the highest January earnings figure reached in the past five years.

Equities	Dec. 31, 1928	Dec. 31, 1927
Class A participating stock, 100,000 shares at $50	$5,000,000.00	$5,000,000.00
Class B stock, 100,000 shares	1,735,320.00	1,475,371.00
Total capital stock and surplus	6,735,320.00	6,475,371.00
Class B stock per share	17.35	14.75

Class B stock increased in value $2.60 per share as result of successful operations during 1928.

LABOR COSTS COMPARED

The Portland Cement Association, its members (the American manufacturers), its subsidized and other agencies, whose activities it controls, during the past few years have arranged to have published and have given wide circulation to inaccurate, misleading, and wilfully malicious statements, with the idea of creating the impression in the public mind that American workingmen have been and now are actually suffering a loss of wages and are threatened with a possible lowering of their present standards of living, as a result of the importations of cement into the United States.

It is known by those who are well informed on the subject that cement is a machine-made product. Very little labor can be or is used in modern plants, for the reason that from the time the raw materials are quarried until the finished product is actually placed in cars for shipment at the mills, it is handled by machinery and/or labor saving devices.

And the scale of wages paid to labor at cement mills actually is lower than that paid by importers to their workingmen, who, in all cases are stevedores and/or river-front workers, whose scale of wages is higher than that paid to the same character of labor in any other industry.

Importers are compelled to pay stevedores 85 cents per hour: foremen, $1.25 per hour; checkers, $6.50 per day; straight time, and to their other labor a minimum of 45 cents per hour straight time, with a 50 per cent increase for all overtime.

Importers, by the nature and character of their business, are compelled to have their cargoes carefully discharged by stevedores at all American ports, and loaded bag by bag into slings in the holds of vessels; rehandling it from the ship's tackle; trucking and piling it in warehouses and when making deliveries to their customers, to rehandle it again in small units, by hand trucks for loading it into automobile trucks, drays and/or railroad cars, which is a very costly operation but one that is unavoidable.

We wish to particularly emphasize and direct your attention to the fact that the total quantity of cement imported yearly approximately equals only the annual output of one single modern cement mill in the United States, which employs about 250 men.

It will be clearly seen from this statement of facts, that the actual labor costs of any importer of cement are very much larger than the wages paid by any American manufacturer for the same class of work, tonnage considered, for the very good reason that the number of men employed is very much larger and the scale of wages is very much higher.

We also know that some of the American companies, particularly in Texas and Southern California, employ cheap Mexican labor and show no consideration for the welfare of the American workingmen whom they profess to be concerned about in their campaign of publicity to have cement taken from the free list.

MANUFACTURING AND SELLING COSTS

The statement made by Mr. G. S. Brown, representing the American Portland cement industry, before the Committee on Ways and Means, that the cost of manufacturing cement in the United States, in the mills which are adjacent to and supply the seaboard, is 73 cents per barrel more than the cost of Belgian cement, both costs being taken at the mills, should not be taken seriously.

It is our firm belief that cement is now being and can be produced in the modern mills, where raw materials and fuel are available in sufficient quantities, at as low or even lower costs than it can be manufactured in any other part of the world.

We are supported in our position by no less an authority than Mr. James A. Farrell, president of the United States Steel Corporation, in an authorized interview, published in the Washington Herald of Sunday, December 23, 1928, who says, "We can meet foreign competition because we manufacture more cheaply, in spite of—or perhaps because of—high wages."

In connection with this statement, it mut be borne in mind that the Universal Portland Cement Co., one of the very largest producers of cement in this country (annual capacity estimated at 17,300,000 barrels) is a subsidiary of the United States Steel Corporation.

It is know by those who are well informed that cement can be placed in the bins at any modern mill, at a cost of not exceeding 80 cents per barrel, which includes all known overhead—interest on investment; labor; depreciation and depletion, which added to the cost of packing and shipping; rail transportation and selling expenses and administrative costs, which would be the same in the case of the importer, makes the delivery cost, say, Philadelphia:

	Per barrel
Cost in bins at mills	$0. 80
Packing and shipping	. 05
Rail transportation	. 40
Selling and administrative	. 20
Manufacturers' delivered cost price	1. 45
Selling price	2. 55
Less 40 cents refund on bags, 10-cent trade discount, 10-cent cash discount	. 60
Net selling price	1. 95
Less delivered cost	1. 45
Net profit	. 50

While the selling price to dealers and contractors in New York and adjacent territory is lower than in Philadelphia, it is also known that the transportation costs are very moderate, especially from the Hudson River mills, which, in some cases, own their facilities (barges) for transportation by water. It can be assumed that a very satisfactory margin of profit is made by the mills supplying New York and adjacent territory, whether shipments are made from the mills in the Lehigh Valley district in Pennsylvania and New Jersey or the Hudson River mills. The American manufacturers claim, that they are selling cement at an actual loss, is obviously incorrect and absurd on its face.

COMPARATIVE TRANSPORTATION COSTS

The American manufacturers have circulated reports and caused to be published, misleading articles, claiming that imported cement is carried as "Ballast" by ocean-going vessels, which means that it is transported at a very low cost or practically free of cost.

Such statements can be made only by misinformed persons or those who would deliberately and maliciously make an effort to injure others.

Cement pays the current market rates for tonnage. When full cargoes are shipped the steamers are chartered in the world markets of New York, London, Oslo, Copenhagen, Hamburg, and/or Antwerp, where vessels are offered; freights engaged and tonnage traded in like other commodities.

In the case of full cargoes cement pays as much as or more than similar freights, such as iron ores, china clay, kainite, etc., which are imported on a very large scale into the United States.

When parcels (less than full cargo lots) are shipped on regular lines steamer, and/or operated by American companies of the United States Shipping Board, full rates are paid.

It must be remembered that vessels can not be operated successfully or profitably unless they have cargoes to carry westbound as well as eastbound. In the case of some of the American companies who operate Shipping Board vessels, these lines were organized at heavy costs and expense to the taxpayers, in order to give reliable service which would enable American manufacturers and/or shippers to develop their business and to compete in the markets of the world.

The rates paid for cement, westbound from the exporting countries in Europe to the United States ports, compare favorably with the rates paid on grain (wheat, rye, corn, barley, oats) exported from the United States to the same countries. It very frequently occurs that a vessel carrying cement to the United States carries back to Europe a full cargo of grain. The same steamers which transport cement in parcel lots (less than full cargoes) from Europe to ports in the United States carry back composite cargoes of grain, lumber, cotton, cottonseed meal, tobacco, lubricating and fuel oils, canned goods, packing-house products, machinery, automobiles, etc., in many cases at lower rates than are charged for the transportation of cement.

The rates paid for ocean transportation from Antwerp, Belgium, to North and South Atlantic, Gulf, and/or Pacific coast ports would range from 50 cents to 75 cents per barrel. This represents approximately 25 per cent of the average c. i. f. price. It is generally known that ocean-borne commerce always is transported at moderate rates.

Certainly it must be admitted that freight charges which represent such a percentage of the cost price, laid down at an American port, precludes the idea of cement being carried as "ballast" freight.

On the occasion of the public hearings before the Committee on Ways and Means and in the briefs filed by the American cement industry, it was claimed by their spokesman that it cost the American mills from 38 cents to $1.16 per barrel more to put their cement to American ports than it cost the Belgians. This statement can not possibly be made in good faith and is absurd on its face for the reason that the freight rate from the American mills in the Lehigh Valley district to, say, Philadelphia, is 40 cents per barrel. The ocean freight from Antwerp to Philadelphia will average from 40 cents to 50 cents per barrel, to which must be added the cost of transportation from the Belgian mills to docks in Antwerp. It can very plainly be seen that the freight rates penalize the Belgian product.

An analysis of the freight rates from the Lehigh Valley district in Pennsylvania to, say, New York, as compared with the rail and ocean transportation costs from the Belgian mills to the same port, would show about the same comparative penalties against the foreign product.

It is known that the water rates from the Hudson River mills by barge to New York and adjacent territory, are very moderate (the facilities being owned, in some cases, by the American mills).

The freight rates from the Hudson River mills to the Boston market compare favorably with the rail and ocean transportation charges from the Belgian mills to Boston, as well.

In certain New England territory, which can be reached by water from the Hudson River mills, especially when their own facilities are used, the freight rates charged are very moderate and, thereby, absolutely exclude the foreign competition.

Your attention is particularly called to the fact that in certain port cities where cement is imported—Norfolk, Va., Tampa, Fla., New Orleans, La., Houston, Tex.—mills are operated by the American manufacturers and, for this reason, transportation charges could not, properly, be given consideration in these territories.

IMPORTERS' MARKETS VERY LIMITED

Cement which is imported can be shipped only very short distances from the piers on which it is discharged from ocean vessels.

The railroads make it impossible to ship by rail by charging prohibitive freight rates.

At the port of Philidelphia, for example, the minimum freight rate at which a carload of cement can be shipped by rail the minimun distance, is 9 cents per 100 pounds, or 34.2 cents per barrel. Therefore, the importers at Philadelphia are confined to distributing cement to within a radius of trucking distance from their piers. In some cases this does not extend to the actual city limits.

Generally speaking, this situation is duplicated at all other important ports, although the restricted zone and/or distances vary slightly.

During the years of 1925 and 1926, when the tonnage from Europe reached peak figures—approximately 3,000,000 barrels—a serious shortage existed at South Atlantic and Gulf ports, due principally to the failure in rail transportation.

The American mills located in southeastern territory were unable to supply the demand. Some of the American manufacturers shipped by water from their plants in Canada, Pennsylvania, and Texas, to relieve the situation. A very substantial premium was paid by the consumers for this cement as compared with the prices named by the southeastern mills. If it had not been for the supply of imported cement from Euprope, public improvement work would have been seriously delayed, if not abandoned, during that period

At the present time some of the American mills in southeastern territory, including Florida, actually secure higher prices net the mill for their product, where they meet the competition of the foreign cement, than is the case where they are shipping long distances by rail to interior points.

The American manufacturers, members of the Portland Cement Association, in order to exclude the foreign product have adopted a policy in certain ports and/or zones, of making especially low prices, with the intention of destroying the business of the importers by making it so unprofitable that it would not be possible for them to continue handling cement.

If their policy succeeded and the importation of cement were seriously curtailed, or entirely eliminated, they would have absolute control of all the cement business in the United States and then would be in position to demand and secure any prices they cared to dictate.

It is generally known and conceded that there is very little, if any, competition among the American mills. All of their prices are exactly the same in any given territory; the same allowances being made for cash discounts and to dealers and for the return of empty bags.

We think that the consumers and taxpayers are entitled to the small measure of protection against inflated prices that imported cement affords them.

RECIPROCAL BUSINESS

The official statistics, published by the Department of Commerce (mineral statistics division), will show that the shipments from those countries penalized by countervailing duties (which vary considerably)—France, Germany, Norway, Sweden, Poland, Italy—have been practically nil.

Cement can be imported into the United States, free of duty, from only three countries—England, Belgium, and Denmark.

We must anticipate retaliation in the form of additional—perhaps prohibitive—duties on shipments of American raw materials and/or manufactured goods which are being bought freely by those same countries at this time.

Your attention is called to the tremendous trade balances against Europe in the favor of the United States.

In 1928 the exports amounted to—

England	$847,277,000	
Belgium	111,865,000	
Denmark	47,173,000	
Total		$906,315,000

The imports during the same period were:

England	348,435,000	
Belgium	75,100,000	
Denmark	3,941,000	
Total		427,476,000
Making a balance in favor of the United States of		478,839,000

The imports of cement from these three countries, during the past two years, have amounted to approximately 2,000,000 barrels, or approximately $4,000,000 yearly.

DUMPING

The American manufacturers filed a formal complaint with the Treasury Department, in the year of 1924, claiming that the importers were violating the dumping provisions of the present tariff act. The department ordered and carried out a very extensive and far reaching investigation of the involved questions in the various exporting countries of Europe and, at a formal hearing in Washington, on June 6, 1924, the American manufacturers made practically the same claims as they are making to-day, concerning low wages, unfair competition, injury, etc.

After careful consideration of all the evidence presented by and on behalf of the the parties in interest, the Secretary of the Treasury found that a finding of dumping is not justified and has declined to issue such a finding. Appraising officers concerned have been notified accordingly.

MONOPOLY

If cement is removed from the free list, subject countervailing duties, it will preclude further importations of this very necessary commodity and will automatically create a monopoly which can benefit only the American manufacturers, who now control and who always have controlled over 98½ per cent of the American market, and whose profits are already sufficiently remunerative to satisfy any reasonable group of stockholders and/or investors.

Immediately competition is elimated, it is reasonable to anticipate an advance in the selling price of the American mills to at least the amount of the duty—30.4 cents per barrel—proposed in House bill 2667.

On a basis of last year's shipments, this would mean approximately $50,000,000, which would be borne principally by the farmers and taxpayers in the form of public improvements, road building, homes, public buildings, etc.

We are firmly convinced that the proposed tariff of 8 cents per 100 pounds, including the weight of the container, 30.4 cents per barrel, on Portland cement at this time will do a two-fold injury; first place all consumers and users of cement at the mercy of the American manufacturers, members of the Portland Cement Association, and secondly needlessly injure and unnecessarily offend some of our best international friends (buyers).

It seems incredible to us that serious consideration could be given to the appeal of the American manufacturers of cement to place a prohibitive duty against further importations, and we earnestly petition your committee to restore cement to the free list subject countervailing duties as privided for in the present law, by striking out the amendment proposed in H. R. 2667.

Respectfully submitted.

Cement Importers' Committee, by William M. Richardson, chairman, Booker & Co., George V. Booker, President, Tampa, Fla.; Wilbur Ellis & Co., Seattle, Wash.; Jenny & Lux, Boston, Mass.; Portland Stone Ware Co., Frank W. Clark, Manager, Boston Mass.; L. E. P. Giffroy, New Orleans, La.; Ferrocrete Import Co., E. R. Hollander, President, New York, N. Y.; Fimacor Products Corporation, Hubert M. Prove, President, New York, N.Y.; Philadelphia Export Co., William M. Richardson, President, Philadelphia, Pa.

STATEMENT OF E. R. HOLLANDER, REPRESENTING THE FERRO CRETE IMPORT CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You appeared before the Ways and Means committee of the House?

Mr. HOLLANDER. Yes, sir.

Senator EDGE. Did you file a brief before that committee?

Mr. HOLLANDER. Our committee did, through Mr. Richardson, a preceding witness, as chairman.

Senator EDGE. Mr. Richardson represents the same association and the same viewpoint as you do?

Mr. HOLLANDER. Except in different companies and from different countries. I represent English mills.

Senator EDGE. Do you propose to present a supplementary brief to this committee?

Mr. HOLLANDER. No, sir.

Senator EDGE. Then state just what you want to state to the committee, as briefly as possible.

Mr. HOLLANDER. As briefly as possible, I would like to elaborate a little on some of the things my colleague, Mr. Richardson, has said, and I would like to have the opportunity of contradicting some of the things the other side have stated.

Senator EDGE. Mr. Hollander, let me say this to you very frankly. Both sides of this controversy in connection with cement were heard at great length yesterday. You were here.

Mr. HOLLANDER. Yes, sir.

Senator EDGE. We gave each side 30 minutes. If I give you additional opportunity to try to rebut the testimony of the last witness, in fairness, then, I must give the other side—because they have already asked for it—additional time. I see no object to be gained. We are not trying a case here. If you can give, directly and affirmatively, any evidence that has not been given by previous witnesses, very well, but that is all we want.

Mr. HOLLANDER. That is all the opportunity I shall ask.

Senator EDGE. If you go into another line, I will have to call the other witnesses.

Mr. HOLLANDER. In the first place, quotations have been made, presumably from having read data furnished by the Tariff Commission, from that document, stating that the spread of costs between the imported cement and the domestic, at a given point on the seaboard, was from 38 cents to $1.16. I would first like to correct that impression by saying that this figure is not based upon the same figures in both cases. The $1.16 spread is based, apparently, upon the fact that the imported product is simply figured based upon its c. i. f. value at a dock, before any further expenses have been incurred, whereas the American competing product has been based upon delivered prices, including the profits of the mill, which have not been figured into the other case, of the imported material.

After the material arrives at the dock, there is always stevedoring to be paid for, which is a very expensive item.

Senator REED. About how much?

Mr. HOLLANDER. Stevedoring runs from 80 to 90 cents a ton, say, or 16 cents a barrel, roughly speaking. There is stacking on the docks;

in many cases lighterage to points where yards are situated; there is delivery to be made in trucks to the actual jobs of construction that are going on; there are the profits of the importer to be figured, his overhead for business, and various other incidental expenses, which have not in any way been shown in this spread, and the disparity between the two is infinitely less, almost to the vanishing point.

Senator EDGE. In order that we may get this thing in a comparative way that will be of help to the committee, I will pass to you a report of the Tariff Commission, not the statement of any previous witness. I would like to have you to go over it. It refers to the spread from 73.46 to $1.16. If you care to criticize any item there directly, please do so. That is the report of the Tariff Commission to the committee.

Senator REED. If I may interrupt you, I may say that the Tariff Commission tells us that the costs of production submitted by the domestic producers practically agree with the costs calculated by the Tariff Commission from data obtained through correspondence with more than 100 domestic mills; so that that first column, showing the domestic average cost delivered, does not include the profit to the manufacturer.

Mr. HOLLANDER. Yes, sir. I will take New York, with which I am most familiar. I notice the price here is $2.32.

The price in New York at the present time is $2.43 per barrel, less two tens. The dealer has 10 cents discount and 10 cents for cash payment, making 20 cents. There is 40 cents more deducted for the sacks when returned, which means that the total net price to the dealer in New York is $1.83, and not as it appears here, $2.32, which includes the sacks, which are to be rebated.

After that point the dealer then has to make the delivery in his trucks.

Senator REED. Are the sacks rebated by the cement companies?

Mr. HOLLANDER. The cement companies; when the sacks have been returned.

Senator REED. How about the imported cement?

Mr. HOLLANDER. So far as ours is concerned, it comes in paper sacks, and there is no rebate. It is net. That is done because the cement is conserved better for long distances in paper than it would be in cloth. It absorbs less moisture.

Opposite this, in the second column, I notice the foreign cost delivered is $1.76. That does not represent anything for the dealer. We will suppose that a large supply house in New York City is purchasing that cement. They have no profit in that price yet. The purchaser has nothing in the way of overhead expense and, if he had, I can only guess at what it would be. It would bring it to something over $2, according to what the ideas of profit were, whether he chose to do a large volume of business at a small margin of profit, or a small business with a large profit.

So that figure would be modified by the amount of profit that the dealer puts on, and his delivery charges in trucks. I think that answers the question.

Senator KING. You mean from the boat to the wholesaler?

Mr. HOLLANDER. It has to go from the boat to the dealer's yard, and be stacked in that yard until the orders come in for truck-load deliveries, 200 or 300 sacks at a time.

Senator EDGE. If you will turn to the next page here, dealing with a similar situation, this information is furnished us by the Tariff Commission, representing the cost of the delivery of domestic cement at various ports, and the estimated Belgian delivered costs at the same ports; and the difference between the two is represented in the last column. If you have any criticism of those figures we would like to have it.

Mr. HOLLANDER. I do not come here with the idea of criticism, Senator.

Senator EDGE. We want the facts.

Mr. HOLLANDER. On that particular point, I take issue with that, because I do not think all the figures have been included in the imported price.

Senator EDGE. That is the reason I have passed over to you our authority—not the authority of the previous witnesses. We are passing over the authority from a governmental board, and we would like to have your criticism of it.

Mr. HOLLANDER. Of course, I take issue with this column 1, the cost of delivery in New York, unless it is well understood that that includes a very large percentage of profit to the American mill, which does not show here, when it says "cost delivered, domestic cement, to ———," and then follow the various cities. There is a large profit there, figured according to the cost of production at that particular plant. There is some range of cost. It varies, naturally.

Senator EDGE. Do you agree that there is a considerable spread, averaging, I think, something like 70 cents, in most of those seaboard cities?

Mr. HOLLANDER. Nothing like that.

Senator EDGE. You do not agree that there is a difference between the costs of approximately 70 cents?

Mr. HOLLANDER. Absolutely not.

Senator EDGE. Then, your position is that the Tariff Commission, in their investigation, are in error?

Mr. HOLLANDER. I would not say that. I would say they have not included the same items in both cases. Perhaps I can make it a little clearer by showing you the way the Government shows the reports every month. You will notice——

Senator EDGE. I am informed by the expert from the Tariff Commission that these figures represent the cost of production without profit taken in either event.

Mr. HOLLANDER. Of course, I will take issue with that, because the cost prices of the domestic mills are far less than these stated here.

Senator REED. How do you know that?

Mr. HOLLANDER. I can go so far as to say this. Cement is a machine-made product. Labor is a very small percentage of the cost. If you take for granted a modern equipped mill situated in Pennsylvania, or in Europe, or in any other country where the materials are equally close at hand to justify the situation of the mill at that point, there will be no difference whatever in the costs, in whatever country it is manufactured, except for the item of labor, because the machinery used all over the world in modern mills is practically the same. The same machinery concerns furnish it.

Senator EDGE. What percentage of the cost do you attribute to labor?

Mr. HOLLANDER. Based upon the English production, it would be something under 15 per cent of the cost. Roughly speaking, the cost of cement, in a general way, is about 80 cents a barrel, and it depends very largely upon the modern equipment or obsolete equipment used by a mill. The figure of labor mounts very considerably in an obsolete mill, using antiquated methods. I do not think those things have been taken into account here.

Furthermore, the Government reports are on c. i. f. values. They give in one column the importations in barrels and in another column in values. The values are never indicative of the true cost of the cement, because we are checking them up every month. This is the reason. Some importers purchase on the basis of paying the freight after it arrives here. Consequently the consular invoices have gone through without the freight being included. The freight item is a very big item in the cost.

Other importers get a c. i. f. quotation, which includes the freight when it is landed. Consequently there is a variation here between Belgian and Danish cement. Dividing the value by barrels, it will run all the way from $1.10 to $1.70. In the one case freight has been included, and in the other case it has not. But the assumption is, when these figures are issued, that it is the c. i. f. figures in both cases. It is imposible that it should be.

Senator KING. You stated 80 cents a barrel for manufacturing cement. Is it not a fact that a few years ago they could manufacture cement, particularly in the interior points, for very much less? I know, in my State, where they have marl beds, it can be manufactured for very much less.

Mr. HOLLANDER. Very much less. On that subject I may say that prior to the war American cement was being sold in New York City—I quote New York because I am familiar with that market—at about $1.28 f. o. b. cars. To-day it is sold under the same conditions at $2.43 f. o. b. cars, being nearly 100 per cent advance in selling price. There can be no possible advance in the cost of producing that cement except in so far as the labor item is concerned.

Senator KING. Is it not a fact that during the past 10 or 15 years—and I speak with knowledge of some of the cement plants in the interior and the West—that by reason of improved methods, machinery, and mechanical appliances the labor cost has been reduced?

Mr. HOLLANDER. Gradually.

Senator KING. The number of manual laborers has been reduced very much because of the improved mechanical appliances.

Mr. HOLLANDER. That is my belief, although I am not a mill man myself. But I understand that, and I have heard that for the last three or four years. They have materially reduced the cost of production through modern methods.

Senator KING. Is it not a fact that annually—and perhaps oftener—the cement manufacturers of the United States meet in conference or otherwise, and immediately afterwards the prices are substantially uniform in the various parts of the United States?

Mr. HOLLANDER. Senator, if you will bear with me I would like to read from the testimony I gave before the House committee. They

were rather pressed for time also and I was cut off. They requested me to write a statement giving any additional information that I had. If you will permit me to read this, I would like to have this go into the record.

Senator EDGE. Let me have that statement I handed you.

Mr. HOLLANDER. Yes, sir. It bears on the question asked. [Reading:]

Kindly permit me to add the following information to the testimony given by me before your committee on February 20, 1929.

In spite of the contention of the manufacturers it is unquestionably a fact that all the cement companies charge the same price for their product delivered at a given locality, such as New York, Philadelphia, or Newark, N. J., not to mention many other points. This statement can be substantiated by the Federal Trade Commission, who have had their agents recently investigating the dealers' prices in New York City.

To my personal knowledge the price of cement delivered to the dealers in New York City, purchased from any one of the 17 mills supplying this market, is uniformly $2.48 per barrel, less the usual discounts and rebate for sacks returned, when shipped in cloth. This price has been in effect for at least two years. During this time theer has not been imported more than 75,000 barrels average per year for the period mentioned, although the market in Greater New York absorbs greatly in excess of 10,000,000 barrels per year.

That is from the Department of Commerce figures.

Senator KING. You mean that is the entire importation from Europe?

Mr. HOLLANDER. The exact figures are 74,000 for one of those years and 79,000 for the other. Therefore I made a rough calculation of the average.

Senator KING. What is the domestic production?

Mr. HOLLANDER. I am coming to that. The average per year for the period mentioned was 75,000 barrels, although the market in Greater New York absorbs in excess of 12,000,000 barrels per year. The percentage of that is a little over 1 per cent. [Reading:]

The 17 or 18 mills supplying the New York market manifestly have a great divergence in cost of production, due to modern or old equipment, nearness of the plant to the source of fuel supply, and the quality and proximity of raw materials; and there is also a great divergence in the cost of transportation from the mills situated at various points to the New York market, as clearly indicated from the letters of public carriers as herewith attached.

Senator REED. Let me understand about the imports. I do not see what you mean by that. The imports are represented to us at over 2,000,000 barrels.

Mr. HOLLANDER. Yes, sir, for the country as a whole. We are speaking of the port of New York, and comparing it with the 12,000,000 barrels absorbed from the domestic market in that city. I think that what follows is quite important for your information.

Senator EDGE. That is correct, is it not, that the importation of the country is 2,200,000 odd barrels?

Mr. HOLLANDER. Yes, sir. [Reading:]

The 17 or 18 mills supplying the New York market manifestly have a great divergence in cost of production, due to modern or old equipment, nearness of the plant to the source of fuel supply, and the quality and proximity of raw materials; and there is also a great divergence in the cost of transportation from the mills situated at various points to the New York market, as clearly indicated from the letters of public carriers as herewith attached.

Then I placed before the committee letters from the Hudson River shippers.

Senator EDGE. We had every line of that evidence put in yesterday. I do not want to be discourteous, but you were here, and you heard it all go in the record. yesterday. If we are going to reopen the whole thing——

Senator KING. I asked a question, Mr. Chairman.

Senator EDGE. In fairness, we would have to give the other side an opportunity to rebut it.

Mr. HOLLANDER. I agree with you. I think it is perfectly fair that they should have that opportunity, but I am trying to answer more briefly by quoting from this document.

Senator EDGE. I do not want to cut you off, but you were here yesterday and heard all of it.

Senator REED. Was mention made yesterday of the Supreme Court decision?

Mr. HOLLANDER. That was mentioned; yes, sir.

There is one paragraph here that I think is pertinent, and that is that I have placed on file with the committee these different quotations by the American Cement Companies prior to January 18, 1927. They were all $2.55, and on January 18, 1927, all those same companies quoted the New York dealers the new price of $2.43. If that does not show unanimity of opinion and agreement on prices, I do not know what it is. I am not discussing the legality of the question. I am simply stating what was actually done.

Senator EDGE. Is it not true also that transportation enters but little into the cost, because of the tremendous cost of freight rates for carrying this heavy material, and that in all these different sections where the price is very nearly the same, it represents the production of the section?

Mr. HOLLANDER. I do not think that is quite so, Senator, because the Hudson River mills come down by water, and the freight rate there, as I understand it, is between 8 and 12 cents a barrel, whereas the freight rate by rail from the Pennsylvania mills is something like thirty-seven and a fraction cents per barrel.

Senator EDGE. My understanding, from one of the previous witnesses, was that the railroads would not transport cement westward beyo d a certain very limited territory.

Mr. HOLLANDER. It is not that they would not, but the cost would be prohibitive.

Senator EDGE. They do not; and, as a matter of fact, one of the witnesses indicated, if I am not mistaken, that it was a condition that the railroads announced, that they would not transport cement that way.

Mr. HOLLANDER. Not to my knowledge.

Senator KING. The railroads would not have any authority to do that.

Senator EDGE. Perhaps they would not, but it is a general understanding, apparently.

Mr. HOLLANDER. Mr. Chairman, you asked Mr. Richardson another question yesterday, with which he apparently was not familiar, and that is this question: "Is there any advantage shown to the American producers in rail freights over the importers?" The answer is yes, for this reason. They have what is known as a commodity rate. They can ship from the mills in eastern Pennsylvania, if they so elect, to Chicago, for 60 or 70 cents a barrel. If we

attempted to do the same thing from New York to Chicago, the price would be about $1.80 a barrel, because there is no commodity rate applying, and if we tried to ship from New York into the Pennsylvania district, it would be nearly three times, or at least two and one-half times the price from the mills to New York, where the commodity rate applies. So, in that sense, there is not an equality of freight rates.

Senator REED. How far inland does the imported cement get?

Mr. HOLLANDER. It never gets inland by rail. It would be prohibitive. We can only ship by truck, within what might be called trucking distance of the different ports.

Senator KING. So the differential is against you.

Mr. HOLLANDER. Absolutely. It could not be put on cars and shipped on account of the prohibitive cost of the freight.

Senator EDGE. Then the duty on cement, as provided by the House, of 8 cents a hundred pounds, or 80 cents a barrel, would not, in any way, shape, or form interfere with the producers of cement inland?

Mr. HOLLANDER. I could not answer that question.

Senator EDGE. I thought you did answer it? I thought you already had answered it, and I was merely trying to emphasize it.

Mr. HOLLANDER. The producers inland, you say?

Senator EDGE. Yes; cement producers inland. If the importations can not reach them, then the duty on the importations would certainly not affect them.

Mr. HOLLANDER. It would not affect them; no, sir. It would affect prices materially, however.

While I am on that subject I want to bring to your attention another statement that was made, in regard to the shutting down of mills due to importations. It must appeal to anybody as being absurd that where the total imports are a little over 2,000,000 barrels, and the product of one well-equipped mill, we will say, is 2,000,000 barrels, that, therefore, you must ascribe all the difficulties of all the mills to the importations. It might be difficult if that one mill happened to be located where the whole mass came in, but if you will take the territory involved in the eastern Pennsylvania district, and in Maryland and New York, the total shipments from those mills are 52,000,000 barrels. The total imports to the cities involved in that territory, of New York, Philadelphia, and Boston, amount to only 710,000 barrels, roughly, as against 52,000,000 production. Again, you will find the same percentage, which was denied yesterday, of 1½ per cent of imports, as related to total production.

The attempt was made to say that while that was the true and arithmetical percentage of the whole industry, it did not apply to the points where the mills were most affected. It is only 1½ per cent in that district.

The next statement that was made was that certain mills had closed down because of these imports. Last August the International Co. issued pamphlets of its own printing, stating that their mill at Nazareth, Pa., was obliged to shut down due to the competition of foreign cement. As a matter of fact, that mill was shut down for no other purpose than for reequipment with modern machinery. They took advantage of that fact to spread propaganda among their customers and the public at large.

Senator KING. Are they putting in new machinery?

Mr. HOLLANDER. Yes, sir.

The next point is that instead of putting on the stand yesterday the representative or president of one of our great, prosperous, and well-managed companies, Mr. Kelley took the stand. Mr. Kelley's company, I suppose we all know, has a great many disadvantages and obstacles to overcome. He spoke about shutting down again, due to foreign competition.

Senator REED. Where is he located?

Mr. HOLLANDER. He has mills, I believe, at Hagerstown, Md., one in the Catskills—I will get that information for you exactly, sir—and one up on the Hudson.

Senator REED. That is enough.

Mr. HOLLANDER. And there is a third one. I can not recall just where it is.

The fact is that the relation of property valuation to the barrel capacity of the mill, in the case of the Lehigh Portland Cement Co., is $1.28 per barrel. In the case of the Alpha Co., it is $1.80 per barrel, and in the case of the International it is $2.10 per barrel. The North American Co., represented by Mr. Kelley yesterday, has a capitalization that represents a figure of $3.09 per barrel, based on the barrel capacity. In other words, there is a tremendous load for any cement mill to assume, on which to base a profit.

Senator KING. That is the book statement?

Mr. HOLLANDER. That represents the capital investment compared with the barrel capacity of the plant.

Senator KING. But is that actual cash invested in——

Mr. HOLLANDER. Cash and obligations assumed.

Senator KING. Then, he took over some other companies?

Mr. HOLLANDER. Precisely. In 1925——

Senator KING. For the purpose of wiping out a little domestic competition?

Mr. HOLLANDER. I do not know the purpose.

Senator KING. And then issued new stock?

Mr. HOLLANDER. Yes, sir. In 1925 that very thing was done. Three mills were taken over, merged, and I suppose recapitalized. From the published statements, it appears that upwards of $5,000,000 were invested in their preferred stock, and something between $7,000,000 and $8,000,000 of obligations were assumed from the old owners. Then new stock was issued, and a merger was formed. Naturally there is a very heavy bonded indebtedness for that company, which means that the annual bond interest and interest on preferred dividends of the Atlas Co. amounts to only 1 cent per barrel; for the Alpha Co., another well-managed company in splendid condition, it amounts to 1.1 cents. For the International Cement Corporation it amounts to 4½ cents; but for the company in Maine it amounts to 18.6 cents.

Senator REED. Of fixed capital charges per barrel of production?

Mr. HOLLANDER. Precisely. Consequently, I maintain, with that 18 cents based upon their capacity production of 4,000,000 barrels, if they had sold 4,000,000 barrels, with that item wiped out, they would have had 18 cents per barrel more, which would have been a magnificent profit for them on a $5,000,000 company. They would

have had $700,000 odd applicable to dividends, which would wipe out the previous bonded indebtedness.

Senator KING. I was absent yesterday. I do not know what has gone into the record. I wish you would prepare a statement; make the necessary investigation before the hearings close, and come back again with that statement, giving all the information you can obtain, from Moody's Manual or otherwise, for all these cement corporations and companies; whether they are owned by corporations, partnerships, or individuals along the Atlantic coast here, who are asking for this tariff; the amount of capital stock; the amount of watered stock; the amount of preferred stock; the amount of bonded indebtedness; whether a merger was formed; which companies merged, and what increase in capital resulted from those mergers; their dividends, and all the facts.

Mr. HOLLANDER. How much time have I for that?

Senator EDGE. We will decide that later.

Mr. HOLLANDER. I do not mean to-day, but——

Senator EDGE. Your idea is to prepare a brief?

Senator KING. No; not a brief, but to prepare a statement and come back here and present it.

Senator EDGE. You are entirely satisfied that the representatives of the domestic industry also will be given an opportunity, if they care to send a representative here?

Senator KING. Senator Edge, you can ask them to produce anything you please.

Senator EDGE. They have not had an opportunity to answer this. If we want to get the facts, we want both sides.

Mr. HOLLANDER. Certainly.

Senator EDGE. I will announce that the representatives of the domestic companies may also have a witness here, if we are going into the finances of these companies.

Senator KING. I am going into the finances of these companies because I know something about them.

Mr. HOLLANDER. I shall take only a minute more of your time. I want to show you two more documents along the same line.

Senator EDGE. If you are coming back again, I wish you would make it short.

Mr. HOLLANDER. This will not refer to the Senator's question.

Another mill that has been complaining in its propaganda about the foreign competition ruining their business was the Lawrence Cement Co., a new mill established in Maine a little over a year ago. I am submitting this letter for your files. [Reading:]

LAWRENCE PORTLAND CEMENT CO.,
Boston, Mass., March 11, 1929.

GENTLEMEN: In New England it is "Dragon"—600,000 barrels of Dragon were sold in New England in 1928; 1,000,000 barrels will be sold in 1929.

During 1928 more Dragon was used on New England highways than ever before and was sold through Dragon dealers.

Road contractors found that with Dragon they could open the road earlier—no admixtures were needed—practically overnight freight delivery service, and highway department tests showed practically 28-day strength in 7 days.

The cement that speeds up the work and cuts down the cost is what a contractor wants.

The brand of cement that saves a contractor money is what the dealer wants.

Dragon tests 40 per cent above the standard.

New England people are realizing that if New England materials are purchased, the money remains and benefits New England. One of the slogans of the New England council is, "New England makes quality products."

Very truly yours,

WALTER E. BOWE,
District Sales Manager.

That is the statement of a mill that they say has to shut down on account of foreign competition.

In other words, these poor 2,000,000 barrels that come in throughout the whole country, from the Atlantic to the Pacific, are made the scapegoat for every little mill that happens to be a "lame duck" or happens to be staggering under a load of bonded indebtedness.

The last statement is from the merchant marine. I am going to present to you, for your consideration, a letter from Moore & McCormack (Inc.), operating one of the Shipping Board Lines. They bring cement in from the Scandinavian countries. They explain that any duty on cement would prohibit its importation, and consequently they could not bring in one of the two things they have for westbound freight, wood pulp and cement, failing which they must increase their eastbound freight on American products.

(The letter referred to is as follows:)

MOORE & MCCORMACK (INC.),
New York, June 18, 1929.

Hon. REED SMOOT,
Chairman Senate Finance Committee,
Washington, D. C.

DEAR SIR: The House of Representatives has passed a bill imposing a duty of 8 cents per 100 pounds on importations of Portland Cement.

As operators of American flag vessels from North Atlantic ports to Scandinavian and Baltic countries, we most strenously object to an imposition of duty on Portland Cement for the following reasons:

Prior to the inception of the United States Shipping Board there were no American vessels operating in this trade. Under section 7 of the act of 1920 the United States Government created what is now known as American Scantic Line, having determined that it was an essential service for the promotion of foreign commerce to the United States as well as the steamers engaged therein being valuable auxiliaries to the United States Navy.

There are 10 American vessels engaged in the trade. These vessels carry to the Scandinavian countries full cargoes of miscellaneous manufactured materials, grain and other farm products. The inauguration of this service to the Scandinavian countries has increased the exports of our manufactured products as well as farm products to enormous proportions. (See Department of Commerce report for the year of 1927.)

The return cargoes from these countries are practically limited to wood pulp and Portland cement. Any tariff or trade barriers which would restrict the importation of the commodities would necessarily mean the returning of our vessels without cargo, thereby compelling an increase in outward freight rates to pay for the round voyage. This increase, of course, would fall on the exporters of our manufactured products, grain and other farm products, and in many instances would be sufficient to defeat their sales to the Scandinavian countries by reason of the competition with oher foreign countries.

During previous years the total voyages made averaged about 30, but during 1929 and following years under the postal act we are compelled to have 52 voyages a year to the Scandinavian and Baltic countries, with the result that we must seek additional return business in order at all times to be competitive, and Portland cement imports are therefore essential to us in this trade.

In our opinion it would be commercial suicide, both to the American exporters and the American merchant marine, to place a tariff on Portland cement.

The present rate of freight paid on Portland cement to the United States is $3.16 per ton, which is the commercial rate.

President Hoover, in calling the special session of Congress in reference to tariff revision, said:

"It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years, and a consequent decrease of employment due to insurmountable competition in the products of that industry. It is not as if we were setting up a new basis of protective duties. We did that seven years ago. What we need to remedy now is whatever substantial loss of employment may have resulted from shifts since that time.

"In determining changes in our tariff we must not fail to take into account the broad interests of the country as a whole, and such interests include our trade relations with other countries. It is obviously unwise protection which sacrifices a greater amount of employment in exports to gain a less amount of employment from imports."

From studies that we have made the domestic Portland cement industry does not need the protection of 8 cents per 100 pounds.

In 1921 the total annual business of the domestic Portland cement industry was 95,507,000 barrels. The total business in Portland cement in the United States for the 7-year period from 1922 to 1928, inclusive, has been 1,080,735,315 barrels, of which 15,259,567 barrels were imported, and of this quantity about 12 per cent went to Porto Rico, a territorial possession of the United States. In other words, the imports amounted to about 1½ per cent of the total business of the United States, and if the exports are offset it will be about one-half per cent of the total business of the United States. Taking the year 1921 as an average, the business has increased 412,186,315 barrels over and above the requirements of the year 1921, of which increase in business 396,926,728 went to the domestic industry and 15,259,587 barrels were imported.

The industry has been prosperous as a whole, and in this respect you are referred to the dividend record of the principal companies engaged in this business.

The figures quoted are figures obtained from statistics by the Department of Commerce, Washington, D. C.

Any duty placed upon Portland cement will give the domestic industry a monopoly to the detriment of the farmers of the country, the general consumer, and the development of the American merchant marine.

Yours very truly,

MOORE & MCCORMACK CO. (INC.), *Agents.*
A. V. MOORE, *President.*

Senator EDGE. In that connection, are you familiar with the statement that is frequently made—I know nothing about its accuracy—that Belgian cement comes over in foreign bottoms as ballast, without paying any, or, if any, a very slight transportation charge?

Mr. HOLLANDER. Mr. Chairman, when the expression "in ballast" is used, if the intention is to create the impression that it comes over free, it is an absolute falsehood. There is no such thing as coming over in ballast free. I would be very glad to find any steamship company that would take it. We pay what we call the Atlantic Conference rates, 14 shillings per ton. About $3.40 is the price we pay for our cement. That, translated into barrels, means about 56 cents a barrel, coming from the Thames to New York Harbor, Philadelphia, or Boston.

Senator EDGE. If you have anything you want to prepare to put in the record, put it in the record, but we can not drag along all morning.

Mr. HOLLANDER. There are a few things I would like to have corrected, but I think you have been very indulgent.

Senator EDGE. You have been invited to come back before the committee again, by one of the members.

Mr. HOLLANDER. When will that be, sir?

Senator EDGE. After we complete the rest of the hearings.

Senator KING. Probably two or three weeks.
Mr. HOLLANDER. Two or three weeks from now?
Senator KING. Yes.
Mr. HOLLANDER. Then, I will receive notice to that effect?
Senator KING. No. You must come when you get it ready.
Senator EDGE. The burden of responsibility must be on the other side, not on us. We have too many things to think about.

STATEMENT OF FREDERICK W. KELLEY, NEW YORK CITY, REPRESENTING THE DOMESTIC CEMENT INDUSTRY

(The witness was duly sworn by the chairman of the subcommittee.)
Senator EDGE. You represent the cement industry, as I understand it—that is, the domestic cement industry.
Mr. KELLEY. The domestic cement industry; yes, sir.
Senator EDGE. You are also directing your testimony to paragraph 205-(b).
Mr. KELLEY. I think that is the technical definition, Senator.
Senator EDGE. The same paragraph that the previous witness discussed?
Mr. KELLEY. Yes, sir.
Senator EDGE. You may have 30 minutes, in view of the fact that I understand you represent the other side, if you need 30 minutes. I give public notice now that I am not going to be so lenient hereafter.
Mr. KELLEY. Recognizing that the committee already have a great many witnesses to hear in a short time, we have prepared this statement, of which I have handed you a copy, and in which we have endeavored to discuss matters that appear to have arisen out of the discussion since we filed our other briefs with the Ways and Means Committee, which I understand are a part of this record.
Senator EDGE. In other words, this brief is supplementary to the brief you have already filed?
Mr. KELLEY. Supplementary to the other.
Senator Edge. Very well. We will accept this one.
Mr. KELLEY. It has been my purpose not to discuss in detail the other briefs, and unless you prefer, I will not even cover fully this statement, but will touch upon certain of the high points that I think perhaps would be most pertinent now.
Senator EDGE. Without directing in any way your method of presenting your evidence, you have heard the situation as presented by those who oppose the suggested increase in duty. I will be glad to hear you, in your own way, from the other angle.
Mr. KELLEY. With your permission, then, I will just follow out this method.
We have first endeavored to cover the matter of injury to the industry. In the first place, we want to emphasize the point which was made by the chairman of the Ways and Means Committee, that the duty imposed will fall far short of affording protection to seaboard mills, which alone must meet the competition from the foreign product. The question arises, Shall we close the cement factories along the Atlantic coast?
The fact is that in 1927 the briefs which we filed, and which were very carefully prepared, showed that approximately 15,000,000 barrels were sold in these seaboard markets below cost. In other

words, that was 80 per cent of the cement which we sold in those markets, and was approximately 10 per cent of the total American production.

There has been a great deal of mention made in the discussion of the 1½ per cent, which is the arithmetical figure which the imports bear, approximately, to American production. The fact is, as I think has been brought out in many ways, that cement does not move freely about the country. It is rather limited, because of its very low unit cost, the heavy proportion which transportation bears to its delivered cost, and consequently it is the industry along the coast that has to bear the brunt of the foreign importations.

The percentage which the foreign importations bear to the cement that meets it directly in competition is about 10 per cent in those markets, and rises to approximately 50 per cent in some markets.

With that picture I think it is quite easy to see that the results are very much more serious than would appear if cement were a product that could move freely over the entire country so that the entire production could be used to meet the competition.

Senator EDGE. We want to get information as we go along. You do not mind interruption occasionally, do you?

Mr. KELLEY. Not at all, sir, if it will help you.

Senator EDGE. You speak of the seaboard output being at a loss. You have just heard me read into the record, while the previous witness was testifying, the prices, showing that the seaboard prices varied only a few cents from the inland prices. How do you explain, if there is a loss on the seaboard, that there is not a loss inland?

Mr. KELLEY. I think the facts are that there is enough difference to make a considerable loss.

Senator EDGE. I wish you would explain these things.

Mr. KELLEY. The very fact that it is appreciated even in Belgium is shown by a statement by the National Bank of Belgium, which is included in this record, which I want to bring to your attention, which is as follows—this is in the official bulletin of last year of the National Bank of Belgium:

> As the price fight carried on by the American cement mills bears on an important tonnage, it is causing them considerable loss, quite out of proportion to the result to be attained.

We are not alone, in other words, in feeling that we are decidedly injured.

There have been some figures quoted this afternoon of certain companies in the industry who showed profits and prosperity. Unfortunately these do not represent a very large proportion of the industry. It is shown in here that the earnings, particularly in northeastern and southeastern districts, which are most vulnerable to the imports, have distinctly fallen off. That shipments have decreased and in many places plants been shut down. As of April 30 there were six large seaboard mills shut down, which, of course, involved much loss of employment and profit. I do not mean to say that these decreases and these shutdowns were entirely caused by the introduction of foreign cement, because we know that in certain sections there has been a decrease in building operations, but I do want to point out that under those very conditions the effect of foreign cement is very much more serious than it would be under prosperous conditions.

Now, I can testify in my own case that in an experience of 29 years, this winter was the first time that one of the plants in my relatively small company had to be shut down and that the other two plants of the total of three cement plants were shut down for a month or more.

In our own case we first felt the effect of foreign competition seriously in the latter part of 1926 and 1927. The effect in net earnings was that in 1927 on a larger volume of business our earnings dropped to nearly half those of 1926, and in 1928 with both volume of business and earnings reduced we had to drop one of our quarterly preferred dividends in 1927, three in 1928, and we have not paid any in 1929. This was in the face of lower cost, but the market prices fell away fast, due to unequal cost advantages of the foreign cement.

Now another point I want to cover, which is covered in this brief more fully, and I want to touch on it merely, is the probable effect of a duty particularly in raising prices in the interior. We have shown somewhat fully that the course of prices in the interior and the seaboard has in certain years been in different directions. They have been decidedly, over periods, in different amounts, and during the period when the imports of foreign cement have affected us most at the seaboard and there has been a very precipitate drop, there has been a very minor drop in the interior. I think that has been pretty well agreed upon by the testimony as I have heard it, but I want to make that definite and call your attention to it more fully here. Supplemental to that I would like to file, though I do not think it is necessary to read, letters from several men in the industry who, I think, are familiar with such things, and who testify to the same effect.

(The letters submitted by Mr. Kelley for the record are as follows:)

LEHIGH PORTLAND CEMENT CO.,
Allentown, Pa., June 19, 1929.

Mr. F. W. KELLEY,
President North American Cement Corporation,
Albany, N. Y.

DEAR MR. KELLEY: Having in mind your appearance before the Senate Finance Committee later this week on behalf of the cement industry to request a tariff on Portland cement which will adequately protect the product as against European importations, I desire to state that, in my opinion, a tariff of 8 cents per hundred pounds as provided in the Hawley House bill is not sufficient to equalize the difference between the labor cost in Belgium and the United States.

In some seaboard markets a duty of 8 cents per hundred pounds will simply lessen the loss which American manufacturers are not subjected to.

Cement, because of its great bulk, can not be economically transported any great distance. Foreign cement has, therefore, never reached the markets of the Middle West. A tariff on cement may to a certain limited extent affect prices in the seaboard markets. I am convinced, however, that it can not and will not affect prices in the great agricultural States such as Minnesota, Iowa, Kansas, Nebraska, and the Dakotas.

Among other plants in various States, the Lehigh Portland Cement Co. owns and operates two up-to-date well-equipped cement plants in the States of Iowa and Kansas and should, therefore, be familiar with possible price trends as related to a tariff on cement.

Yours very truly,

LEHIGH PORTLAND CEMENT CO.,
E. M. YOUNG, *President.*

CONSOLIDATED CEMENT CORPORATION,
Chicago, June 15, 1929.

Hon. REED SMOOT,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

DEAR SIR: With reference to proposed tariff on imports of cement, I would say that from my knowlege of an experience in the cement business in the Middle West there is no likelihood that an import duty will in any way affect the present price of cement to the farmers in the Middle West, nor will it operate in any way to raise the price of cement to any other consumers.

Overproduction in this whole area and highly competitive conditions resulting therefrom tend to keep prices where they are or to put them to a lower point. The Middle West is not and can not be affected by cement brought into either Atlantic, Gulf, or Pacific seaports.

Respectfully,

JOHN L. SENIOR, *President.*

HAWKEYE PORTLAND CEMENT CO.,
Des Moines, Iowa, June 6, 1929.

Hon. HENRY J. ALLEN,
United States Senate, Washington, D. C.

MY DEAR SENATOR ALLEN: The question of a duty on import cement is up for consideration by the Senate, a fact with which you may be all too familiar. It seems that certain Senators and Congressmen from the agricultural States in the Middle West are opposed to a duty on foreign cement, and, if I am correctly informed, it is because they feel that the making effective of such a duty would have a tendency to increase the cost of cement to the farmer.

This company's direct interest in the matter of a duty is not very vital, because of our location so far from the seaboard. The price of cement to the farmers in Middle Western territory could not possibly be affected by an import tariff on cement. In all fairness, it seems that the mills located within a few hundred miles of seaboard should have a fair protective tariff, and that would be my view were I to sever my connection with the cement industry to-morrow.

The impression may prevail with you that the industry as a whole, is in very prosperous condition and does not need help in the matter of a tariff. However, if you will analyze the history of the individual cement companies, with very few exceptions you will find that over a period of 20 years the industry has not been as prosperous as it appears from the dividend paid during the last 10 or 12 years. Take this company's history, for instance; our plant commenced operation in 1910 and was then known as the Iowa Portland Cement Co. The stock was subscribed and paid for as far back as 1908. Until company was reorganised in 1916 not a cent of dividends was ever paid, and at the time of the reorganization, if you will recall, the original stockholders voluntarily accepted stock in the reorganized company on basis 25 cents on the dollar of original investment. Taking the loss of 75 per cent suffered by the original stockholders, plus loss of interest at 6 per cent on their money for eight years, presents a far different picture of the operations of the company from its beginning than is had by viewing the returns for the past 10 or 12 years.

Besides the history of this company you are undoubtedly familiar with the fact that there were probably a half dozen companies in Kansas that went broke. I am sure you want to be perfectly fair in this matter, Senator, and that is why I am trying to present my views of the situation to you. I am completely confident and absolutely positive that the establishment of an import duty on cement can not and will not affect even to a small degree the cost of cement to farmers in the Middle West.

Hoping for favorable action on your part when the matter comes up for final decision, and with kindest personal regards, remain,

Respectfully,

HAWKEYE PORTLAND CEMENT CO.,
C. B. CONDON, *General Manager.*

Mr. KELLEY. The next point is competition in the industry. There has been a great deal said about monopoly, and it is a very easy thing to say. They have apparently lost sight of the fact that the cement industry some little time ago was subject to very many

attacks on this point. There was a case tried that went through to the Supreme Court. Many weeks were spent in the trial, and many thousands of pages of testimony were taken. The net result was that Supreme Court, in decision 268 United States, page 288, cleared the industry of any charge of monopoly or restraint of trade. I quote that so that any one interested can go to the facts and get them. The fact is that there is no understanding and agreement. There is keen competition, and I believe that has been found by other bodies who have investigated the matter, and will continue to be so found.

The matter of uniform prices is one of the reasons why apparently it is alleged that there must be some sort of monopoly. Now it is true in the industry that in general at a given time and place the quotations for cement are substantially uniform, and I believe it to be inevitable in the industry. If you will refer to the diagram on page 10, which is copied from a Chicago paper some little time ago, it illustrates quite simply just how prices are made up. M is shown to be the market. Mills are X, Y, and Z.

These mills are obviously at different distances and that means different freight rates. We all know that freight rates are roughly in proportion to distances. The mill "X" being the nearer, is the one that naturally would be expected to dominate in that market. If it set a certain figure as what it should get for its product at the mill, the other mills have got to shrink their price they get in order to reach the same market and compete, because cement is practically a standardized commodity and price controls. Unless it is desired I am not going to go into that more fully at this time. I think it is pretty clear.

Also in our brief we quote certain quotations from a book by Prof. Henry Parker Willis, which shows how in a given case a cement plant will realize as its net prices from any sales figures that vary over a considerable range.

This, again, is also covered in the opinion of the Supreme Court, of which I have spoken before, and I think shows very conclusively that this whole matter, after having been fully covered is indicated as being a necessary condition in such an industry.

Senator EDGE. May I ask you a question right there?

Mr. KELLEY. Yes, sir.

Senator EDGE. The House bill, of course, as you well know, allows 8 cents per 100 pounds, which approximates 30 cents a barrel. Have you asked for a larger increase than that in your appeal to the House Ways and Means Committee?

Mr. KELLEY. Our briefs will show what we ask for; yes, Senator.

Senator EDGE. The reason I wanted to bring it in at this point is I wanted to ask you upon what you based that request. Have you an accurate statement of the costs of production in Belgium and delivery at these various ports as compared to your cost of production?

Mr. KELLEY. We have.

Senator EDGE. I have that prepared by the Tariff Commission, and it seems to me such facts will be of particular use to the committee and I just want to know how they compare to your facts.

Mr. KELLEY. It is my understanding, Senator, that they substantially confirm the facts which we submitted in our briefs, and which are a part of your record.

Senator EDGE. In other words, just for example, at Boston the price delivered, domestic cement, is $2.55 a barrel. The price of Belgian cement alongside of dock at Boston is $1.85 a barrel. That would give a range of 70 cents. Is that the correct proportion?

Mr. KELLEY. Approximately. Our figures show $2.5480 and $1.7678, or a difference of $0.7782.

Senator EDGE. As a matter of information for the committee, it seems to me that is the most important information, rather than some of this. You can give us what you wish, but I would like to have this tariff report either agreed to or disputed by you.

Mr. KELLEY. It had been my understanding that the accordance was as close as probably could be reached where certain figures had to be estimated, and the figures as shown by our comparisons show that there is a minimum spread of $0.3817 and a maximum spread of $1.1621. I might say, Senator, that these figures in these briefs are the result of a little over two years' work in which were involved a number of experts. Men were sent abroad, and Professor Adams of Yale is the man who worked up our final figures. We believe them to be accurate.

Senator EDGE. All right. Let me ask you another question which we have asked everybody else. Admitting the spread and difference in the cost of production in Belgium delivered to our ports, plus transportation and the cost of transportation here, why have the imports decreased?

Mr. KELLEY. Have they decreased markedly?

Senator EDGE. Well, I read from the record of some previous witness indicating that fact.

Mr. KELLEY. I think with the exception of one year, in which railroad transportation in this country rather fell down, and that perhaps made a difference, that they have been fairly uniform.

Senator EDGE. According to the statement made by the Tariff Commission, which was all discussed by the previous witness, and for the benefit of the committee, I would like to have your view of it. Summarized it is as follows: In the year 1925 the importation was 3,655,000 barrels; in 1926, 3,232,000 barrels. That is approximately the same. In 1927 it was reduced to 2,049,000. In 1928, it went up again a little, 2,286,000 barrels. Four months in 1929 is 509,000 barrels. The four months, I presume, comparing it with 1928, 884,000 barrels. It has decreased, according to these figures, about 33⅓ per cent. In view of all this we would like to have your explanation of it.

Mr. KELLEY. As to the figures in the years up to 1929, it is my understanding from the figures you have just read that except in the one year, when, I think, American railroad transportation rather fell down, they have been in the neighborhood of 2,000,000 or 2,500,000 barrels, or thereabouts. There has been a slight variation there.

Senator BARKLEY. The falling down in railroad transportation would have nothing to do with the importation, would it?

Mr. KELLEY. I think it did in that case when it was difficult for the American mills to get transportation for cement to certain ports, particularly in the Southeast.

Now, as to the figures this year. If you will note further, that while there was a minus of 42 per cent for the four months this year—and those, of course, you recognize were in the spring months

when the total amount of cement is perhaps less than any other time of the year, it was also minus 56 per cent in value. And that, I think, brings in one of the great troubles to which our industry is subjected. It is not entirely a question of volume by any means, but it is a question of a product which is produced under conditions which permit costs that are perfectly impossible for us.

Doctor Adams's statement in our brief shows that there is a difference of some 73 cents a barrel in the costs at the mills. There are one or two points that have appeared recently. One as to the changes in the unit cost of labor being stated as some 30 to 40 per cent. Our brief shows it to be actually a change of 125 per cent, which I think compares rather closely with what has been the rate of change from the usual unit of 1914 to the present time.

There has also been some discussion, I think, on the floor of the Senate, in regard to certain prices in New York City. Now New York City is of course only one of the many ports that are entered. And it was shown that the price in New York had been reasonably constant over I think two years plus. Now it just happens that I personally am unfortunately in a position where I know something about that.

In the early part of 1927, in an effort to curb the growth in importations of foreign cement we set a price at the mill which serves that territory particularly, and it proved to have been so low that for two years that mill has been in red. Obviously with those conditions we do not want to go any lower. We can not go any higher as long as competitive conditions are as they are.

Senator BARKLEY. What mill is that?

Mr. KELLEY. That was a mill of our company on the Hudson River.

Senator BARKLEY. What is your company?

Mr. KELLEY. North American Cement Corporation.

Senator BARKLEY. How many mills does it have?

Mr. KELLEY. Three.

Senator EDGE. I understand that the domestic production has likewise increased in the last year or so. Is that correct?

Mr. KELLEY. The domestic production in total has increased slightly; yes.

Senator EDGE. Oh, increased?

Mr. KELLEY. Increased slightly.

Senator EDGE. I was reading from this same report, and I thought that might in some way explain the lowering of imports that likewise the domestic production had decreased.

Mr. KELLEY. Last year the domestic consumption in the particular northeastern territory that I know about fell off about 6 per cent.

Senator EDGE. I am not talking about the entire country. I am talking about the seaboard. This specifically says eastern Pennsylvania, New Jersey, and Maryland; 1927, was 42,687,000 barrels, and in 1928, 39,000,000, and then Virginia, Tennessee, Alabama, and so forth, 16,000,000 in 1927 and a little less in 1928. And California the same way, a little less.

Mr. KELLEY. One other point I would like to make, Senator, in answer to your question about the falling off of imports. Along in 1927 particularly the industry made a very heroic effort to try and curb the amount of imports. Making in many cases prices that resulted in

these losses about which I have spoken. I think that had a very material effect in reducing the amount that would otherwise have come in.

Cement is, I believe, the lowest price per pound commodity of any highly manufactured product. I believe we show in these various papers that the industry has been diligent in keeping cost and quality up and in promoting sound uses for its product. We believe that it has done all it can to meet this situation. The disadvantages in cost competition are due not to inefficiency but the wage levels in a business where there is little opportunity for the use of manual skill, so that unskilled labor is opposed on a man-hour basis. Here the difference is too great to be overcome except by a tariff. Cement is now on the free list. Other industries have a tariff to equalize labor cost and to keep the proper balance in American industry, which I think is recognized by all as necessary to prosperity. We have tried to give you very fully the facts and figures, and urge you to accord to us adequate relief.

Senator EDGE. Are you satisfied with the raise that is given you by the House?

Mr. KELLEY. The briefs as submitted cover very fully the facts and figures. I am not satisfied by the amount given in the House bill. The facts have not changed since those figures were submitted.

Senator BARKLEY. What rate is it you asked?

Mr. KELLEY. We asked for a rate of 22 cents a hundred, which would, according to the statistics given in the brief, protect about 61 per cent, I think, of the markets in which the foreign cement has entered.

Senator BARKLEY. You want it taken from the free list and put on a 22-cent basis instead of 8-cent basis as carried in the House bill?

Mr. KELLEY. Yes, sir.

Senator EDGE. You base that upon this spread of the difference in the cost of production at home and abroad as presented by you in your brief?

Mr. KELLEY. Yes, sir; we do.

Senator EDGE. And to some extent checked up by the Tariff Commission?

Mr. KELLEY. We do, yes.

Senator BARKLEY. What is the proportion of the labor cost to the total cost of producing cement?

Mr. KELLEY. I will try and find you that in this brief, Senator. It is Table 11 in Doctor Adams's brief.

Senator BARKLEY. Is that included in this brief you have handed us?

Mr. KELLEY. That is not included in this, but it is in the records in the House hearing. This is what Doctor Adams says in summing up there, if I may read it [reading]:

> In this comparison it appears that in total costs of production—including selling expenses and imputed interest—the Belgian producer has an advantage over the producer in the American seaboard of over 73 cents a barrel. Of this difference, 21.1 cents—or nearly 30 per cent—is accounted for by the substantially lower scale of wages paid in Belgium.
>
> The low level of wages in Belgium, however, is also responsible for most of the other differences in costs of production since a large part of the cost of items other than direct labor goes to workers in other industries from whom the cement industry purchases goods and services.

Senator BARKLEY. That does not answer my question, because I was not asking about a comparative scale. I asked you what proportion of the total cost of domestic production of cement is represented by labor cost? Are you not able to state it from your own experience?

Senator EDGE. In other words, in your accounts of 100 per cent cost of production, how much is labor?

Mr. KELLEY. I want to try and get that. On page 12 of that book, Senator, you will find the details. And on page 14 he sums it up. At least 30 cents is direct labor, outside of the other indirect labor items. That is something over 20 per cent of the figures as shown on page 12.

Senator BARKLEY. You questioned the correctness of the figures submitted by the previous witness as to the profits of these various companies to whom he referred?

Mr. KELLEY. I have no direct knowledge on them, but I do state that the profits of a few companies do not fairly represent the cement industry.

Senator BARKLEY. Well, these are, I suppose, the largest companies in the industry, in the country?

Mr. KELLEY. Yes.

Senator BARKLEY. What proportion of the total products do they produce?

Mr. KELLEY. They have about 10 per cent. I mean the largest company has about 10 per cent.

Senator BARKLEY. Which is that?

Mr. KELLEY. That is the Lehigh Co.

Senator BARKLEY. Ten per cent of the total production in the United States?

Mr. KELLEY. Yes. And that company, however, has plants well distributed throughout the United States, a very considerable portion being in the interior, and hence unaffected by these conditions.

Senator BARKLEY. There are various so-called Portland cement mills all around over the country. Do they all belong to one concern, or are they different?

Mr. KELLEY. There are 94 companies, as I recall, with 157 plants or thereabouts.

Senator BARKLEY. Is it true that the name "Portland" is a description of a cement? It does not necessarily mean the ownership of the company?

Mr. KELLEY. Portland cement is a name which was given to a product patented just a little over a hundred years ago, in 1824, and it was named "Portland" because the color of the product when set resembled the building stones of the Island of Portland, England. So it is a kind of cement and not a brand. There are a large number of brands.

Senator BARKLEY. Are you able to state what proportion of the total product is represented by the output of these companies mentioned in the previous witness's testimony? Have you seen that list?

Mr. KELLEY. Why, I made some notes.

Senator EDGE. It is in this book which that witness gave us. I asked a question of the previous witness—I do not know that you can answer it with any more knowledge—whether the profits represented by the statement particularly shown in stock dividends, not

so much in dividends on common stock or preferred stock, but in stock dividends, whether their industry represented any activity beyond the production and marketing of cement that would be accountable for extra profit?

Mr. KELLEY. I have no knowledge on that subject, Senator. I could ascertain it if it is of any importance to you.

Senator EDGE. Well, I was just curious.

Mr. KELLEY. Answering your question as to the proportion of these companies, Senator, in total production, I would make a pretty good guess as being something a little less than one-third of what was produced last year. Somewhere between 25 and 30 per cent, I will say.

(Mr. Kelley submitted the following brief:)

BRIEF OF AMERICAN CEMENT MANUFACTURERS

Hon. REED SMOOT,
Chairman Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: The undersigned American manufacturers of Portland cement, representing approximately 94 independent companies, with 157 active plants in 32 States, ask that an adequate tariff duty be placed on Portland cement, which has been on the free list since 1913.

Supporting data for this request were presented before the Ways and Means Committee of the House of Representatives prior to the framing of the bill under discussion. These data comprised a thoroughgoing study of the American cement industry and its principal foreign competitor, the Belgium industry. It was checked up and confirmed by experts of the United States Tariff Commission and is now in the hands of this committee.

Our present purpose in appearing is principally to discuss certain considerations which have been given prominence since that time and which emphasize these points:

1. The seaboard section of the American industry has been seriously injured by foreign competition, resulting in a large measure of unemployment.
2. A duty on cement should not be expected to increase prices of cement away from seaport markets.
3. The American cement industry operates under conditions of free and keen competition.
4. Uniformity of price to the consumer is the result of such competition.

The need for a tariff duty on cement was conceded by the Ways and Means Committee in its report on the pending bill in the following words:

"The domestic producers and the United States Tariff Commission have shown that the differences in costs of production in mills adjacent to the seaboard and that of Belgium cement (including transportation on both the domestic and foreign products to seaboard points in the United States) range from 38 cents to $1.16 per barrel, depending upon the point at which comparisons were made." (P. 26, committee report.)

DISCUSSION OF HOUSE BILL

The cement paragraph in the House bill carries a duty of 8 cents a hundred pounds, or 30.4 cents a barrel. This is less by 8 cents a barrel than the figure which the Tariff Commission and the Ways and Means Committee found to be the minimum protective requirement for cement and is 86 cents a barrel less than the maximum protective requirement as indicated by the proven differences between American and Belgian delivered costs. (P. 26, House committee report.)

Of this duty Mr. Watson, of Pennsylvania, chairman of the subcommittee of the Ways and Means Committee, which framed the cement schedule, said, in debate in the House on May 10:

"The duty imposed will fall far short of affording protection to the seaboard mills, which alone must meet competition from the foreign product.

"There are 158 mills in the United States, of which 86 are located along the seaboard. The question arises, shall we close the cement factories along the Atlantic coast?"

The duty proposed in the House bill, therefore, is in no practical sense a protective duty. It is the same duty carried, largely for purposes of revenue, in the long period from 1890 to 1913 when cement was on the protected list, so called. (Table XI, p. 8323, House hearings.)

It is 43 cents a barrel less than the difference between American and Belgian mill costs of producing cement, disregarding transportation charges. (P. 8335, House hearings.)

It is 56 cents a barrel less than the demonstrated spread between the published mill prices of the two industries. (P. 8312, House hearings.)

It is 39 cents a barrel less than the average spread of delivered costs at the eight American ports which the report of the House subcommittee listed as receiving 88 per cent of all cement imports in 1928. (P. 25, House committee report.)

The cement industry before the Ways and Means Committee proved—

1. That the duty asked would equalize foreign competition upon only 61 per cent of the foreign cement consumed in this country. (P. 8356, House hearings.)

2. That Belgium cement manufacturers are protected by cartel agreements through which they are able to fix prices, limit production, and allocate markets. (P. 8332, House hearings.)

3. Foreign cement is forcing seaboard sections of the American cement industry to sell nearly 15,000,000 barrels annually at below cost. This is 80 per cent of all American cement sold in seaboard markets and nearly 10 per cent of total American production. (P. 8363, House hearings.)

4. As a result of this competition, 48 per cent of American mills shipping to seaport markets operate at a loss. (Table V, p. 8322, House hearings.)

DAMAGE TO CEMENT INDUSTRY

The comparatively small ratio which imports of cement by volume, bear to total American shipments, is of purely academic interest in determining whether the American cement industry needs a protective tariff duty. Damage to the industry resulting from imports of cement is the only practical criterion, whether such imports represent one-tenth or ten times the volume shown. That this volume has been sufficient to accomplish the injury to the American industry complained of, due to dislocation of prices and sales at a loss, is fully recognized abroad. The National Bank of Belgium in its official bulletin last year, commenting on the cement situation, stated:

"As the price fight carried on by the American cement mills bears on an important tonnage, it is causing them considerable loss, quite out of proportion to the result to be attained." (P. 8311, House hearings.)

Allegations of general prosperity in the cement industry have been advanced as a reason for denying the tariff duty asked by the American cement manufacturers. Encouraging financial statements of five carefully selected companies were made a part of the House hearings on the pending tariff bill.

Of these five companies, three have large plants at inland points as well as in seaboard territory, and thus have been able to lessen the effect of seaboard losses by sales in interior markets. Such companies represent a very small minority of all companies operating at seaboard.

Of 49 companies with plants at seaboard, only 6 have inland plants. The great weight of foreign competition therefore falls on small companies by far the greater part of whose production must be marketed in direct competition with low costs foreign cement.

Companies with both inland and seaboard production have 45 per cent of their plants or mills located inland and free from foreign competition. The seaboard plants of these companies represent only 27 per cent of all seaboard plants directly affected by foreign competition.

On April 31 six large seaboard mills had entirely suspended production of gray Portland cement. Four of these are in the Southeast, where, because of high rail charges from mill to seaboard, the American markets are most vulnerable to invasion by foreign cement.

These mills include one of the Signal Mountain Portland Cement Co. at Chattanooga, Tenn., one of the Pennsylvania Dixie Cement Corporation, at Kingsport, Tenn., and two of the Lone Star Cement Co. at Birmingham and Demopolis, Ala., in the Southeast, and two mills of the Giant Portland Cement Co., in the Lehigh district in eastern Pennsylvania.

In addition to these actual shutdowns with their consequent complete loss of employment to hundreds of workers, many seaboard mills now in operation have gone through long periods of suspension, which can readily be translated into terms of unemployment and stagnation.

EFFECT OF TARIFF DUTY ON CEMENT PRICES

Cement is sold at a lower price per pound than any other highly manufactured commodity; it nets the manufacturer an average of less than one-half cent a pound.

The claim that a price increase at seaboard can be carried back to inland points is an economic absurdity. The history of the cement industry clearly demonstrates that seaboard and inland cement price structures are independent of each other.

In order to assume that increased prices at seaboard would be reflected in increased prices at inland points, it would have to be shown that depressed prices at seaboard have been reflected in depressed prices inland. The fact is, as shown by Government statistics (Mineral Resources of the United States, 1921–1927), inland prices have been least stable in years when seaboard prices were firm.

The trend of cement prices has been consistently downward throughout the history of the industry. In inland as well as seaboard markets this general trend has been accompanied by sharp variations from time to time, due both to general and local economic conditions.

If recent depressed prices at seaboard had affected prices inland, such effect on inland prices would be proportionate to the distance from seaboard. A study of cement prices for the years 1920 to 1927 shows that price reductions have frequently been greater at points far from seaboard than at points near seaboard.

The following table compares the wholesale prices of Portland cement delivered in carload lots as of December, 1926, and December, 1927 (Mineral Resources of the United States, 1927, Part II, pp. 269, 298, U. S. Department of Commerce):

City	Distance from New York	Net change per barrel
	Miles	*Cents*
Kansas City, Mo.	1,331	−28
St. Paul, Minn.	1,307	−10
Davenport, Iowa	1,127	−5
St. Louis, Mo.	1,059	−15
Indianapolis, Ind.	812	−10
Chicago, Ill.	903	−5
Toledo, Ohio	701	No change.

If foreign cement should be brought to any of the above cities on favorable commodity rail rates, its delivered cost would be from 39 cents to $1.33 more than the price at which American cement is sold in these same cities. Under these conditions it is obvious a tariff duty on cement can not affect the price of cement in these cities.

Dividing the years 1920–1927, inclusive, into two periods, the period in which foreign cement did not especially disturb seaboard markets, and that in which foreign cement did disturb seaboard markets, it will be seen that the price conditions at seaboard were in no wise reflected in price conditions inland. In the first period—1920 to 1924—seaboard prices dropped a net of only 15 cents, while inland prices dropped 28 cents; and in the second period—1925 to 1927—seaboard prices dropped precipitately, 35 cents, while inland prices not only remained firmer than seaboard, but firmer than they had been in the preceding period, dropping only 15 cents.

	Inland price change	Seaboard price change
	Cents	*Cents*
1921	−13	+3
1922	−12	−20
1923	+14	+9
1924	−12	−7
1925	−2	−12
1926	−8	−13
1927	−6	−10

During poth periods the amount and sometimes the direction of price changes differed in each territory.

The excess capacity of the inland cement industry insures that local competitive conditions will continue to govern price trends, and inland price levels will continue to be independent of seaboard conditions. Government statistics show that in 1927 seaboard plants operated at 78.3 per cent of capacity, while interior mills operated at only 74.5 per cent of capacity.

That the deterrent effect upon price increases which excess of capacity over sales naturally imposes, will continue at inland points, regardless of tariff actions, is indicated by the fact that stocks on hand on May 31, of this year, were 13.9 per cent greater than on the same date last year, according to Government statistics just published.

These statistics also show that in the twelve months ended May 31, 1929, the industry operated at 70.2 per cent of capacity as against 78.9 per cent for the 12 months ended May 31, 1928.

From the foregoing it must be clear—

1. That the movements of inland and seaboard cement prices have been independent of each other, both with foreign competition and without it.

2. That this independence of the inland price structure is based entirely on local conditions of supply and demand.

A duty on cement, therefore, can not be expected to increase inland cement prices.

COMPETITION IN THE AMERICAN INDUSTRY

Reference has been made during discussion of the pending bill, to an alleged American cement trust or monopoly in restraint of trade. American cement is produced by approximately 94 independent companies, the largest of which produces approximately 10 per cent of the total. The aim and tendency of monopoly or restraint of trade is to increase prices by restraining or limiting production. Over a long period of years, prices for American cement have trended steadily downward and overcapacity to produce has as steadily increased.

The ratio of production to capacity for all American mills has dropped from 80 per cent in 1922 to 70 per cent in 1928.

The average mill net return has ranged downward from $2.02 a barrel in 1920 to $1.60 in 1928.

The United States Supreme Court in the so-called cement case in 1925 cleared the cement industry of any charge of monopoly or conspiracy in restraint of trade. That decision will be found in 268 United States, page 588. Since that decision there has been no change in the organization, practices, or marketing methods of the cement industry which in any way vitiate that vindication.

UNIFORMITY OF PRICES

Uniformity of prices in a standardized commodity sold to fully informed buyers is the best evidence of unrestricted competition.

"There is for all practical purposes a unanimity of opinion among economists that with a standardized commodity and conditions of effective competition there is the strongest sort of tendency to uniform price." (Testimony of Dr. Thomas S. Adams, professor of economy, Yale University. Cement case, United States District Court, Southern District of New York.)

Cement is highly standardized both as to quality and process of manufacture and price is the controlling factor in making sales. Ninety per cent of all cement sold in this country is sold to or through building material dealers who are necessarily expert buyers. Sixty per cent of this cement is sold for specific jobs so that manufacturers prices come into comparison with each other upon almost every construction job of importance. This makes for fully informed, keen competition and the delivered prices are necessarily substantially uniform on any particular job or offering.

Such uniformity, however, is in the price quoted to the consumer at a given time and not in the net return received by the manufacturer. Neither prices to users nor net mill returns have generally been uniform at one place over a period of years or in several places at the same time.

Thus, according to Government statistics, average wholesale delivered prices at Atlanta ranged from $2.69 a barrel in December 1921 to $2.35 a barrel in December 1927; at Chicago, from $1.97 in 1921 to $2.05 in 1927; at Boston, from $2.61 in 1921 to $2.35 in 1927; at Dallas, from $2.55 in 1921 to $2.05 in 1927; etc.

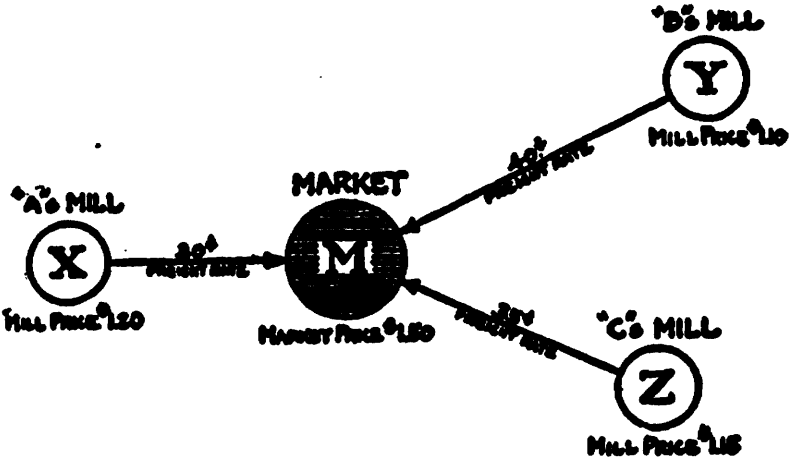
In the same period mill net returns have varied: Alabama, $2.02 in 1921 to $1.45 in 1927; Illinois, $1.74 in 1921 to $1.60 in 1927; Texas, $2.35 in 1921 to $1.80 in 1927.

It is absolutely essential that a manufacturer should maintain his agencies throughout his territory. He can not supply them with cement one day and withdraw from their market another but must be prepared constantly to offer cement at as low a price as any competitor or else withdraw from the market entirely.

In order to get minimum cost, mills must operate at high capacity. Partial or total shutdowns mean heavy increase in cost. Thus cement sometimes is sold at or below cost in order to keep mills in operation. In markets where foreign cement enters there is also the desire to hold a place in the market looking to the time when the tariff will restore fair competitive conditions.

By reason of the fact that in the case of a bulky commodity like cement transportation is necessarily so large a factor, the delivered price of cement usually is the mill price of the mill nearest the job involved plus the actual cost of transportation from that mill to the job. Freight rates are published and frequent listing of prices at biddings on construction jobs keeps all persons fully informed as to what mill prices have been made by each plant.

The following diagram and explanation taken from an article in the Real Estate News, of Chicago, helps make clear how cement prices are made:



"A simple illustration of cement competition may be cited thus: A, B, and C are cement makers, with works at X, Y, and Z, respectively. Each seeks business at M, a town with a 30-cent freight rate from X, 40 cents from Y, and 35 cents from Z. This gives A a 5-cent advantage over C and 10 cents over B. A figures he can sell at, say, a mill price of $1.20, so adds the 30 cents freight and quotes $1.50 at M. Then if B and C want to do business at M they must at least meet A's price, requiring B to go 10 cents below A in his mill price and C to go 5 cents below A in his mill price. Unless B and C can make the mill price sacrifices required by the market at M as made by A's $1.50 price, then A will monopolize the market at M up to his capacity to supply that market. * * *"

The decision of the manufacturer, therefore, is not "At what price will I take the business?" but "Can I afford to take the business at the prevailing price?"

The following statement by an American cement manufacturer taken from Prof. Henry Parker Willis's book, Portland Cement Prices, is typical of the experience by the entire industry:

"Although our base price was $2.10 (for a given year) we averaged for our cement sold from $1.72 to $1.85 per month. We ship our product in all directions, in competition with many mills. Obviously, the nearer our market points approach such mills, the more freight we would have to absorb in order to meet our competition at such points; albeit the mill or base prices of some of our competitors might be higher than others, thus correspondingly diminishing the amounts we would have to absorb to meet such competition."

The following quotations from the decision of the United States Supreme Court in the cement case (268 U. S. 588), previously quoted in connection with

the vindication of the industry in the antitrust case, are particularly illuminating:

"It is conceded that there is a substantial uniformity of price of cement. * * * It appears to be undisputed that there were frequent changes in price and uniformity has resulted not from maintaining the price at fixed levels, but in the prompt meeting of changes in prices by competing sellers. * * * A great volume of testimony was also given by distinguished economists in support of the thesis that in the case of a standardized product sold wholesale to fully informed professional buyers, as were the dealers in cement, uniformity of price will inevitably result from active, free and unrestrained competition, and the Government in its brief concedes that 'undoubtedly the price of cement would approach uniformity in a normal market in the absence of all combinations between the manufacturers.'"

PREVENTIVE ACTION NEEDED

It is clearly recognized that the protective tariff policy must operate as a preventive of industrial disaster, as well as a remedy. The suspensions in some plants and reduced operations in others, while serious and demanding corrective measures, are most important as indicating the injury which logically may be expected to follow a continuation of such trade conditions.

Importation of foreign cement was limited to the relatively small total of two and one-half million barrels last year, solely by the action of American manufacturers in selling millions of barrels of cement at seaboard below cost, thereby restricting the American market and discouraging expansion of the invasion. European manufacturers, all of whom can produce and deliver cement in American seaboard markets at less than it costs American manufacturers to deliver to the same markets, are capable of expanding their present production by 72,000,000 barrels (p. 8315, House hearings), or nearly three times the total seaport consumption of the United States.

That a large part of this available European surplus has not been turned into the American markets, has been due to the willingness of the American manufacturers to accept losses, pending expected tariff relief, and to continue to sell cement at below cost.

That the American manufacturer can not continue indefinitely to hold the fort and sell cement at a loss in seaport cities, goes without saying. He must have tariff protection or go to the wall in seaboard markets. He has temporarily stalled off, at the cost of many millions of dollars, a large part of the unemployment and stagnation which otherwise would be the logical result of these conditions and which the protective tariff policy is designed to prevent. Other American industries have a protective duty to meet similar conditions. The cement industry needs an adequate tariff to insure the balance with other industries necessary to the prosperity of all. It looks for tariff relief. It should receive it promptly and ungrudgingly from this Congress.

Respectfully submitted.

Gabriel S. Brown, president Alpha Portland Cement Co., Easton, Pa.; John R. Morron, president Atlas Portland Cement Co., Northampton, Pa.; D. L. Carpenter, president Beaver Portland Cement Co., Portland, Oreg.; Charles F. Conn, president Giant Portland Cement, Co., Philadelphia, Pa.; H. Struckmann, president International Cement Corporation, New York, N. Y.; Edward M. Young, president Lehigh Portland Cement Co., Allentown, Pa.; Blaine S. Smith, president Pennsylvania-Dixie Cement Corporation, New York, N. Y.; E. P. Lucas, president Superior Portland Cement Co., Seattle, Wash.; John L. Senior, president Consolidated Cement Corporation, Chicago, Ill.; Morris Kind, president Hercules Portland Cement Co., Philadelphia, Pa.; Frank H. Smith, president Lawrence Portland Cement Co., Northampton, Pa.; Frederick W. Kelley, president, North American Portland Cement Co., Albany, N. Y.; John Treanor, president Riverside Portland Cement Co., Los Angeles, Calif.

PLASTER OF PARIS STATUARY

[Par. 205 (d)]

BRIEF OF AMERICAN MANUFACTURERS OF PLASTER OF PARIS STATUARY

The first suggestion which we have to make in this matter is that paragraph 205 (d) of the tariff act of 1929 read, not as at present, to wit: "Statues, statuettes, and bas-reliefs, made wholly or in chief value of plaster of paris, not specially provided for, 50 per centum ad valorem," but that it be amended so as to read as follows: "Statues, statuettes, and bas-reliefs, cast, pressed, molded, or mechanically wrought, etc., etc."

The reason why we are asking that it read this way is that at the present time, many statues are imported which are made principally of burlap or some fibrous material, with more or less plaster of paris, and, as the section now reads, these statues would take a lower rate as they have only a little plaster of paris on the exterior. All of these statues are in direct competition with each other. They are all used for the same purpose, all are imported from the same sources of supply and enter our same markets and enjoy the same low wage rates. Therefore, to limit these statues, statuettes, and bas-reliefs, to those made in whole or in part of plaster of paris would permit similar articles, whose chief component of value was another material but having the same use to come in at a lower rate.

You will notice that under paragraph 1403 of the act of 1929, that articles made of papier-mache, or paper pulp, or manufactures of paper pulp or manufactures of papier-mache, carry a duty of 25 per cent, and again if it should happen that the chief component of value here is burlap, it would, I believe, come in at 40 per cent under paragraph 1023. Therefore, it must convince your committee, the necessity of the proposed clause, whether you follow the phraseology which I have suggested, or whether you use another phraseology. If the expert would discuss with us the phraseology (not the rate) before final adoption, it would prevent a competitive statue, made in a slightly different way, from securing an advantage. At the present time, this would enable a competitive statue, made in a slightly different way to secure an advantage.

I might say, however, that to this paragraph there should be added a different rate applying to the different sizes of the said statues, statuettes or bas-reliefs, that is, statuary under three feet should bear a much higher rate than those over three feet. The statues which are not used by churches, but which are used as premiums for subscriptions, for magazines, which are peddled from door to door, have a much greater difference between the foreign and the American costs, than the larger statues, that is, those over three feet, which are generally known as church statuary.

Your attention is called to page 7782 of the tariff hearings, where reference is made to the figures on the foreign and American 5½ foot statue. (See the costs of Daprato Statuary Co., of Chicago, Ill.) The costs of A. Daprato Co., of Boston, Mass., on this 5½ foot statue, are as follows:

Casting material	$2.54
Casting labor	8.49
Finishing material	.78
Finishing labor	20.30
Decorating material	3.15
Decorating labor	20.45
Packing material	3.80
Packing labor	3.15
Total	62.66
Overhead, 30 per cent	18.80
Total cost	81.46
Selling price	107 00

The foreign selling price of this same 5½ foot statue, landed in America, is about $60.

The costs of A. De Prato Co., of Boston, Mass., on the 4½ foot "Little Flower" are as follows:

Casting material	$1.74
Casting labor	5.20
Finishing material	.39
Finishing labor	7.96
Decorating material	2.85
Decorating labor	15.85
Packing material	3.20
Packing labor	2.40
Total	39.61
Overhead, 30 per cent	11.88
Total cost	51.49
Selling price	72.00

You will note in the costs of the Daprato Statuary Co., hereinabove set forth, that they have added 40 per cent for overhead. This 40 per cent consists of handling, mold and model, advertising, selling expense, power, light, insurance, and everything that enters into the expense of running a business, and includes also the cash discount of 3 per cent allowed to customers who pay within one month.

Your attention is called to the fact that the correct figure for the costs of the T. M. O'Connell & Co., of Philadelphia, Pa., as shown on page 7783 of the hearings before the Ways and Means Committee should be $33.55 and not $32.55. This is because, through error, an item of $6 for casting was omitted from the cost statement.

The Daprato Statuary Co. further informs me that in some cases where they allow a 30 per cent discount to their dealers, that the cost of the statue is so low, in allowing a 30 per cent discount, they suffer a loss on that particular item, but they have to do this in order to carry a full line.

The costs of the American Altar & Statuary Co., of Chicago, Ill., on a 5½ foot statue is $62, their wage rate being $55.

The St. Pauls Statuary Co., informs me that their price on the 5½-foot statue is $72, their overhead being figured at 25 per cent. The selling price which they ask is $103.

Your attention is further called to the American costs of manufacturing a 4½-foot statue, entitled "St. Theresa," at the plant of the T. M. O'Connell & Co., of Philadelphia, Pa. The testimony concerning this statue will be found on page 1782 of the hearings before the Ways and Means Committee.

The costs of American manufacturers on a 4½-foot statue, entitled "Little Flower," are as follows:

The costs of the Daprato Statuary Co., of Chicago, Ill., are:

Casting material	$1.96
Casting labor	5.78
Finishing material	.45
Finishing labor	8.89
Decorating material	3.05
Decorating labor	17.61
Packing material	3.50
Packing labor	2.65
	43.87
Overhead, 40 per cent	17.55
Total costs	61.42
Selling price	89.00

I am informed by the St. Paul Statuary Co., of St. Paul, Minn., that their costs on the 4½-foot statue, "Little Flower," competitive to those herein referred to, are $50.15. Their selling price of this statue is $76.

I am attaching hereto a photostatic copy of an invoice from Pieraccini-Pelissier, of Tours, France, in which they offer prices as low as $8.07 in American money plus 10 per cent for a statue costing the American to manufacture $26. The firm of Pieraccini-Pelissier are the largest importers from France.

T. M. O'Connell & Co., of Philadelphia, Pa., informs me that the cost of manufacturing the statue which sells for $8.87, plus 10 per cent, as shown in the invoice of Pieraccini-Pelissier, heretofore referred to, costs them to manufacture in America, including overhead, about $26. They also tell me that the 30 centimeter statue is sold by the foreign manufacturer at 32 per cent and their cost is 44 per cent. An 8-inch statue is sold by the importer for 18 cents and costs the American to manufacture, 29 cents.

On the 6½ inch statue the costs of manufacturing as shown in the brief filed are 23 cents, and we now find that these statues are being imported for 9 cents. The greatest importations are among these small statues.

I would further call your attention to the importations of Spanish statues—they are now making a drive for the American market. I would say, too, that business of the importer is increasing. In 1926 they sold 94 statues to one firm in the United States. In 1927 they sold 374; all of them were from 40 inches up. This shows how competition is increasing. (See letter attached.)

You will notice that if the American manufacturer sold these statues without a profit he would have to sell them for less than the imported statue, and the imported statue pays at this time, a tariff of 35 per cent, so you can see the necessity of an increase to not less than 75 per cent on the small statues.

You will further note here that a tariff of 50 per cent on statues over three feet will be a help to the American, particularly if free importation to churches is denied, as will be requested under the free list, but which will not prevent importations, and we do not think will increase the cost to the consumer, to a substantial extent.

You will notice that on the small 7-inch statues (costs below) there are vastly different costs of production and the cost of the imported articles.

You will notice, also, on the 7-inch statue the costs of the German is $4.50 and the American cost is $7, but if you will go to the 24-inch article you will find that the German price is $36.50 and the American price $60. (See p. 7783.) It must not be forgotten in comparison of these prices, that these are prices landed, and they have already paid 35 per cent duty. Paying 35 per cent duty the foreigners still enjoy an advantage on the small size statues of about 75 per cent on the 7-inch statues. On the larger statues he enjoys an advantage of about 40 per cent, so you can easily see that if you add a tariff of 75 per cent he would still have an advantage, because it would only be an increase of 40 per cent, based on his foreign selling price. It would not cause the buyer to pay any more, for the importer sells his merchandise at as high a price as he can and still meet American competition. I am reliably informed of a statue invoiced at about $9.50 on which a tariff of 35 per cent was paid and which was sold to the church by the importer for $35 or $40.

No tariff that you could possibly fix, considering the circumstances in the matter, would exclude the foreign producer.

I am informed by the European Statuary & Art Co. of Milwaukee, Wis., that they now have in their employ two men who lately came from ———. These men were engaged to do the same work as they did there. They are receiving $1.10 per hour in America and in ——— they received $1 per day for their services.

We desire also to correct the wage rates paid in Philadelphia by T. M. O'Connell & Co. Their wage rates are as follows:

	Per week
Flesh painters	$40–$50
Casters	35– 40
Finishers	30– 40
Painters	30– 40

This is to correct a statement made in the brief filed before the Ways and Means Committee.

The comparative wage costs between Germany and America appear on page 1782 of the tariff hearings before the Ways and Means Committee. If no consideration is to be given here except the difference between the costs of production, the difference between the American and foreign selling price, then a tariff of 100 per cent would be justified on all of the products affected by this paragraph.

The production of the ivory or small statues in America under the inadequate tariff of the 1929 act has been reduced until the production of one firm is about 10 per cent of what it was prior to 1922. This also applies to the manufacture of the crib sets. This American firm, prior to the act of 1922, was producing 1,000 crib sets per month and are now making practically none.

One firm discovered that crib sets which cost them $92 to manufacture are imported for $80. They also advise me that the wages, which are competitive, average from 15 to 20 francs per day.

I would further call your attention to the fact that there was not an importer or user who appeared before the Ways and Means Committee, opposing our application, though we asked more than we got, no one there raised a voice in protest, nor did any one challenge our statements.

Your attention is further called to the fact that the 4½-foot statue, referred to in the brief filed with the Ways and Means Committee, is really a 5-foot statue.

Respectfully submitted.

FRANCIS J. SMITH,
Attorney for the American Plaster of Paris Statuary Manufacturers.

(The photostatic copy referred to has been filed with the committee.)

STATE OF NEW JERSEY,
County of Camden:

Francis J. Smith, being duly sworn according to law, upon his oath deposes and says that he the attorney for the manufacturers associated under the name of Plaster of Paris Statuary Manufacturers, and that the matters and things set forth in the within brief of his own knowledge are true, and those set forth on information conveyed to him by others, he believes to be true.

FRANCIS J. SMITH.

Sworn to and subscribed before me this 3d day of July, A. D., 1929.

MARGARET C. BURKE,
Notary Public.

My commission expires Aug. 31, 1930.

GINARD & CO.,
Philadelphia, Pa., February 11, 1928.

B. R. FINNEY CO. (INC.),
New Orleans, La.

GENTLEMEN: We have your letter of February 7. We allow 33⅓ per cent discount to the trade, on your line of Spanish imported statuary. Prices are f. o. b. Philadelphia. However, if you take up our line we could quote you prices f. o. b. New Orleans, as there is a line direct from Barcelona, Spain, to your city, and as we understand freight rates are about the same.

Inclosed herewith we will find the catalogue of the general list of models, price list, and selling talk about these Spanish statues. We will be glad to let you have a set or two of the same models shown on real photographs, these could be used for your salesmen and also in your store. If you wish to circularize these statues we could mail you 500 or more circulars with your name and address printed on. We would be glad to have you listed on the ad which we are having on the Catholic Directory. We have now 14 of the largest dealers handling our statues. The name of each will be listed on the ad.

Without doubt you could have the same or larger success other dealers are having in each of their respective territories. All you require is to take up the sales of these Spanish statues actively, and for this we would suggest you to order few models for display in your store. This is the real and best way to show the fine quality of workmanship, gold decorations, and unsurpassed coloring of our statues. The photos, while they show very fine models and exquisite work, in reality they do not make justice to the statute itself. You will agree with us if or when you have seen some of these statutes.

The increase in sales is the best argument for their success. In 1926 we sold 94 statues. In 1927 we sold 374 of them, all from 40 inches up.

We hope you will decide to start with our line and that we will receive word from you at your earliest possible moment, if you wish us to add your name on the ad of the directory. We need you in Louisiana and southern territories for our sales. Please let us hear from you.

Very truly yours,

JAMES GINARD.

PUMICE STONE

[Par. 206]

STATEMENT OF F. L. GOETZ, LONG ISLAND CITY, N. Y., REPRESENTING JAMES H. RHODES & CO., AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent whom?

Mr. GOETZ. James H. Rhodes & Co., of Chicago, Ill.; the National Pumice Stone Co., of Long Island City, N. Y.; and the K. F. Griffiths Co., of Jersey City, N. J.

Senator EDGE. You are here to discuss what item?

Mr. GOETZ. Paragraph 206, pumice stone, in behalf of all the American grinders of pumice stone.

Senator EDGE. You represent all the American grinders of pumice stone?

Mr. GOETZ. Yes.

Senator EDGE. Did you appear before the House committee?

Mr. GOETZ. I appeared before the House committee, representing my own company, but not all the American grinders.

Senator EDGE. Did you file a brief before the House committee?

Mr. GOETZ. I filed a brief before the House committee.

Senator EDGE. Do you propose to file a supplementary brief here?

Mr. GOETZ. Yes, sir. As a matter of fact, I have just filed it.

Senator EDGE. In addition to the brief, is there any oral testimony you would like to give?

Mr. GOETZ. Yes, sir. That is what I would like to do now.

Senator EDGE. Make it as brief as possible.

Mr. GOETZ. I mentioned that there are only three American grinders left. They are our own company, James H. Rhodes & Co.; the National Pumice Stone Co., of New York City, with mills at Astoria and Long Island City; and K. F. Griffiths & Co., of Jersey City, N. J.

Senator EDGE. What do you appear before the committee to secure? The House bill, as I understand it, has not changed the existing law.

Mr. GOETZ. No, it has not. We seek one change in the existing law, and that is a change on pumice stone, wholly or partly manufactured.

The present tariff on pumice stone, wholly or partly manufactured, is 0.55 cent a pound, which is $11 per 2,000 pounds.

Senator KING. That is on what?

Mr. GOETZ. Wholly or partly manufactured pumice stone.

Senator EDGE. That is the existing tariff?

Mr. GOETZ. The existing tariff is 0.55 cent a pound, which is $11 per 2,000 pounds. The tariff that we seek is 1 cent a pound, or $20 per 2,000 pounds.

Senator KING. You want to increase it.

Mr. GOETZ. Increase it from 0.55 cent to a full cent, or from $11 a ton to $20 a ton.

Senator EDGE. You want to increase it from the present tariff of $11 a ton.

Mr. GOETZ. To $20 a ton, on wholly or partly manufactured.

In 1920 there were five grinders of pumice stone in the United States. At that time one grinder failed. His business was bought by a jobber, and two others discontinued business in 1923 and 1927, respectively, because of inadequate tariff protection.

The present cost of pumice stone ground by foreign labor is from $23 to $26 per 2,000 pounds, duty paid, laid down at the docks in New York.

Our cost of producing pumice stone, ground, in the United States, is $40 per 2,000 pounds.

Senator KING. Mr. Witness, do you know that in the State of Utah and in the West they can take hard stone, or stone out of the mountains, and grind it into the finest powder, and run it through the mill for a dollar a ton? What do you mean by telling me about $26 a ton?

Mr. GOETZ. I will tell you. In answer to that, I have filed with this committee a certified statement of cost, sworn to, and we would invite your committee, or its delegates, to make an audit of the cost of grinding of anyone of these grinders I represent. There is absorption in grinding pumice stone. There is some waste. There is the cost of barreling it. I do not know about the low cost of grinding of a dollar a ton. I do know this, that you can not grind pumice stone for a dollar a ton.

Senator KING. Let me call your attention to this. They take a mountain; they mine it, break it down, handle it with a steam shovel, load it into the cars, transport it to the mill, grind it, and have the most perfect modern machinery to grind it to a pulp; run it through the flotation process, and separate the copper. That is all there is——

Mr. GOETZ. That is an entirely different proposition.

Senator KING. Let me finish. They get rid of the waste, and do everything for less than a dollar a ton.

Mr. GOETZ. It is an entirely different proposition.

Senator KING. Now, you talk about $26 a ton for taking pumice stone and grinding it.

Mr. GOETZ. No. You misunderstand me.

Senator KING. All right.

Mr. GOETZ. In the first place, we do not bring in foreign-ground pumice stone and grind it. We bring in the rock pumice stone. We begin with the same raw material that the Italian grinder begins with. This rock must be brought over here. It must be selected; it must be crushed, dried, screened once through wire, bolted three times through silk, and packed into paper-lined barrels. You can not grind a pound of pumice stone without getting a percentage of each of 14 grades. The demand on the part of the trade that consumes this pumice stone is not consistent with the manner in which you must produce it. You must have distribution. You must know where to place the varying quantities of the several grades you obtain.

Senator KING. It is all done by machinery, is it not, and mechanical devices?

Mr. GOETZ. Not all by machinery.

Senator KING. The substantial part of your grinding is done by machinery.

Mr. GOETZ. The grinding is done by machinery, yes.

Senator KING. And you handle by belts and machinery.

Mr. GOETZ. We handle it by belts and conveyors, but it requires some direction to know how to handle this stuff to get the maximum of the desirable grades and the minimum of the undesirable grades.

Senator EDGE. You ask for an increase from $11 to $20 a ton, on the wholly or partly manufactured grades.

Mr. GOETZ. That is right.

Senator EDGE. The imports in that particular grade have been gradually increasing until 1928, which shows a total of 3,825 tons imported, as against 2,000 the year before, and so forth. But I notice, in connection with unmanufactured pumice stone, which is valued at $15 or less per ton, and which now carries a duty of one-tenth of a cent per pound, the imports have been continually increasing. Last year there were 9,206 tons, which is more than any other year with one exception. Why have you asked for an increase in the duty on the third class, but not on the first?

Mr. GOETZ. Have you the figures for 1927? My figures do not go up to 1928. Have you the figures for 1927?

Senator EDGE. Yes.

Mr. GOETZ. The figures for 1927 are about 8,500 tons.

Senator EDGE. You are speaking of the unmanufactured?

Mr. GOETZ. Of the unmanufactured.

Senator EDGE. 7,821 in 1927 and 9,206 in 1928. You are satisfied with the duty, apparently. You have no request for an increase?

Mr. GOETZ. No.

Senator EDGE. And yet the imports are substantially increasing, as I have pointed out.

Mr. GOETZ. I think you are making a comparison, Senator, of only one year. In 1923—I do not have the 1928 figures——

Senator EDGE. That is the one large year, but that is the only year. That was 10,000 tons. Every other year has been less than 1928, except 1923. I have already pointed that out. You are satisfied with that duty, and yet you come down to the wholly or partly manufactured grade, and the imports are very much less, and you are asking us for an increase. I am wondering on what it is based.

Mr. GOETZ. I started to tell you. In 1923 and 1927 two grinders of pumice stone discontinued.

Senator KING. In order that I may understand, you are asking for an increase of nearly 100 per cent on $43,471 worth. That is all that was imported under that item; and you are demanding this increase of nearly 100 per cent, just because of the importation of $43,000 worth, is that right?

Mr. GOETZ. I do not know what the figures are in dollars and cents, but the importations of even our raw material are not very great.

Senator KING. $43,471, according to the Tariff Commission information.

Mr. GOETZ. That is for 1928.

Senator KING. 1928.

Mr. GOETZ. What were the imports of unmanufactured, valued at $15 or less per ton?

Senator KING. $9,400 worth.

Mr. GOETZ. There is not a great amount of money involved in either the manufactured or the unmanufactured. They are fairly close, as matters of that kind go.

Senator KING. How much is manufactured in the United States by all the companies?

Mr. GOETZ. By all the companies?

Senator KING. Yes.

Mr. GOETZ. I would say 17,519,000 pounds. Senator Edge had the figure for 1928. I have it only for 1927.

Senator KING. How many millions?

Mr. GOETZ. Seventeen million five hundred and nineteen thousand pounds, or abo.. 8,500 tons.

Senator KING. And the only importation is 8,000 tons?

Mr. GOETZ. I do not understand about the two or three thousand tons.

Senator KING. Three thousand eight hundred and twenty-five tons.

Mr. GOETZ. What does that 8,000 tons represent—the manufactured?

Senator KING. Wholly or partly manufactured. In other words, the small amount that I have just called your attention to is the fly in the ointment, as against which, or to provide for which, you want this 100 per cent increase in duty, although you manufacture 17,000,000 pounds.

Mr. GOETZ. Eight thousand five hundred tons.

Senator KING. All right.

Senator REED. The domestic production is 8,500 tons; is that right?

Mr. GOETZ. Eight thousand five hundred tons. By domestic production is meant the Italian pumice stone ground here. That is right.

Senator REED. You get your raw material from Italy?

Mr. GOETZ. From Italy. We begin with the same raw material they begin with.

Senator REED. That is why you do not want a tariff on the raw material.

Mr. GOETZ. We have a tariff on the raw material.

Senator REED. You do not want any more tariff?

Mr. GOETZ. We do not want any more tariff on the raw material.

Senator BARKLEY. You would like to have that taken off, would you. You would like to have the tariff on the raw pumice stone that you import removed, would you?

Mr. GOETZ. No.

Senator EDGE. He has made no application for it. I asked him that question.

Senator KING. Why should it not be removed?

Mr. GOETZ. We think the Government is entitled to some revenue.

Senator KING. Just for revenue purposes?

Mr. GOETZ. Yes.

Senator KING. There is no protection involved?

Mr. GOETZ. No.

Senator KING. You are solicitous for the welfare of the Government in that regard.

Mr. GOETZ. Yes, and in many other regards that we are not expressing here.

But here is the point. This foreign ground pumice stone can be laid down for $23 to $26. If the tariff on pumice stone is increased from 0.55 of a cent to 1 cent a pound, that could still be laid down

here at from $32 to $35 a ton, compared with our cost of $40 a ton. The Italian ground pumice stone would still have an advantage over our cost, to the extent of 20 per cent. This is not an attempt to bar stuff that comes in here from abroad. It is an attempt to give us a fair opportunity of competing with it in the markets here.

Senator BARKLEY. In spite of this importation, the Tariff Commission figures show that during the last 20 years there has been a gradual increase in the domestic production each year, increasing from 15,000 tons in 1909 to 53,000 tons in 1927.

Mr. GOETZ. I do not know. I suppose it is because the country is growing. The automobile industry has been growing since that time, and they are large consumers of pumice stone, and always have been.

Senator BARKLEY. That may account for some of it, but even in the last two years there has been an increase, from 40,000 tons in 1925 to 53,000 tons in 1927. In two years it jumped over 13,000 tons, or nearly 33⅓ per cent. Would it seem that this importation has very materially interfered with the domestic production?

Mr. GOETZ. It has, in more ways than one.

In the first place, it has been termed "American process" pumice stone, and a great many people were misled into believing that it was American ground Italian pumice stone, until steps were taken to prevent its being misrepresented as American ground Italian pumice stone. The Italian grinders have lately improved their product somewhat, so that it more closely approached the American ground Italian pumice stone than ever before.

Senator EDGE. As I understand your figures of production, under this heading of wholly or partly manufactured, the importations are about one third, or a little more than a third of the consumption.

Mr. GOETZ. I did not catch that. What was the question?

Senator EDGE. What is the total production of the American producers of this particular grade?

Mr. GOETZ. In 1927 it was 8,500 tons.

Senator EDGE. In 1927, 2,000 tons were imported, and in 1928, 3,825; so that if you continued your production, with some slight increases, fully a third of the domestic consumption would be imported.

Mr. GOETZ. It is manufactured in southern Italy, where the labor wage rate is very low.

Senator BARKLEY. How much money is invested in the pumice stone industry in this country?

Mr. GOETZ. Our plant cost us $300,000. We have about $1,000,000 in net assets in our company.

Senator BARKLEY. How many companies are there?

Mr. GOETZ. There are only two besides ourselves. I would say that probably half a million dollars would cover both the other companies; probably a little less than that.

Senator BARKLEY. About $1,500,000 altogether.

Mr. GOETZ. Yes. It is not a big industry.

Senator EDGE. Are there any further questions? Have you finished your statement?

Mr. GOETZ. I will complete it in just a few moments.

It has been represented by our adversaries before the Ways and Means Committee—and our adversaries consist of just two importers who filed a joint brief—that foreign-ground pumice stone is not really in competition with American-ground pumice stone. That is only half a fact. A great many industries prefer the pumice stone ground in this country, because it is a better product. It has less iron in it; it is lighter in weight for a given cubic capacity, and so forth. However, there are a great many other industries which would like to use American-ground Italian pumice stone, but they are unwilling to use it at any such difference in price as is represented by the difference between the cost of the imported pumice stone from Italy and the cost of producing it here. But they would be interested in buying American-ground Italian pumice stone if American-ground Italian pumice stone commanded only a reasonable advance over the cost of the Italian pumice stone. The more you check up the figures the more my statement will be proven. I have stated that even if this tariff is granted us our cost will still be 25 per cent higher than the cost of importing the pumice stone ground by Italian labor.

Senator KING. Did you testify before the House?

Mr. GOETZ. Yes.

Senator KING. You filed a brief there?

Mr. GOETZ. Yes.

Senator KING. The Ways and Means Committee did not yield your solicitations?

Mr. GOETZ. They did not yield to our request, I am sorry to say.

There is another point I would like to cover. It may occur to you gentlemen. Our adversaries did not appear before the Ways and Means Committee, but they filed several supplemental briefs. One of their supplemental briefs was filed so late that it was in print before we knew about it, and we had no opportunity to refute it. They pointed significantly to the fact that I have already mentioned, that two grinders of pumice stone in this country had discontinued, stating that these two grinders discontinued, not because of lack of profits, but rather due to advancing age and independent incomes.

Senator KING. Assume that two have discontinued. The output has increased every year, so there has been no diminution in the output.

Mr. GOETZ. If that were not so, then the other grinders would very rapidly go out of business, because they are up against the same proposition these two were up against.

Senator KING. It is true, is it not, that the domestic production has increased right along?

Mr. GOETZ. I would not say it has increased right along.

Senator REED. The figures show the contrary.

Mr. GOETZ. In 1927 the production of pumice stone here represented a falling off of 30 per cent as compared with 1923, according to these figures obtained from the Department of Commerce.

Senator BARKLEY. You stated a moment ago that two concerns had gone out of business. You bought them, did you?

Mr. GOETZ. We bought them.

Senator BARKLEY. That is the way they went out of business?

Mr. GOETZ. No, that is not the way they went out of business.

The facts are that for the past 25 years, except for the duration of the war, T. Van Amringe & Son made no money in the pumice-stone business. What wealth Mr. Guy Van Amringe may have was inherited with real estate from his father. He discontinued grinding pumice stone to engage in the laundry business at Mamaroneck, N. Y.

Mr. F. H. Holman, who controlled R. J. Waddell & Co., conducted a losing business for years and by his own statement, had a most meager income when he retired. The Federal Income Tax Bureau's records will undoubtedly show how little profit these corporations had been making up to the time of their discontinuing.

Senator BARKLEY. You are seeking to leave the impression on the committee that these concerns had gone out of business because of competition of foreign imports when, as a matter of fact, you had absorbed them. Don't you think you ought to have stated that?

Mr. GOETZ. I had no opportunity. I have it right here. I was coming to it when you anticipated it. As I say, our adversaries, these concerns, pointed significantly to the fact that we had bought out this concern. That is the thing I wanted to refer to.

Senator EDGE. Go on with your statement.

Mr. GOETZ. In closing, I just want to make one other statement, that if the grinding af pumice stone in this country were a lucrative business, these importers of pumice stone, who have opposed us and who have been in the business of importing for several decades, would have been in the business of grinding. Does it not seem reasonable that if it were a lucrative business, these gentlemen who have been in the business of importing for so long, who know the business thoroughly, and know the trades that consume pumice stone—does it not seem more reasonable that they would engage in the business of grinding pumice stone?

Senator BARKLEY. I am not arguing with you. I am trying to get at the facts.

Mr. GOETZ. Doesn't that seem reasonable?

Senator EDGE. You make your own statement, and we will reach our judgment afterwards.

Mr. GOETZ. Gentlemen, I have not anything further to say.

Senator REED. I want to ask you a question. The biggest importer is a Chicago concern, is it not?

Mr. GOETZ. That is my concern.

Senator REED. What is its name?

Mr. GOETZ. James H. Rhodes & Co., Chicago, Long Island City, and Jersey City.

Senator REED. I am not talking about the unmanufactured pumice stone. I am talking about the manufactured pumice stone.

Mr. GOETZ. What is the name of that company, may I ask?

Senator REED. I do not know. I am asking you.

Mr. GOETZ. The biggest importer?

Senator REED. Of manufactured pumice.

Mr. GOETZ. I do not know who that could be in Chicago.

Senator REED. Do you own deposits over there in Sicily and other places?

Mr. GOETZ. No. It is a free market. Anybody can buy the raw material, or the finished product. Gentlemen, I want to get this

impression clear. We also import the manufactured pumice stone and the raw material which we grind.

Senator KING. You are both an importer and a grinder, then?

Mr. GOETZ. Yes.

Senator REED. On which would you pay more duty if we adopted your suggestion?

Mr. GOETZ. We would pay more duty on the finished product that we import; and we are considerable importers of the finished product.

Senator REED. Do you operate any factory in Sicily or any of those places?

Mr. GOETZ. No. We have warehouses where this stuff is stored. It is a very low-price commodity. The whole formation of the island is just one volcanic rock.

Senator EDGE. Is there any production in this country at all, or any of the rock that is satisfactory for grinding?

Mr. GOETZ. No. That came up in connection with the last tariff. They produced some in California but the trade would not accept it.

Senator EDGE. Why do we have one change to a cent per pound on the raw material—you answered that before; you said for revenue purposes?

Mr. GOETZ. We do not complain about that, because it is a matter of giving the Government revenue. There is nothing here to compete with the Italian pumice stone. Italy is the source of the world supply of pumice stone.

Senator EDGE. That is all.

(Mr. Goetz submitted the following brief:)

BRIEF OF JAS. H. RHODES & CO. AND OTHERS

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

HONORABLE SIRS: Paragraph 206 of the tariff act of 1922 reads:

"Pumice stone, unmanufactured, valued at $15 or less per ton, one-tenth of 1 cent per pound; valued at more than $15 per ton, one-fourth of 1 cent per pound; wholly or partly manufactured, fifty-five one-hundredths of 1 cent per pound; manufactures of pumice stone, or of which pumice stone is the component material of chief value, not specially provided for, 35 per centum ad valorem."

Tariff desired:

"Pumice stone, unmanufactured, valued at $15 or less per ton, one-tenth of 1 cent per pound; valued at more than $15 per ton, one-fourth of 1 cent per pound; wholly or partly manufactured 1 cent per pound; manufactures of pumice stone, or of which pumice stone is the component material of chief value, not specially provided for, 35 per centum ad valorem.

We earnestly request that the tariff on manufactured pumice stone be increased from fifty-five one-hundredths of 1 cent per pound to 1 cent per pound.

Reason: Because the tariff of 1922 does not adequately protect the American grinders of pumice stone against the cheaper labor of Italy, two out of five American grinders have discontinued operations and gone out of business since the tariff of 1922 was enacted.

In 1920 there were five grinders of Italian pumice stone in this country. One of these failed and was purchased by a jobber of pumice stone; two others had been losing money since 1920 and therefore discontinued business in 1923 and 1927, respectively; they were unable to compete with the pumice stone manufactures of Italy because of insufficient tariff protection.

Especially during the past 10 years the cost of crude material in Italy as well as the ocean freight has been much higher than it was in 1913, and in addition to that the American grinders' cost of labor, etc., is to-day from 100 to 200 per cent above the cost of the labor and material in 1913.

Under the present tariff pumice stone, ground in Italy, is delivered at the docks in New York, duty paid, at prices ranging from $23 to $26 per ton. The crude pumice stone used for grinding in our mills costs from $19 to $24 per ton, duty paid, New York. The cost of labor, packages, rent, power, etc., necessary to powder the crude material and prepare it for the market adds another $18 per ton, so that our finished cost of the powdered pumice in bags averages $40 per ton.

This in spite of the fact that at considerable investment improved machinery has been installed, producing powdered pumice stone much more economically than in 1921; in fact, under 1921 conditions and with the equipment then in use the American grinders of pumice could not survive to-day.

All we ask is to bring the duty-paid cost of the pumice stone manufactured in Italy to a figure nearer the cost of the product manufactured in the United States, and with the requested increase in duty on the manufactured pumice stone ground in Italy could still be laid down, duty paid, New York, for from $32 to $35 per ton, compared with the American grinders' cost of unmanufactured—$19 to $24, duty paid—and compared with the American grinders' cost of the finished product of $40 a ton.

It will be seen, therefore, how reasonable a request this is, since the American grinders' cost will still be 20 per cent above the duty-paid cost of the foreign ground pumice.

As far as revenue is concerned, the Government will unquestionably receive greater revenue than at present, because the importation of the pumice powdered in Italy will not decrease materially. However, even if importations of manufactured pumice stone should decrease to one-half of the present tonnage imported the Government would receive the same total sum in duties, if the rate on the manufactured pumice stone is increased to 1 cent a pound.

Moreover, if the importation of manufactured pumice stone decreases, then the importation of unmanufactured pumice stone will increase, and, of course, the customs revenue on the unmanufactured will be greater, so that both the Government and the trade in general would be assisted considerably and American industry would be encouraged.

May we be permitted here to refer to the supplemental joint brief filed by Charles B. Chrystal Co. and Whittaker, Clark & Daniels, importers of Italian ground pumice, which brief appears on page 1071 of Volume II of the Ways and Means tariff hearings?

In seeking a tariff on imported manufactured pumice stone that shall be lower, even, than that provided for in the Underwood Tariff, these importers have stated that pumice stone ground in Italy is not competitive to pumice stone ground in the United States, and have offered in support of their testimony letters from four consumers of pumice stone.

We are confident that your committee will not be misled on this issue merely because four consumers of pumice stone have expressed a preference for American ground pumice stone. Obviously, if a great many more than four consumers of pumice stone did not prefer American ground pumice to the cheaper Italian ground pumice stone, there would be no American grinders of pumice stone.

Admittedly, for a number of purposes, the pumice stone ground in the United States is demanded, but it is also true that for a number of other purposes, American ground Italian pumice has no opportunity to compete with imported Italian ground pumice because many consumers who prefer American ground Italian pumice stone and who would willingly pay a slightly higher price for it, will not pay the difference in price made necessary by the difference in the American grinders' cost and the importers' cost of Italian ground pumice stone.

Even under the tariff that we seek the American grinders' cost will still be 20 per cent above the duty-paid cost of foreign ground pumice.

Production cost: In the brief referred to these importers of Italian ground pumice stone have challenged James H. Rhodes & Co.'s cost of production, and therefore James H. Rhodes & Co., and we respectfully invite your committee or its delegate to audit our books if there is any doubt of our veracity. Moreover, appended hereto is a duly notaried certificate of cost made by certified public accountants.

Packing: Contrary to what these importers assert as to their cost, however, by far the great bulk of foreign ground pumice stone is sold in bags—not, as they state, in barrels—while fully 90 per cent of all American ground Italian pumice stone is sold in barrels. This statement may very readily be confirmed in the trade.

American grinders discontinuing.—By supplemental brief to the Ways and Means Committee, our adversaries, the importers of pumice stone ground by foreign labor, have stated that the two American grinders of pumice stone who discontinued operations did so by reason of advancing age and independent incomes, and they further refer to the fact that their businesses were purchased by James H. Rhodes & Co.

The facts are that for the past 25 years, except for the duration of the war, T. Van Amringe & Son made no money in the pumice stone business.

What wealth Mr. Guy Van Amringe may have was inherited with real estate from his father. He discontinued grinding pumice stone to engage in the laundry business at Mamaroneck, N. Y.

Mr. F. H. Holman, who controlled R. J. Waddell & Co., conducted a losing business for years and by his own statement had a most meager income when he retired. The Federal Income Tax Bureau's records will undoubtedly show how little profit these corporations had been making up to the time of their discontinuing.

Does it not seem reasonable that if the grinding of pumice stone were a lucrative business, these petitioners for a low tariff on manufactured pumice stone—Charles B. Chrystal Co. and Whittaker, Clark & Daniels—would have engaged in the grinding of pumice stone? They have been importing pumice stone for several decades.

Respectfully submitted.

JAMES H. RHODES & Co.,
F. L. GOETZ, *Vice President.*
NATIONAL PUMICE STONE Co.,
SOL PERRIN, *Vice President.*
K. F. GRIFFITHS & Co.,
M. O. GRIFFITHS, *President.*

CHICAGO, *June 17, 1929.*

Mr. F. L. GOETZ,
Hotel Willard, Washington, D. C.

DEAR SIR: Pursuant to request of Mr. A. J. Roth, we are submitting herewith a summary by James H. Rhodes & Co. for the fiscal year 1928.

Pounds of pumice produced, 9,254,000.
Gross cost of pumice produced, $199,577.18.
Cost per pound to produce, $0.02156.

We hereby certify that the above figures have been taken directly from the cost records of the above company and, in our opinion, reflect a fair average cost per pound for pumice produced.

Respectfully submitted.

BUCHANAN SHIELDS & Co.,
Per W. H. HARRISON.

Sworn to and subscribed before me this 17th day of June, 1929.

[SEAL.] CLARENCE H. REEVES,
Notary Public.

My commission expires April 18, 1932.

STATEMENT OF LEVI COOKE, WASHINGTON, D. C., REPRESENTING WHITTAKER, CLARK & DANIELS (INC.), NEW YORK CITY

Mr. COOKE. Mr. Chairman, on behalf of Whittaker, Clark & Daniels (Inc.), of New York, and Charles B. Chrystal (Inc.), of New York, we should like the privilege of filing a brief of this topic, if so advised, against Mr. Goetz's position.

Senator EDGE. In doing that, your brief will supplement that in the House, so that it will not be a repetition of that?

Mr. COOKE. If they are so advised. Very possibly they will rely on the brief in the House.

Senator EDGE. The brief will be received; and will you have it under affidavit, please?

(Mr. Cooke subsequently submitted the following brief:)

BRIEF OF WHITTAKER, CLARK & DANIELS, NEW YORK CITY

CITY OF WASHINGTON,
District of Columbia, ss:

Charles B Chrystal, being first duly sworn, deposes and says that he is president of the firm of Charles B. Chrystal Co. (Inc.), New York City, and that company, with Whittaker, Clark & Daniels (Inc.) filed with the House Ways and Means Committee a brief and supplemental brief opposing increase of duty as requested by Frank L. Goetz of Messrs. Jas. H. Rhodes & Co., on pumice stone, per paragraph 206 of the tariff act of 1922. It is further stated that affiant was present at the hearing before the Finance Committee on June 20, 1929, subcommittee dealing with earths, earthenware, and glassware, and heard Mr. Goetz testify in renewal of his request for an increase of duty.

Affiant states that for his own company and in behalf of Whittaker, Clark & Daniels (Inc.), the two importers referred to by the witness Goetz, he rests upon the presentation made in the House of Representatives Ways and Means Committee in opposition to an increase of duty.

Further stating, however, affiant in responce to request and suggestion of Senator King now states in this affidavit form as follows:

"Messrs. Jas. H. Rhodes & Co., through their Mr. Goetz, evidently had in mind leaving with your committee the impression that the two firms whom he mentioned as having discontinued operations did so because they were losing money. As a matter of fact, the two concerns, T. Van Amringe & Son and R. J. Waddell & Co., of this city, were very prosperous through their establishment in the American-ground pumice business of over 50 years, sold their business to the witness (Jas. H. Rhodes & Co.) only because the principals wished to retire due to advancing age and independent incomes. These firms did not discontinue operations because they were losing money, but were bought over by Jas. H. Rhodes & Co., which created a virtual monopoly of American-ground pumice in this country; and it is only logical to believe that in their desire for a prohibitive advance in duty they wish to complete their position."

The foregoing paragraph appeared in the unverified brief of affiant's company and Whittaker, Clark & Daniels (Inc.) as filed in the House Ways and Means Committee. Affiant states that to his knowledge the two firms of T. Van Amringe & Son and R. J. Waddell & Co. were long established and prosperous concerns in the ground-pumice trade and known for many years as the leaders in the industry; the absorption of the former occurred some months prior to the absorption of the latter, but the taking over of these two firms by Goetz's company gave to the latter a substantial monopoly and certainly a dominant leadership of well over 50 per cent of domestic production in ground pumice stone within the United States. This affidavit is filed in verification of the facts as stated in the House Ways and Means Committee, and affiant, after hearing Mr. Goetz's testimony, finds no occasion to modify the statement.

CHARLES B. CHRYSTAL.

Subscribed and sworn to before me this 20th day of June, 1929.

[SEAL.] MARVIN A. TYLER, *Notary Public.*

CHINA CLAY OR KAOLIN

[Par. 207]

STATEMENT OF HENDERSON INCHES, BOSTON, MASS., REPRESENTING IMPORTERS OF ENGLISH CHINA CLAY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Whom do you represent, Mr. Inches?

Mr. INCHES. I represent the English China Clay Sales Corporation, Hammill & Gillespie (Inc.), and John W. Higman Co., all of New York; A. M. Meincke (Inc.), of Chicago, Ill.; Paper Makers Importing Co., of Easton, Pa.; and John Richardson Co., Boston, Mass., which is my concern.

We appeared before the House Ways and Means Committee, and presented a brief at that time. I request permission to file a brief, which is a new brief.

Senator EDGE. The brief you desire to file here is supplementary to the brief filed before the House committee?

Mr. INCHES. Yes, sir.

We are presenting a petition for the removal of the duty of $2.50 per ton on imported clay.

I wish particularly to draw the attention of the committee to the fact that the producers of domestic clay are divided in regard to any increase in the present tariff.

Senator KING. That is, any tariff at all, you mean?

Mr. INCHES. Yes, sir. We have joined with us the firm of Messrs. Moore & Munger, of New York, importers of English clay. Their statement before the House committee was that they imported about 61,000 tons in 1928. They produce approximately 70,000 tons of domestic clay, as stated in their brief. That is approximately one-sixth of the total production of china clay in the United States. I understand that they have now leased another mine, and will produce a larger quantity.

Senator KING. In the United States?

Mr. INCHES. In the United States. This firm definitely states that domestic clay producers are making excellent earnings, and have no right or reason for demanding further protection.

The position of this firm is borne out by the fact that the production of domestic filler clay has increased from 268,203 tons in 1920 to an estimated 500,000 tons in 1928, a gain of 86 per cent. During the same period the importation of English clay dropped from 361,800 tons in 1920 to aproximately 280,000 tons in 1928, a drop of 22 per cent.

Senator KING. I have a statement here to the effect that the total imports from England in 1928 were only 60,000 tons.

Mr. INCHES. I do not think that is correct, sir.

Senator KING. It was obtained from the tariff research—60,000 tons importation.

Mr. INCHES. No, no; that is wrong.

Senator EDGE. Of what, Senator?

Senator REED. 307,000 short tons were imported altogether in 1928.

Senator EDGE. Which is right?

Mr. INCHES. What do you say about that [addressing Mr. Koch]?

Mr. KOCH. Three hundred and seven thousand.

Mr. INCHES. I am perfectly willing to accept those figures.

Senator EDGE. The figures we have did not seem to agree with yours, and I wanted to know if you knew just what the importations were.

Mr. INCHES. Shall I continue?

Senator EDGE. Go right ahead.

Mr. INCHES. Now, I want to draw your attention to another thing. There is in the United States just one type of coating clay; and Mr. Edgar, who is our opponent, says in his brief that in 1925 they sold 797 tons of this clay. In 1928 they sold 21,459 tons of this clay, which makes an increase in business in the case of the domestic coating clay of 2,700 per cent in the three years. He confidently predicts

that he will produce 36,000 tons in 1929, which is an increase in four years of 4,500 per cent.

I think it is only fair to say that he controls all the patents for the production of coating clay in the United States. We have not found that any one else can produce that clay. He controls the whole business.

Senator EDGE. Who is this?

Mr. INCHES. This is Edgar Bros. Mr. Edgar has generally been the principal spokesman for the domestic people.

Senator KING. They control what?

Mr. INCHES. All the patents covering the production of domestic clay. Mr. Edgar says the tariff has been and still is inadequate; but if you can make an increase of 4,500 per cent in four years, it does not amount to anything.

Senator KING. The man who controls all the patents says that he thinks he ought to have a little increase?

Mr. INCHES. He wants an increase of 50 per cent.

Senator BARKLEY. The bill does not give it; does it?

Mr. INCHES. Well, gentlemen, you have the bill before you now.

Senator BARKLEY. I mean, the House bill does not give it?

Mr. INCHES. No.

Senator EDGE. As a matter of fact, just for the record, the House bill has not made any change.

Mr. INCHES. That is perfectly true.

Senator EDGE. Excepting to include feldspar, in which you are not interested, and fluorspar, which is in the same paragraph.

Mr. INCHES. I am not interested in that.

Now I want to draw your attention to the fact—and we have figures to support it—that, using all methods of transportation, Georgia clays can be delivered to any point in the United States from 60 cents to $7 a ton cheaper than the imported clay. It must be perfectly obvious to any reasonable man that a paper mill would use the cheapest material if they could. They would be foolish if they did not, because out in Kalamazoo the difference is about $6 a ton.

The question naturally arises, "Is there any real competition between the English and the domestic clay?" Our answer to this question is that there is not; and the best evidence of this fact is the opinion the paper manufacturers themselves expressed in their brief, submitted to the Ways and Means Committee of the House of Representatives, January, 1929. They are the only people who actually know the answer to this question. Their continued success depends completely on the correct answer. Naturally, the domestic producers, interested in marketing their product, do not belittle their wares.

Senator KING. They say there is no competition?

Mr. INCHES. The position of the paper manufacturers is definitely seen in the fact that 100 per cent of those using English china clay insist that there is no competition between the two.

Senator EDGE. Why is there not any competition, if 307,000 tons are imported?

Mr. INCHES. The answer is just this: If a paper mill wants to make fine papers, high-grade papers, it has to use English clay. The same mill will use both types of clay; do you see what I mean? For their low-grade papers they will use domestic clay. For the

high-grade papers they will use English clay, and they will be obliged to use English clay whatever happens.

Senator KING. The English clay is superior for the high-grade paper?

Mr. INCHES. It is superior on account of color. It is white. That is the main thing in producing paper.

Senator KING. The earth content is substantially the same?

Mr. INCHES. Well, it is a question of grit.

Senator KING. A little more silica?

Mr. INCHES. I do not think there is much difference. I think they are about the same. At least, there is no protest from the mill, or anything of that sort. We have here a list of rates showing the price advantages of domestic clay.

Senator KING. It is in your brief?

Mr. INCHES. Yes; the whole thing is there. In regard to potting clay, the price advantage is for the Georgia potting clays. They have a greater price advantage than the paper clays have at the various important points of consumption.

Senator KING. The imports, then, do not come in competition at all with the potting clay of Georgia?

Mr. INCHES. They use it for certain purposes. When they have got to use imported clay, they have got to use it. There is a big differential there; and there is no reason why a concern that could use a cheaper material would use a more expensive one.

Senator EDGE. You have not any objection to the present existing duty of $2.50 per ton?

Mr. INCHES. I think it is high. They do not need that protection. I do not think they need all that duty.

Senator EDGE. That has been the existing law; has it not?

Mr. INCHES. That is the existing law; yes.

Are there any questions you wish to ask?

Senator EDGE. We shall be glad to have you leave your brief, unless you have something you care to add.

(The portions of the brief not included in Mr. Inches' oral statement are as follows:)

On page 1155, supplemental brief of January 1929 of the domestic clay producers, Mr. Edgar states:

> An American coating clay was first successively introduced about the middle of 1925. The growth in the use of American coating clay is shown, by years, as follows: 1925, 797 tons; 1926, 5,516 tons; 1927, 16,203 tons; 1928, 21,459 tons.
>
> According to the statements of the paper manufacturers in their own brief, about 72,000 tons of English coating clay was imported in 1928. It can be predicted with confidence that at least 36,000 tons of domestic coating clay will be produced and sold in 1929, which will represent fully half of the amount of English coating clay brought into this country in 1928, and will serve fully to refute statements made as to the inferior quality of American coating clay.

Accepting Mr. Edgar's statements as a fact, this is an increase in business for domestic coating clay of 2,700 per cent in three years. Mr. Edgar also confidently predicts that the total increase in four years will be 4,500 per cent. This tremendous progress has been made despite the claim by Mr. Edgar that the tariff has been and still is inadequate.

We think it is only fair to say that there is only one domestic coating clay, and the firm of Edgar Bros. completely controls all the

patents covering its preparation. It is quite obvious from the figures given by Mr. Edgar that his coating clay would continue its splendid progress without the assistance of any tariff.

In our brief we are presenting tables showing that the domestic clays have at the present time a price advantage at practically every point of consumption of approximately 60 cents to $7 a ton.

The position of the paper manufacturers is definitely seen in the fact that 100 per cent of those using English china clay insist that there is no competition between the two. Seventy-two per cent of those using domestic agree with this position, and have also signed their names to the brief. This is because the determining factor in using either domestic or English clay is the quality of paper which the mill desires to produce. This accounts for the fact that some mills actually use both grades, despite the difference in the delivered costs in favor of the domestic.

The petitioners submit that the domestic producers—

1. Now have a tremendous advantage in price.

2. That manufacturers must use English clay in their finer papers, regardless of cost.

3. That the importation of English clay does not in any way injure domestic clay in its proper market.

We respectfully request that the present tariff of $2.50 per ton be removed.

Senator KING. Let me see if I understand your situation in a word. Your position is that substantially the only clay that comes from Great Britain is that which is used for the higher-grade paper?

Mr. INCHES. For the higher-grade paper in the paper business.

Senator EDGE. Is any of it used for pottery at all?

Mr. INCHES. Oh, yes; they use a very considerable quantity in pottery.

Senator EDGE. That is what I thought. How does that compare with the domestic production? Is that a subject of competition?

Mr. INCHES. The Georgia clays have a price advantage at all important points where they use clay for pottery of from $3.65 to $3.16 over English clay.

Senator REED. Not in Trenton, according to the Tariff Commission.

Mr. INCHES. They do have an advantage of $3.65. I spent hours on those tables, and I am confident they are correct.

Senator REED. The delivered cost of potting clay at Trenton, N. J., including all transportation——

Mr. INCHES. From where?

Senator REED. From North Carolina, was $22.01.

Mr. INCHES. That is correct.

Senator REED. From Florida, $21.76; from England, $19.66.

Mr. INCHES. From Florida and North Carolina the domestic clays may be said to have a disadvantage of 86 cents. I want to call your attention to this fact, however, which we brought out in our brief—that the domestic producer says that he can produce his clay for $8 in spite of the fact that he sells a great deal of it for $6, and has for years, and almost all the balance for $8; that those Florida clays are sold for $18.25, which shows $5 profit; that the North Carolina clays are sold for $16, which shows $8, or 100 per cent profit. In their brief they do not tread on that point very long, because their customers might think, I suppose, that they were gouging them.

Senator REED. Is that $16 at the mines?

Mr. INCHES. $16 at the mines.

Senator KING. And that is just the raw product as it comes out?

Mr. INCHES. Yes; just as it comes out of the mine and goes into the cars. That is used for special purposes.

Senator EDGE. What is the proportion of this three hundred thousand odd tons of imported English clay which goes into the production of high-grade paper, where we do not produce the raw material, and that which goes into the production of pottery, where we do produce the raw material?

Mr. INCHES. I can not give you the exact figure.

Senator EDGE. Approximately?

Mr. INCHES. Between 50 and 60 per cent goes into paper, and somewhere around 30 per cent goes into pottery. Now, I want you to be sure about those North Carolina clays, because they are special. They get a tremendous price for those clays.

Senator KING. Because they are superior?

Mr. INCHES. They are better for certain purposes. That is why they can ask more. They ask twice the cost of production on one and $5 more than the $8 cost of production, if you accept their figures, on the other.

Senator REED. It does not much matter what we do with the duty, so far as that is concerned; they have a monopoly?

Mr. INCHES. Without any duty at all, they would sell.

Senator KING. I deduce from your testimony—correct me if I am wrong—that so far as adequate protection for home industry is concerned, there should be no duty upon china clay?

Mr. INCHES. I do not see why. If there were no duty on china clay there would be a few points in Maine which the English clay could reach cheaper; that is all; perhaps one or two in northern New York. Georgia is something like eleven or twelve hundred miles from Maine. After all, they can not expect to have the entire market of the United States.

Senator KING. You have discussed these questions in your brief?

Mr. INCHES. I have; yes, sir.

Senator EDGE. File the brief.

(Mr. Inches submitted the following brief:)

BRIEF OF IMPORTER OF ENGLISH CHINA CLAY

Statement of tariffs imposed on china clay

Per gross ton by tariff act—	
August 27, 1894	$2.00
July 24, 1897	2.50
July 24, 1909, paragraph 90	2.50
July 24, 1913, paragraph 76	1.25
July 24, 1922, paragraph 251	2.50

EXPLANATION OF TERMS

China clay or kaolin is a raw material. It is principally used by paper makers for filling and coating papers. Its next largest use is in the manufacture of pottery. Considerable quantities are also used in the manufacture of paints, colors, linoleum, table oilcloth, shade cloth, ultramarine and as an adulterant in rubber.

TABLE SHOWING THE CONSUMPTION OF DOMESTIC AND ENGLISH CHINA CLAY IN THE UNITED STATES

The number of tons of English china clay imported into the United States and of domestic production of paper and pottery clays in each of the years 1918 to 1927 and 1928 estimated were as follows:

Year	China clay produced and sold in United States		China clay imported for consumption	
	Short tons	Value	Short tons	Value
[illegible]	170,694	$1,480,820	102,100	$1,183,240
[illegible]	183,636	1,475,631	180,802	1,965,208
[illegible]	265,208	2,065,407	261,800	2,508,677
[illegible]	192,720	1,570,163	162,000	1,845,283
[illegible]	275,670	2,242,098	210,126	2,002,420
[illegible]	296,608	2,265,285	211,208	2,048,191
[illegible]	329,611	2,626,065	283,194	2,198,464
[illegible]	297,319	2,220,719	272,552	2,195,094
[illegible]	422,218	3,771,808	300,210	2,494,054
[illegible]	[1] 450,000	3,600,000	220,014	2,097,113
[illegible]	[2] 500,000	.....	[2] 280,000	.....

[1] Estimated by Government. [2] Estimated by petitioners.

These figures were procured from the Mineral Resources of the United States in 1927—Preliminary Survey, published by the Superintendent of Documents, Government Printing Office, Washington, D. C.

THE ORIGIN AND TRANSPORTATION OF ENGLISH CHINA CLAY

Practically all the English china clay that is imported into the United States comes from the neighborhood of St. Austell, Cornwall, England. The clay is moved by rail to the port of Fowey, from which it is shipped in cargo lots to the principal Atlantic ports. Ships carrying English china clay are chartered in the open market, and the ocean freight rates obtainable reflect the influence of the rates charge don such heavy bulk commodities as coal, wood pulp, sulphur, etc. During the summer, a few cargoes are shipped to Great Lakes ports direct from England.

QUESTION AT ISSUE

The question at issue is perfectly simple and can be stated with the utmost brevity.

First, the price of English clay compared with the selling price of domestic clay shows that the English clay sells at a substantially higher price than domestic at practically every consuming point.

Second, that domestic clays are not of high enough quality to meet the demands of a very large proportion of the manufacturers using clay in the United States.

DOMESTIC FIRMS IN DISAGREEMENT OVER TARIFF INCREASE

The petitioners respectfully wish to draw the attention of the committee to the fact that the petitioners have been joined by the firm of Messrs. Moore & Munger, 33 Rector Street, New York, N. Y., who are large importers of English clay and also one of the largest producers and shippers of domestic clay. This firm sells something over 70,000 tons of domestic clay per year. This amounts to approximately one-sixth of the total production of domestic clay. They have given us to understand that the domestic producers are making excellent earnings and have no right or reason to demand further protection.

PRICE ADVANTAGES ENJOYED BY DOMESTIC CLAY

(1) For purposes of fair comparison English clay f. o. b. wharf is domestic clay f. o. b. mine because ocean freight and duty are integral parts of the price, and combined with the inland rail from Atlantic port is comparable with the

rail haul from domestic mine to consuming point. These current prices are so reasonable that they have not been attacked by our opponents in either of their briefs presented before the Ways and Means Committee of the House.

On this basis, the prices of domestic and English clays per ton of 2,000 pounds compare as follows:

	English clay f. o. b. cars port of entry	Domestic clay f. o. b. mines	Advantage held by domestic clay
Filler clay	$13.40	$8.00	$5.40
Coating clay	18.65	12.00	6.65

It is well known that imported clay has a moisture content of 10 to 12 per cent and domestic clay from 3 to 5 per cent. We felt that a committee possibly not familiar with the china-clay situation might consider an adjustment of an additional 7 per cent somewhat of a refinement. This is not considered a refinement by manufacturers of paper, however, who have to pay for moisture instead of clay, and in their tables they have specifically noted the difference which represents to them a distinct additional expense in using the English clay. Whether this item of moisture content is included or not, domestic filler and coating clays have a price advantage over English clay in excess of $5.40 per ton f. o. b. Atlantic port.

On page 1157, Tariff Readjustment, 1929, our opponents do not question the present prices but do allege that English clay in 1924 and 1925 cost $10.18 per ton of 2,000 pounds at Atlantic ports. This cost is based on an ocean freight rate of 15s., and their contention is that in case the necessity should arise, to prevent any large shrinkage in the volume of imported clay, the ocean freight rate could be reduced from 15s. to 9s. 6d. It is only fair to say that neither producers nor importers can influence in any way ocean freight rates. No producer nor importer owns or has any interest in any vessel, and all vessels must be chartered in the open market. They further contend that if such a reduction is made to 9s. 6d., the alleged price of $10.18 would be reduced by $1.82; furthermore, that the English Government is considering the reduction of rates to English mines, which would result in a saving of 48 cents per ton in the cost of clay. Having reduced these two items to a net ton basis, they subtract $1.63 from $10.18 and give an entirely false f. o. b. English-filler price of $8.55 per net ton. No English clay was sold at anywhere this price.

Table showing ocean freight rates paid during 1922 to 1928, inclusive

[Prices paid are in shillings and pence]

	Lowest rate paid during the year	Highest rate paid during the year
	s. d.	s. d.
1922	14	17 6
1923	12 6	18
1924	13	17 6
1925	12 6	16 6
1926	13 6	21 9
1927	13	15 6
1928	13	15 6

It is inconceivable that English clay could be delivered at the price suggested. It is not fair to attempt to establish a comparative price on a purely fictitious basis, and the only excuse for it is that the domestic producers can not afford to admit the actual facts. It is significant that they do not dispute the current prices which are substantiated by the paper manufacturers in their brief as the prices they actually pay. No tariff can be adjusted to meet the vagaries of a prejudicial bias.

Table showing price advantage enjoyed by domestic producers on filling and coating clays at principal consuming points throughout the United States

Place of delivery	Domestic price advantage		Place of delivery	Domestic price advantage	
	Coating clay	Filler clay		Coating clay	Filler clay
	Net ton	*Net ton*		*Net ton*	*Net ton*
Perryman, Md.	$2.26	$2.02	Hamilton, Ohio	$7.17	$4.02
Wilmington, Del.	2.05	1.60	Chillicothe, Ohio	6.05	4.60
Rockland, Del.	2.05	1.60	West Carrollton, Ohio	7.05	5.60
Port Richmond, Pa.	2.70	1.60	Dayton, Ohio	6.70	5.04
Spring Grove, Pa.	2.30	2.14	Columbus, Ohio	5.05	4.60
Shannonburg, Pa.	2.10	1.91	Elkhart, Ind.	6.45	5.20
Sterling Springs, Pa.	2.05	2.41	South Bend, Ind.	6.45	5.20
Tyrone, Pa.	2.05	2.21	Kalamazoo, Mich.	6.01	4.76
Fairmont, W. Va.	4.70	3.61	Muskegon, Mich.	6.05	5.20
Carlinton, Va.	6.90	6.05	Niles, Mich.	6.45	5.20
Montgomeryville, N. Y.	2.80	1.24	Otsego, Mich.	6.01	4.76
Glens Falls, N. Y.	2.47	1.22	Chicago, Ill.	6.05	5.60
Niagara Falls, N. Y.	2.03	2.28	Appleton, Wis.	7.10	5.65
Ticonderoga, N. Y.	.80	1.60	Kaukauna, Wis.	7.10	5.65
West Fitchburg, Mass.	1.28	1.60	Kimberly, Wis.	7.10	5.65
Leyden, Mass.	2.03	.78	Neenah, Wis.	7.10	5.65
Lawrence, Mass.	.63	1.60	Niagara, Wis.	7.05	5.60
Lowers Falls, Mass.	2.03	.78	Rothschild, Wis.	6.95	5.70
Lisbon Falls, Me.	[1] 1.85	1.60	Cloquet, Minn.	7.20	5.05
Rumford, Me.	.02	1.60	Sartell, Minn.	11.40	10.15

[1] Edgar Bros. have proposed to deliver clay to two large Maine mills utilizing a rail-water-rail route from Savannah, Ga., to Portland, Me., at a price giving domestic filler clay the above advantage over imported clay. This method of delivery can be used to Boston for other New England points, giving a further advantage to the domestic producers. In the shipment of filler clay all rail from Georgia, the domestic producer is at a slight disadvantage at West Fitchburg and Lawrence, Mass., as well as Lisbon Falls and Rumford, Me., these being the most distant consuming points.

An examination of this table will show that there are 27 points where domestic filler has an advantage of over $2 per ton, and of these 20 points show an advantage of over $5 per ton.

Similarly, at points using coating clay, there are 35 with an advantage of over $2 per ton in favor of the domestic, and of these 20 show domestic clay an advantage of over $6 per ton.

The advantage of the domestic producer is narrower in New England, especially in Maine, than in any other point in the United States, and their principal object is to reach two large users in this area. For this reason alone they are advocating placing an additional tariff burden on 100 per cent of the mills that are compelled to use imported English clay; this in spite of the fact that both these mills have declared over their own signature in their brief before the Ways and Means Committee of the House that they can not and will not use domestic clay in their high grade papers.

SHIPMENTS TO THE GREAT LAKES

Our opponents in their brief make great point of the fact that in recent years shipments have been made direct from England to Great Lake points—namely South Haven, Mich., Milwaukee, Manitowoc, and Sheboygan, Wis. It is suggested by inference that this movement results in very considerable saving to the users of English china clay. As a matter of fact, it does not. It slightly reduces the price advantage enjoyed by the domestic producer. Only a very few points can be reached from these ports. One of the principal points is Neenah, Wis., and even here domestic clay has an advantage of $3.05 per ton, which is the lowest advantage enjoyed by them against this method of delivery. Whereas to the important point of Kalamazoo, the domestic advantage is $4.16 per ton on filler clay and $5.36 on coating clay.

It therefore seems that the alleged threat to domestic producers by means of the Lake shipments is purely imaginary.

We append a table to show the actual price advantage to domestic clay at the various points in question.

Table showing price advantage enjoyed by domestic producers on filling and coating clays at points served by shipments from Lake ports

Place of delivery	Domestic price advantage	
	Coating clay	Filler clay
	Net ton	*Net ton*
Chicago, Ill.	$6.20	$6.16
Neenah, Wis.	4.26	4.06
Appleton, Wis.	4.26	4.06
Elkhart, Ind.	6.10	6.00
Kalamazoo, Mich.	5.36	5.16

POTTING CLAYS

The imported potting clay costs $17.86 per ton of 2,000 pounds f. o. b. cars Atlantic port against an f. o. b. mine price of $10 for Georgia potting. Thus the imported product starts with a handicap of $7.86 per ton. We append a table to show that the price disadvantage of English clay varies from $8.65 to $8.56 per ton at the important potting centers. There are certain domestic potting clays produced in Florida and North Carolina which for certain special purposes potters have been willing to pay slightly more than for English clays. It must be borne in mind that the domestic producers themselves admit in their supplemental brief that the average cost of producing clay is $8 per ton. For these special clays they get from $13.25 to $16 per ton at the mine.

Table showing price advantage enjoyed by Georgia potting clay at important consuming points

Place of delivery:	Net ton
East Liverpool, Ohio	$4.64
Sebring, Ohio	5.30
Tiffin, Ohio	6.82
Steubenville, Ohio	4.64
Zanesville, Ohio	6.62
Wheeling, W. Va	4.64
Kokomo, Ind	8.16
Chicago, Ill	8.06
Perth Amboy, N. J	8.65
Trenton, N. J	8.65

THE DOMESTIC CLAY INDUSTRY HAS PROSPERED

We think it may be fair to assume that an increase in the tariff on any commodity is not justified unless it can be shown that the fair market for that commodity is being injured by the importation of a competing article. Are there any signs whatsoever that the market for domestic clay has been limited by the imported material? On the contrary, the production of domestic clay has expanded from 268,203 net tons in 1920 to an estimated 500,000 tons in 1928, a gain of 86 per cent. The situation with regard to the importation of English clay has not been nearly so fortunate. In 1920 there were 361,800 net tons English clay imported, and in 1928 the importation is estimated at 280,000 net tons, a decline of 22 per cent.

AMERICAN COATING CLAY

The expansion in the production of domestic coating clay has been almost unbelievable. On page 1155, Supplemental Brief of January 1929, of the domestic clay producers, Mr. Edgar states:

"An American coating clay was first successfully introduced about the middle of 1925. The growth in the use of American coating clay is shown by years, as follows:

	Tons
	797
	5,516
	16,203
	21,459

cording to the statements of the paper manufacturers in their own brief, st 72,000 tons of English coating clay was imported in 1928. It can be icted with confidence that at least 36,000 tons of domestic coating clay will reduced and sold in 1929, which will represent fully half of the amount of lish coating clay brought into this country in 1928, and will serve fully to te statements made as to the inferior quality of American coating clay.

The paper manufacturers' brief refers to American coating clay and its use nominal.' The facts speak for themselves. An accomplishment of 25,000 production in the short space of three years out of a combined usage for rican and imported coating clay of approximately 100,000 tons is no 'nomi- ' usage and the product can not be termed an 'anomaly.' It must of neces- be at least equal to the product it displaces."

cepting Mr. Edgar's statement as a fact, this is an increase in business for astic clay of 2,700 per cent in three years. Mr. Edgar also confidently pre- that the total increase in four years will be 4,600 per cent. This tre- ndous progress has been made despite the claim by Mr. Edgar that the tariff been, and still is, inadequate.

we take Mr. Edgar's statement at its face value, it will be seen that he mates that the total use of English and American coating clays is 100,000 a year. We believe this figure to be correct. Therefore, it is a simple ter to figure that within the next three years, American coating clay will roduced in sufficient quantities to oust completely the imported clay. If is true, then, and all the mills which believe they have to use English coat- clay are within three years to become the good customers of Mr. Edgar's firm, ould seem to be only a matter of courtesy for Mr. Edgar, instead of being the cipal spokesman for the petition for an increase in duty, to take the posi- that the duty is no longer necessary as he is about to supply the manufac- rs of coating paper in the United States within such a short space of time.

'e think it is only fair to say that there is only one domestic coating clay the firm of Edgar Bros. completely controls all the patents covering its aration. It is quite obvious from the figures given by Mr. Edgar that his ting clay could continue its splendid progress without the assistance of any iff.

COMPETITION BETWEEN ENGLISH AND DOMESTIC CLAY

The question naturally arises, "Is there any real competition between the lish and the domestic clay?" Our answer to this question is that there is and the best evidence of this fact is the opinion of the paper manufactur- themselves expressed in their brief, submitted to the Ways and Means mittee of the House of Representatives, January, 1929. They are the only le who actually know the answer to this question. Their continued success ends completely on the correct answer. Naturally the domestic producers erested in marketing their product do not belittle their wares. The position the paper manufacturers is definitely seen in the fact that 100 per cent of se using English china clay insist that there is no competition between the two. enty-two per cent of those using domestic agree with this position and have signed their names to the brief. This is because the determining factor using either domestic or English clay is the quality of paper which the mill ires to produce. This accounts for the fact that some mills actually use grades, despite the difference in the delivered costs in favor of the domestic.

On page 1152 of the Supplemental Brief of the Domestic Producers, Tariff adjustment, January, 1929, a list is given covering the names of 22 mills who American filler clays. While all of these mills do use domestic filler, we ak it should be pointed out that 11 of them use English clay in their grade papers, a fact omitted from the statement of the domestic producers, all of them have signed the brief.

On page 1153, Tariff Readjustment, 1929, the domestic producers state as ows:

Even though all the members of the Ways and Means Committee may not be miliar with the paper industry, certainly such names as the West Virginia

Pulp & Paper Co., Champion Coated Paper Co., Castanea Paper Co., Bryant Paper Co., Kimberly-Clark Co., Allied Paper Mills, and many others using domestic filling clay stand out as being leading manufacturers, and the quality of the paper they make is recognized everywhere as equal to the quality of paper produced through the exclusive use of English filling clay."

It is worthy of note that four of these mills are regular users of English clay, and all of them have subscribed to the paper manufacturers' brief. Mr. Thomas Luke, vice president of the West Virginia Pulp & Paper Co. is one of the committee of three appointed by the paper manufacturers' clay conference committee to oppose the increase in duty on English clay before the Finance Committee of the Senate.

On page 1153, again, the domestic producers state as follows:

"In referring to the quality of American clay, those paper makers who state their high grades of paper can not be produced except with English clay are, perhaps unconsciously, belittling the qualities of paper made by those paper mills using domestic clay."

The answer to this suggestion is that 72 per cent of those using domestic clay have subscribed to the brief and do not feel that by so doing they are belittling the grades made by themselves or others using domestic clay. To attempt to divide the paper manufacturers into two antagonistic groups according to the quality of paper produced is perfectly futile, because there is no such dividing line in the industry. More often than not the same mills produce both grades of paper.

SUMMARY

Summing up the position of the importers of English china clay, we can not discover any real reason for an increase in the present duty of $2.50 per long ton. Indeed, all the facts point the other way, namely, that it should be removed. If the imported material were underselling domestic clay and gradually supplanting it, thus undermining a domestic industry, we could not come before your committee with absolute confidence in the justice of our case.

It is simply a matter of ordinary arithmetic that at every point of entry into the United States as well as at practically every consuming point, domestic clay enjoys a very considerable price advantage. These prices are not matters of conjecture but are substantiated by the users themselves. If the position were reversed and the English clay could be delivered at a lower price, this first and basic reason for tariff protection would have been the crux of the domestic producers' position. They omit it because it does not exist, and no amount of camouflage can conceal the fact that taken grade for grade and point for point, domestic clay is available practically everywhere at a much lower price than the English.

Their price advantage is enhanced by an advantage in transportation. Whereas the importers have to contend with the hazards and delays incident to ocean navigation, moving large quantities of clay in bulk in one shipment, so as to secure a charter and thereby necessitating large storage facilities in the various mills who have to use English clay, the domestic producers served by splendid rail facilities enjoy quick accessibility to all markets in quantities large or small, shipped promptly or regulated over a longer period.

In view of these facts, why do consumers use any English clay at all? They use it because they have to have it, and for its superior qualities are willing to pay the higher price. It is not conceivable that an industry like the paper industry representing $874,876,000 and employing over 45,000 men would continue to pay this additional premium if it did not feel repaid in the superior quality of paper manufactured. Why put them to the necessity of paying more than they do now on a purely fictitious supposition that by so doing we are helping a crippled domestic industry, and so raise the cost to the ultimate consumer of a product as universally necessary as paper.

As evidence of the weakness of the case presented by the domestic producers, it should be remembered that one company which produces approximately one-sixth of the domestic clay used in the United States has joined the importers in this petition, convinced that a request for additional duty is unnecessary, unreasonable, and unjust.

Submitted by English China Clays Sales Corporation, New York, N. Y.; Hammill & Gillespie (Inc.), New York, N. Y.; John W. Higman Co., New York, N. Y.; A. M. Meincke (Inc.), Chicago, Ill.; Moore & Munger, New York, N. Y.; Paper Makers Importing Co., Easton, Pa.; John Richardson Co., Boston, Mass.

STATEMENT OF H. B. MILLS, NEW YORK CITY, REPRESENTING THE PAPER MANUFACTURERS' CLAY COMMITTEE

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Whom do you represent, Mr. Mills?

Mr. MILLS. Manufacturers of paper and paper pulp who use imported china clay.

Senator EDGE. Before you start your testimony, let me ask you whether there is anyone here at all, so far as you know, representing the domestic pottery interests?

Mr. MILLS. No, sir; I do not know.

Senator EDGE. Did you appear before the House committee?

Mr. MILLS. Yes, sir.

Senator KING. Is this china clay?

Mr. MILLS. Yes.

Senator EDGE. And you propose to file a supplementary brief with us?

Mr. MILLS. Yes, sir.

Senator EDGE. Do you care to discuss it orally?

Mr. MILLS. I should like to do so.

Senator EDGE. Go ahead.

Mr. MILLS. Appearance is made on behalf of 54 manufacturers of 200 kinds of paper and paper products, consumers of imported and domestic china clay to the extent of 100 per cent of the former and 72 per cent of the latter.

Paper-makers' clay should not be confused with clay used in the manufacture of yellow tile for building purposes, or common brick, or fire brick and other refractories, deposits of which are found in almost every State. There is nothing in common, either as a material or a tariff item.

In tons used, paper-makers' clay ranks next to pulp wood and coal, or whatever form of power is used. In the manufacture of printing papers, clay is 22 per cent of the finished product.

Senator REED. In weight or in cost?

Mr. MILLS. In weight.

Senator KING. Is that possible?

Mr. MILLS. Yes, sir. It is important as to purpose served and as a manufacturing expense. As a raw material it may be classed with pulp wood and wood pulp, both basic materials used for paper, admitted without duty.

Imported clay comes from England, and receives only a washing and drying process before shipment. Domestic clay is produced in the South, chiefly in the State of Georgia.

Common, or filler clay, is a component part of the paper itself. Best, or coating clay, is much whiter in color, finer in texture, and commands a much higher price than the common.

Senator KING. You differentiate between the coating clay and the filler clay, which is a component part of the paper, and which, as you say, constitutes about 30 per cent of it?

Mr. MILLS. Yes, sir; 22 per cent.

Senator KING. Twenty-two per cent in weight?

Mr. MILLS. Twenty-two per cent. The common or filler clay, as I say, becomes a component part of the paper itself. The coating clay is a mixture. It goes into a solution.

Paper manufacturers buy clays to an established standard which experience has shown is best suited for their individual requirements. They never buy it merely because it is clay, nor solely on a price basis.

The main questions at issue are (1) do foreign clays menace the domestic industry, causing slacking in production and unemployment, and (2) will the domestic give equal satisfaction to, and can it be successfully substituted for, the imported?

It is believed that all statements made herein as to prices and production can be verified by data in possession of the Tariff Commission.

On a moisture-free basis (domestic clay contains about 5 per cent moisture, and imported 12 per cent), the price of domestic common, or filler clay, is $8.42 per net ton, f. o. b. cars Georgia shipping point; imported common or filler, average price $15.23, f. o. b. cars United States port of entry.

Senator KING. That is the same quality of clay?

Mr. MILLS. The same quality of clay.

Senator KING. In Georgia it is $8 plus, and the British price is $15.

Mr. MILLS. Plus.

Senator KING. That is, with the tariff?

Mr. MILLS. Yes, sir; f. o. b. cars.

Senator REED. That is not a fair comparison, because the Georgia clay is not used at the point at which that price is made. At what figure is the Georgia clay quoted at New York?

Mr. MILLS. At New York?

Senator REED. Yes.

Mr. MILLS. Well, New York may not be the consuming point.

Senator REED. Give us some common point.

Mr. MILLS. If you will just let me proceed, I will cover that later.

Senator REED. I beg your pardon.

Mr. MILLS. Domestic best, or coating, is $13.68; imported, average price, $22.23.

In order to follow the comparisons through to the consumer, pages 1096 and 1097 of transcript of testimony show the price advantage of domestic to 40 destinations, typical of the paper industry as a whole. The difference in the shipping-point prices holds good, subject only to the difference in the respective freight-rates.

At 34 consuming points, representative of the entire industry other than New England, domestic clay has an average price advantage of $6.05 for the filler and $7.70 for the coating.

Moisture-free basis is attacked by the domestic producers as a "fallacy" (p. 1158). However, it is always used as a sales argument; and in the appendix of our brief to be filed with your committee is a copy (in part) of an advertisement by Edgar Bros., domestic producers, reading:

> Our clays are preferred . . . because of their brilliant color, absolutely uniform quality, low grit, and freedom from moisture. . . .

Another part of the same advertisement appeals to paper manufacturers not to assume the "burden" of the $2.50 per ton duty on imported, obviously meaning that $2.50 per ton may be saved by using their clay.

An advertisement of another domestic producer, the R. T. Vanderbilt Co., in the appendix of our brief to be filed, reads:

Cherokee Kaolin, an American product from the State of Georgia. The delivered cost is from 8 to 10 dollars less than that of imported China clays.

Senator KING. That is in their advertisement?

Mr. MILLS. Yes, sir.

Further, domestic producers know that the price of the imported filler clay was increased $2 per ton for 1928 deliveries. This increase has remained continuously in effect, and applies to-day.

Senator KING. Let me see if I understand you. The domestic clay, then, because of this advance which has been maintained, was sold for that much more than the foreign clay, imported clay; or did the importer reduce his price to meet the competition?

Mr. MILLS. The importer increased his price on his particular quality of clay, known as filler clay, an average of $2 per ton in 1928. Consequently, the domestic producers have the advantage of that $2 increase at the present time.

Quoting from page 1155 of transcript of testimony, domestic producers state:

Domestic coating clay possesses greater fineness of particles, greater covering quality, opacity and plasticity, and a uniformity of color that has never been equalled by any imported clay.

They assert also that it gives just as good results as English clay, and can be substituted for it.

No paper manufacturer would hesitate to give preference to domestic coating clay if it would improve the quality of his product, or even produce results equal to the imported, since it is much lower in price, just as none would use it at any price if it had an adverse effect on quality. A superior coating clay, such as the domestic is said to be, needs only to prove itself to receive the hearty commendation of the paper trade, whatever the price.

However, it is the business of paper manufacturers to know clays; and they know there are many grades of paper and paper products that require the use of imported clay. There is absolutely no natural-colored best or coating clay found in the United States. The nearest approach is a domestic bleached crude clay manufactured exclusively by the firm of Edgar Bros., who enjoy a monopoly of it under patent-rights ownership of the process.

As to the difference in clays, testimony is offered from four different and authoritative sources:

1. Volume 4, Manufacture of Pulp and Paper, a Textbook of Pulp and Paper Mill Practice, prepared under the direction of the joint executive committee representing the pulp and paper industry of the United States and Canada, published in 1924:

It is widely believed that for other reasons besides color English clays are superior to those found in America; it is generally held that the desired qualities of finish, feel, opacity, and ink-absorbing qualities can not be obtained by using American clays alone.

2. From the domestic producers themselves, quoting Edgar Bros. in their letter of July 10, 1928, to the Oxford Paper Co., in an endeavor to sell their coating clay:

A number of coating mills have found that our H. T. coating clay has merits that makes it an attractive product to replace the English coating clay now

being used, both as to the clay itself and on the question of price; but physical differences in the working qualities of our clay, compared to the English, have proven obstacles to its use.

The letter is quoted in full in the appendix of our brief. It will be noted that in approaching paper manufacturers who have a knowledge of clays their position is vastly different than it was with the Ways and Means Committee and directly contradicts their testimony. Note also the reference to price advantage.

Quoting domestic producers, page 1159, under the caption "Rail and water Routes to New England":

Our experience has shown * * * that the volume necessary to be moved at one time (by vessel) is too great to make the experiment a practical one. Business has to be built up in a small way, finally building up a volume sufficiently great for rail and water movement. This is a matter of possibly several years and is a part of the educational program heretofore referred to in our brief.

Senator EDGE. I do not want to interrupt you, but you are just reading a brief. I thought you said you wanted to make an oral statement in addition to your brief. Of course, we shall get all the brief in the record. If there is something that you want to explain to us, unless the Senators want to hear the brief read, I would suggest that you file it.

Senator BARKLEY. Let me ask this question: The House bill made no change in this tariff?

Mr. MILLS. No.

Senator BARKLEY. There is nobody here asking for a change.

Senator EDGE. Exactly. As I understand, your position is exactly the same as that of the witness who preceded you, that you do not want the figures changed?

Mr. MILLS. We are going to say that we believe putting the tariff on this English china clay back to the 1913 tariff is not justified.

Senator EDGE. Oh, I see; you are objecting to that?

Mr. MILLS. We have approached the matter from a somewhat different angle than the importers who are concerned with import clay not only for the paper industry but for the pottery industry and other industries that use it.

I have some more matter here, and if you can give me five minutes I think I can get through.

Senator EDGE. All right. We want to be courteous; but I thought, in view of the fact that the paragraph has not been changed, that we might save time.

Mr. MILLS. As a means of reducing the freight rate, domestic producers made a definite, delivered price which would effect a reduction of $2.50 per ton by the use of the rail and water route. This proposition was for prompt shipment of clay, contingent only upon sufficient tonnage from one or more paper mills to load a vessel.

The quotation is an attempt to minimize the advantage to be gained through the rail and water route, which is practicable and available at any time. Domestic producers now place a time-limit of three years in which to convince New England manufacturers that their clays can be substituted for the imported, which clearly is a candid or unintentional admission of the difference in character of the two clays. In the interim they ask that these paper manufacturers, for their share in the educational program, be made

to pay 50 per cent more duty, despite the claims set forth for their superior coating clay, and irrespective of the injustice to paper mills in all other territory where the domestic producer already enjoys a very great price advantage and obviously needs no increase. By reason of forcing an increase of $1.25 per ton to the users of imported clays, the domestic producers could increase the price of their product, thereby bringing about a general increase in paper manufacturing costs; and it is their avowed intention to make such an increase in their own product if they are successful in their application.

3. From the paper manufacturers' standpoint: Pages 1098 to 1103, transcript of testimony, are statements from manufacturers of their experience with domestic clay as compared with the imported. One is quoted as typical of coating clay and one of filler clay.

Rex Paper Co., Kalamazoo, Mich.:

Statement that domestic clay could be substituted for imported clay for the manufacture of all grades of coated paper is absurd. We, as manufacturers, emphatically state that we could not use domestic clay for the grade we manufacture. The color and quality are not to be compared.

Jessip & Moore, annual usage 9,000 tons of filler clay:

We are manufacturers of high-grade book papers with five mills located in Delaware and Maryland. We have been using large quantities of English China clay, as domestic clays were found unsuitable for such purpose. English China clays are not strictly competitive with domestic clays, and tariff protection is not necessary.

Senator KING. Speaking for myself, I do not think it will be profitable to read what those manufacturers state, because they are all in accord, I presume, that there is a superior quality of English clay for coating purposes. I assume that they would all testify in the same way.

Mr. MILLS. Yes, sir.

Senator EDGE. And, as a matter of fact, the Tariff Commission states that that is the case.

Senator KING. You had better skip that.

Senator EDGE. If you will file the brief, we will give it every consideration, unless you have something to add.

Mr. MILLS. I have not anything to say in addition to what is here. I thought if you would listen to the summing up of my points in the brief, it would give you a better idea of my position.

Senator EDGE. Go ahead and sum it up.

Mr. MILLS. If you hear me personally, I thought it might perhaps be more effective than reading the briefs themselves.

Senator EDGE. We shall study these briefs. We can not reach our conclusions entirely from our examination of witnesses. That is what the briefs are for.

Senator KING. Your position, in brief, is this, then—that for paper coating purposes the English clay is superior?

Mr. MILLS. Our position is this: ——

Senator KING. Can you answer that yes or no? Please let us get right down to brass tacks, and get through.

Mr. MILLS. In many grades of paper.

Senator KING. You are in favor, then, of not increasing the tariff upon the clay which is imported?

Mr. MILLS. The position is this, briefly——

Senator KING. Do you favor increasing the tariff?

Mr. MILLS. No, sir; we do not.

Senator KING. Upon the contrary, if I have correctly interpreted your testimony, you think that the situation is such, in view of the better freight conditions obtained from the South, and the cheapness with which it is produced, that there might with propriety, without any challenge at all to the domestic manufacturer or producer, be a reduction in the $2.50?

Mr. MILLS. Yes, sir.

Senator EDGE. Thank you, Mr. Mills.

Mr. MILLS. Thank you.

(Mr. Mills submitted the following brief:)

BRIEF OF MANUFACTURERS OF PAPER AND PAPER ARTICLES

There has been brought to our attention an undated supplementary brief published by the American Mining Congress and filed with the Ways and Means Committee sometime in March.

While this supplementary brief is signed by seven domestic clay producers, three of the companies are owned by one concern, three by another, and the other is an independent producer.

It should be noticed there is nothing in the brief itself to indicate that it is sponsored by or has the indorsement of the American Mining Congress, although on the title-page it is stated that it is published by that organization.

The position of the domestic paper manufacturers that domestic clay is not always a satisfactory substitute for the imported is fully confirmed by the producers of domestic china clays in a letter addressed to the Oxford Paper Co., New York City, by Edgar Brothers, signed by Harold T. Edgar, treasurer, dated July 10, 1928, representing three of the petitioners for an increase in the present duty on imported china clays, in which the following statement occurs:

"A number of coating mills have found that our domestic H. T. coating clay has merits that make it an attractive product to use to replace the English coating clay now being used, both as to the clay itself and on the question of price; *but physical differences in the working qualities of our clay compared to the English have proved obstacles in its use.*" (Italics ours; original letter at the disposal of your committee; copy in attached appendix.)

This very mild characterization of the physical difference of the two clays directly contradicts the following testimony given by Mr. D. Raymond Edgar, of the firm of Edgar Bros., before the Committee on Ways and Means:

"We have been given information and have letters in our brief to indicate that it is giving just as satisfactory results as the English coating clays."

The domestic paper manufacturers heartily subscribe to the analysis of the situation, as shown in the above-mentioned letter; it is in full accordance with their experience and is exactly one of the angles which they presented to the committee in their testimony and brief.

The price advantage of domestic clay as compared with the imported, another angle presented by the paper manufacturers, is likewise confirmed by Edgar Bros. in the letter referred to and in a page advertisement in the 1928 issue of the Paper and Pulp Mill Catalog of Paper and Paper Mill Machinery, Equipment, Chemicals, and Supplies, in which they state that the present import duty of $2.50 per ton imposes a "burden" on consumers of clay; and also by the R. T. Vanderbilt Co.'s advertisement that their domestic clay costs $8 to $10 per ton less than the imported. (Copies of such advertisements appear in the appendix.)

We are quoting below, giving page reference, the statements we question in the domestic producers' supplementary brief, as published by the United States Government Printing Office in hearings before the House Committee on Ways and Means:

Page 1150. "Paper manufacturers, in their testimony, have espoused the cause of the English clay importers."

Answer. Paper manufacturers have a decided interest in the raw materials they buy. They buy and use large quantities of clay, both domestic and im-

ported, and have a legitimate concern in the matter before your committee. They are espousing their own cause in the interest of the products demanded by their customers at a reasonable cost.

Page 1151. "Prejudice represents the greatest problem in the way of full development and use of American clays."

Answer. The domestic paper manufacturers' brief discloses not prejudice against American clays but a sincere desire to determine if they can be substituted for the imported. Reasons for their inability to use domestic clay are given in their original brief by 42 paper manufacturers who have tried and discarded it. The charge of a disinclination or refusal to give domestic clays consideration is refuted by the extensive use of domestic clay, where it can be used to advantage, and is also refuted as authoritatively as men of integrity and expert knowledge of their requirements can express their convictions in the many cases where it has been tried with unsatisfactory results. Domestic clays are much lower priced than the imported, and prejudice stretched to the point of sacrifice of large savings is not the practice in any industry, especially such a highly competitive industry as paper. Back in 1916 "prejudice" and other major arguments now advanced by the domestic producer were disregarded by the Interstate Commerce Commission, whose decisions will be referred to later.

Page 1151. "The testimony given in opposition reveals a surprising lack of information on the part of consumers as to the far-reaching developments in quality of American clays that have been effected in recent years. That those consumers less favorably located as regards domestic sources of supply should be most active in opposition and least informed as to the qualities of American clays is not surprising, and a careful analysis of the paper manufacturers' brief makes it apparent that the bulk of the opposition comes from that quarter. Those paper manufacturers who are so geographically located as to be unfamiliar with domestic clays * * *."

Answer. Paper manufacturers are located in every State in which clay in question, either imported or domestic, is used—from West Virginia to Minnesota and Wisconsin and the New England States. Neither opposition to the duty increase nor lack of knowledge of the characteristics of domestic clay are confined to any particular section as disclosed by the paper manufacturers' original brief.

New England paper manufacturers are referred to, by implication, as not being favorably located with respect to domestic clay supply by reason of the long rail haul from the South; but it is inaccurate to state that they especially are unfamiliar with the quality of domestic clays. They are attached—

1. Communication to the Oxford Paper Co., H. B. Mills, manager purchasing department, from Edgar Bros., dated May 31, 1928, referring to samples of domestic clays, "as per your request."

2. Communication to the Oxford Paper Co., attention Mr. Spear, Rumford, Me., from Edgar Bros., dated November 10, 1928, with regard to a test to be made of samples left by Mr. Harold T. Edgar and referring to samples previously supplied for laboratory test through Mr. Mills. In order to make a practical run, a carload of domestic coating clay was ordered following Mr. Edgar's visit to the mill.

3. Communication to the Oxford Paper Co., from Edgar Bros., dated July 16, 1928, in which mention is made of the price and physical differences in domestic and imported clays, previously referred to herein.

(Originals are at the disposal of the committee.)

The Oxford Paper Co. is located at Rumford, Me., and it is believed the letters will carry conviction that the domestic producers have recently informed at least one New England mill of the quality of their product. Mr. Roger D. Smith, president of S. D. Warren Co., Cumberland Mills, Me., a member of our committee, will give the same assurance for his company, one of the largest in New England; and the paper manufacturers' brief carries similar statements from other New England mills.

Page 1153: "This further points to the very obvious fact that adding together all of the filler clays, i. e., 225,000 tons and 91,800 tons, the total consumption is 316,000 tons; and of this grand total only 17,100 tons or 5.4 per cent, is English filling clay used outside of New England."

Answer: It is difficult to find in this statement argument for the need of an additional duty on imported clay within the territory referred to. It corroborates one phase of the paper manufacturers' brief (p. 83) that "domestic clay dominates the market wherever it can be used to advantage." All argu-

ments for a higher duty on filler clay, in all of the territory other than New England, are thus nullified by the domestic producers themselves.

The New England situation is covered very thoroughly in the paper manufacturers' brief, pages 33 to 37. It involves the geographical location of these mills with respect to the sources of supply, represented by long freight hauls of from 1,000 to 1,400 miles, and freight rates of from $7.92 to $9.13 per ton from Georgia clay fields, as compared with distances of from 7 to 86 miles, with freight charges of from 70 cents to $2.50 per ton from the Atlantic seaboard ports of Portland and Boston, and the fairness and reasonableness of the proposition that an additional duty on clay is justified solely to deprive the New England manufacturers of the benefit of their proximity to the seaboard ports and solely in the interest of the Southern clay producers.

Domestic producers, parties to the brief, claim the right to the lower freight rates they admit they enjoy to certain destinations by reason of their "geographical conditions." (See p. 789, caption "Competition," Mr. Edgar's brief.) They can not consistently hold that the same natural rights they claim for themselves should be denied the paper manufacturers of New England.

Students of economics and transportation are aware that New England industries have a much longer average haul and pay higher average freight rates than industries enjoying a more central location. To deprive the New England manufacturer of his natural accessibility to the seaboard, when he is so greatly handicapped by rail, is not equitable. Furthermore, there is an analogy in the demand for an adjustment of the tariff which will serve to equalize differences in geographical locations, and regulation of railroad freight rates for the same purpose.

The latter proposition has been before the Interstate Commerce Commission at various times, and at least once before the United States Supreme Court, and has always been rejected as unsound. The southern clay producers themselves presented this very question to the commission in 1916, Case No. 6592, In the matter of import and domestic clay (see Appendix). In that case, the commission said:

"It is not within our province to require carriers to adjust their rates so as to equalize natural or commercial advantages."

In Royal Milling Co. *v.* Great Northern Railway Co. (52 I. C. C. 151, 158) the commission said:

"In speaking of the act to regulate commerce the Supreme Court said in Interstate Commerce Commission *v.* Differbaugh (222 U. S. 42, 46): 'The law does not attempt to equalize fortune, opportunities, or abilities.' We have frequently held that we are without power to equalize natural or commercial disadvantages."

It is worthy to note that in its decision In the matter of import and domestic clay the commission summarized from the testimony every major argument advanced by domestic producers in the present case, finding:

1. That imported and domestic clays differ in physical characteristics and require different treatment in manufacturing processes.
2. That imported clays are of better color.
3. That the cost figures of imported clay furnished by domestic producers were not dependable.
4. That claim of "prejudge" against domestic clays on the part of paper manufacturers was not sustained.

Included in the appendix to this letter are excerpts from the commission's decisions in other cases, in which it has been consistently held that the advantages or disadvantages of location can not be offset by freight rate regulation. The principle applies with equal force to attempts to accmoplish the same purpose through tariff regulation.

Page 1154: "One of the most extraordinary statements made comes under the subtitle 'Origin of Import Clay.' Under this heading statement is made that 'domestic clays have just one grade for filler, and the English clays do not conform to any single color, texture, and other characteristics.' Since when did nature produce clays with no variety in color, plasticity, fineness of particles, chemical analysis, etc.? As a matter of fact, American clays probably vary to as great a degree as the English."

Answer. This is not a literal quotation, and on account of the facts in the case it is suspected that it was purposely deleted in an important respect. Paper manufacturers' brief states: "Unlike the domestic product, which is offered to paper manufacturers in only one grade for filler, and *in only one grade for coating purposes* (italicized sentence omitted by domestic producers)

the English clays do not conform to any single color, texture, and other characteristics."

These statements are correct, and are made with reference to clay for paper-making purposes, as stated.

It can not truthfully be denied that there is but one domestic coating or best clay produced or manufactured. It is not a natural colored clay, but is bleached to one uniform standard under patent rights controlled exclusively by a single domestic producer, Edgar Bros., who enjoy a monopoly. It can be procured through no other source. On the other hand, imported coating clays are natural-colored clays and available in many shades.

In common or filler clays for paper-mill use the domestic producers offer a washed clay. A request to the importers to match a particular sample will result in several from each, and it is a common experience for the paper manufacturer to be offered a total of 15 or 20 samples from the various importers from which to make a selection.

Paper interests, parties to their brief, manufacture 200 different kinds of paper and paper articles, and attach great importance to the selection of the right quality of clay. The statement made with respect to the much wider range of imported clays is correct.

Page 1154: "Under the heading, 'Import clay not a manufacturing product,' statement is made that 'import clay is a raw material.' It is further contended that American clay is not a raw material."

Answer: An incorrect quotation. Statement referred to appears on page 6 of paper manufacturers' brief, and reads in full: "Imported clay is a raw material. The only treatment it receives prior to shipment is a washing process, to eliminate foreign matter such as mica, grit and other substances of the soil, and a drying process to reduce moisture."

This short paragraph was inserted to indicate the character of the finished material. Nothing is said about American clay not being a raw material, as charged, although it is a fact that certain domestic crude clay is converted to the better colored coating clay by a bleaching process, and to that extent actually undergoes a manufacturing process.

Imported clay is properly classed as a raw material; somewhat less so than pulpwood, and much more so than woodpulp, other necessary materials used in paper making imported without any duty.

Page 1155: "Seemingly in an endeavor to show that imported clay is a manufactured and not a raw material, domestic producers state: 'Attention is called at this point to the fact, which is well known throughout the paper trade, that most English clays, whether for filler or for coating purposes, are dyed with bluing, whereas the domestic clays are of natural color.'"

Answer: This is greatly exaggerated and substantially incorrect. Coating clays are never blued; filler clays are blued to the extent of 5 or 10 per cent. The Appendix includes:

1. Copy of letter from English China Clays Sales Corporation, representing the largest producers of English clays, denying that any of their clays are blued.

2. From Atterbury Bros., importers, to the same effect.

3. From John Richardson Co., importers, that one or two of their clays are blued but the great bulk are not artifically colored.

4. From Paper Makers Chemical Corporation, that only 5 to 10 per cent of their clays are blued.

5. Moore & Munger, importers, reported verbally that perhaps 5 per cent of their clays are blued.

(Originals of the letters are at the disposal of the committee.)

Page 1155: "The growth in the use of American coating clays is shown by years as follows:

	Tons
1925	797
1926	5,616
1927	16,808
1928	21,000

"It can be predicted with confidence that at least 36,000 tons of domestic coating clay will be produced and sold in 1929, which will represent fully half of the amount of coating clay brought into this country in 1928."

Answer: This statement, coupled with the domestic clay producers' other statement previously referred to herein to the effect that domestic filler clay

constitutes 95 per cent of the entire consumption in all territory outside of New England and considered in connection with their capacity production is proof positive that the domestic clay industry is not menaced and that no further duty is justified on the imported.

With respect to coating clay, sales of which in 1929 will equal one-half of the total imports of English clay in 1928, the following broad, unqualified guarantee is given.

Page 1155: "It possesses greater fineness of individual particles, greater covering quality, opacity and plasticity, and a uniformity both of color and individual particles which has never been equaled by any imported clays."

Answer: In other words, an infinitely superior article is offered. Broadly speaking, the paper industry is never in a static condition; a basic necessity is extensive research and laboratory work to develop better methods of manufacture and an improved product. Clay is used very largely as a raw material and is fairly expensive—imported coating clay costing from $25 to $30 per ton, delivered, price varying according to the railroad freight rate to destination.

No paper manufacturer would hesitate to give preference to domestic coating clay if it would improve the quality of his product, or even produce results equal to the imported, since it is much cheaper in price, just as none would use it at any price if it had an adverse effect on quality.

There are many paper manufacturers who buy the best raw materials available, whether it be clay or other commodity. A better coating clay, such as domestic is said to be by the producers, needs only to prove itself to receive the hearty commendation of the paper trade, whatever the price.

Page 1156: "It is stated that during the fall of 1924 unrestricted competition broke out among the English producers, resulting in 'price reduction of from $2.50 to $5 per ton'; and reference is made to the efforts of the domestic producers to invoke Government aid through the antidumping law to stop 'the wholesale attempt to annihilate American producers.'"

Answer: Quite naturally, paper manufacturers can furnish your committee with reliable information regarding the price level of imported clays they buy. The actual price reduction in their clays in 1924 amounted to 5 shillings, or $1.25 per ton. There was no reduction of $5 per ton. There was no reduction in excess of $1.25 per ton in paper mill filler clays. There was no reduction whatever in the coating or best clays. Moreover, the reductions made were not directed solely to annihilate the American producer, but were universally applicable. That the reductions did not adversely affect American production is evidenced by the following figures from the Department of Commerce:

	Tons
Domestic production, 1924	326,611
Domestic production, 1925[1]	367,819

These price reductions remained in effect until the 1927 shipments, inclusive, but domestic production continued to gain, as follows:

	Tons
Domestic production, 1926	432,215
Domestic production, 1927	450,000
Domestic production, estimated, 1928	500,000

At no time during the fall of 1924, or during the years 1925, 1926, and 1927, when the price reductions on imported clays were effective, did the domestic producer find it necessary to reduce his prices to meet the so-called annihilating competition.

Prices of imported filler clays were advanced $2 per ton for 1928 shipments, which the domestic producers also know, but strangely forget to mention. These higher prices apply to-day, and serve to increase the advantage of the domestic producer to the same extent as would an equalized increase in duty.

Page 1157: "Domestic producers give what purports to be the actual delivered cost of imported clay, including profits, on cars Atlantic ports, namely, $10.18 per net ton. The production cost is given as $4.25 per ton, said to have been computed by the American Mining Congress."

Answer: The alleged $4.25 per ton production cost is not authenticated. When and in what manner it was compiled, by whom and for what purpose, and to whom originally submitted, is not given. As shown in the preceding pages, the Interstate Commerce Commission did not accept the domestic producers'

[1] Year following price reduction of imported clays.

statement as to the production cost of English clays in the case before them, stating that "no definite evidence on this point was introduced."

In the brief filed with the Ways and Means Committee by the American importers of English clays, the price of common, or filler clay, is given at $13.40 per net ton and for coating clay $19.65 per net ton, f. o. b. cars Atlantic port of entry, equivalent to $15.23 and $23.33, respectively, on moisture-dry or bona fide clay basis. The Tariff Commission has confirming price data.

Domestic clay producers, owing to the much lower price of their product, have been making great inroads on the imported clay business. Under such circumstances, it is not reasonable to believe that the English producers would not reduce their prices to the consumer if they could profitably make deliveries at the lower price, $10.18 per net ton. The assumption that they could reasonably afford to make a substantial reduction in price but are unwilling to do so, preferring rather to be deprived of a lucrative business, is not tenable.

As a matter of fact, the English producers took the exactly opposite course by making an increase of $2 per ton on filled clay effective January, 1928, for the reason that operating costs demanded an increase rather than permitting a reduction.

Page 1157: "Reference is made to the probability of an ocean freight rate of 9s. 6d. on imported clay shipments, and the alleged delivered cost of $10.18 per net ton, f. o. b. cars, Atlantic ports, is reduced on this account by $1.34, to which is added a still further reduction of 48 cents on account of an alleged reduction in the British tax, domestic producers finally reducing the $10.18 cost to $8.55 per ton."

Page 1157: "It is pointed out by the Englishman himself that the ocean freight is a ballast freight * * * and it does not require argument to convince one that in case the necessity shall arise to prevent any large shrinkage in the volume of imported clay, these rates will be reduced again."

Answer: The record does not show that the Englishman has said anything whatever about a so-called "ballast" rate; but if he is to come to the rescue of his jeopardized business, due to a "large shrinkage," through being able in some unknown manner to obtain a reduction in the normal rates demanded by vessel owners, it is quite time that he did so, as there is no doubt he has suffered just such a shrinkage.

There is submitted in the Appendix, a statement from Messrs. Simpson, Spence & Young, steamship brokers, who arrange the charters for all steamer cargoes of imported clay. The domestic producer does not charter steamers for the transportation of imported clay. The English producer has no control over these ocean freights, which are negotiated by the steamer broker, acting for the American importers, and the vessel owners. The ocean rate fluctuates, depending upon the demands of commerce.

Steamers chartered for imported cl[illegible]" by which is meant only sufficient tonnage to [illegible] amount taken at a nominal rate, but with full [illegible] state: "If owners should desire outboard [illegible], the [illegible] are obliged to pay an equal mark[illegible] for which ch[illegible]ers are [illegible] ton-nage for other commodities." [illegible], Spence & [illegible] cover th[illegible]od from 1922 to 1928, inclusi[illegible] freights. [illegible]anged fr[illegible]m of 12s. 6d. in two cases o[illegible] [illegible] in [illegible]. In 1928 they fluctuated fr[illegible] [illegible]. age level. Ocean freigh[illegible] [illegible] The 9s. 6d. ocean rate u[illegible] [illegible] of th[illegible] delivered cost of import[illegible] is pure[illegible] [illegible]

Page 1159: "A compa[illegible]e alleg[illegible] [illegible] and domes[illegible] is shown at a few speci[illegible]ations."

Answer: These so-cal[illegible]ered cu[illegible] [illegible] $4.25 per ton production [illegible] which is [illegible] which is much too low, [illegible] tax which certainly does [illegible]. The [illegible] entirely without merit. [illegible] paper man[illegible] original brief, comparative [illegible] prices of the [illegible]ed and do[illegible]ys are given to 40 destinations [illegible]ntative of all [illegible]ners, showing a great advantage to the domestic prob[illegible] [illegible] Co[illegible]ion [illegible] for confirmation.

On page 9 of the paper manufac[illegible] made to moisture in clay, in part as follows:

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"The paper manufacturer is interested in the amount of clay he receives. He can not use the moisture which is a part of the clay that he purchases. The domestic clay averages only about 5 per cent moisture, whereas the imported clay averages more than twice as much, about 12 per cent."

Domestic producers attack the moisture factor as follows:

Page 1158: "Another fallacy used in the opposition brief to swell the difference between the selling price of imported clay and that of American clay is because of the additional moisture in English clay * * * It is only necessary to point out that at a cost not exceeding 25 cents a ton the extra moisture could be removed from the English clay."

Answer: The effect of moisture on price is not always treated as a fallacy by domestic producers. The page advertisement of Edgar Bros., hereinbefore referred to in pointing out that the present duty of $2.50 per ton on imported clay is a "burden" on consumers, also contains the following statement:

"Our clays are preferred by discriminating buyers because of their brilliant color, absolutely uniform quality, low grit content, and freedom from moisture."

As the domestic producer emphasizes the advantage to the consumer in using clay with a minimum of moisture, a statement that is entirely correct, and as domestic clay is full 100 per cent clay whereas imported clays average only 88 per cent clay, it naturally follows that the 12 per cent useless moisture or water content in imported which the paper manufacturer can not use must necessarily be reflected in the money value of the clay actually received.

Paper manufacturers were under the impression that domestic clay contained 5 per cent moisture, and figured delivered prices on that basis. The practical effect of no-moisture domestic clay is to increase its price advantage over the imported by an additional 5 per cent.

The domestic producers' assertion that "at a cost not exceeding 25 cents a ton the extra moisture could be removed from English clay" is not supported by proof and is no doubt another example of guess-work belonging in the same category as the unsupported cost of production and glaringly incorrect delivered price figures of imported clays.

Page 1159: "Certain railroad freight rate reductions on imported clay, United States port of entry to destination, are cited to show that the full measure of the present duty has been reduced to the extent of such freight rate reductions, as an argument for an increased rate of duty."

Answer: That substantial reductions were made in the domestic freight rates to the same and other destinations is well known to domestic producers and reference thereto must have been purposely omitted.

Reductions in railroad freight rates on domestic clay from Georgia

Specified destination	Effective 1922 [1] (net ton)	Effective July 5, 1927 [2]	Reduction (cents)
Hamilton, Ohio	$5.04	$4.58	46
Kalamazoo, Mich	6.61	6.14	47
Chicago, Ill	6.25	5.80	45
Niagara, Wis	8.55	7.90	65

[1] Tariff authority, J. H. Glenn's Tariff No. 7.
[2] Tariff authority, J. H. Glenn's Tariff I. C. C. 612.

The reductions in the import clay freight rates to these same destinations were 40 cents, 30 cents, 40 cents, and 40 cents, respectively, so that the changes in both resulted in a net betterment for domestic clay, and not, as stated, in a nullification of any part of the duty.

The position of the domestic producer is actually improved by the price increase of $2 per gross ton in the imported common, or filler clays hereinbefore stated.

Page 1159: "Domestic producers discuss a rail-and-water route to New England as a means of reducing the all-rail rates and therefore the price to consumers, but state it will be a matter of 'possibly several years' before it can be utilized as such route must await 'the educational program heretofore mentioned in our brief.'"

Answer: Certain domestic producers made a definite delivered price to New England mills which would effect a reduction of $2.50 per net ton in the all-rail

rate by the use of the rail-and-water route, contingent only upon securing sufficient tonnage to load a vessel; a not unreasonable expectation provided domestic clay was acceptable, inasmuch as the mills approached are large consumers of clay, have ample storage facilities, and are accustomed to receive clay in large quantities. The proposition was not contingent upon an educational program of any length but was for prompt acceptance and prompt shipment of clay.

The use of a rail-and-water route is entirely practicable and available at any time. However, domestic producers now allow themselves several years in which to convince New England manufacturers that their clays can be satisfactorily substituted for the imported, which is either a candid or unintentional admission of the difference in the character of the two clays. In this interim they ask that paper manufacturers, for their share in the "educational program" be made to pay an additional duty of 50 per cent.

On page 23 of the domestic producers' brief almost a page is used to explain the importance of this 8-year campaign, despite the claims set forth in other parts of their brief for the superior quality of the domestic clay for paper-mill use.

Page 1161 in an effort also to explain the advertisement of the R. T. Vanderbilt Co., domestic producers, that domestic pottery clays are sold from "$8 to $10 per ton less than the imported," although the correctness of that statement which presumably is true, since they so advertise, is not even remotely disputed.

Page 1161: "Re cost of production domestic clays. 'The cost of $8 included pottery clays, a good part of which cost several dollars a ton or more to produce than the so-called paper clays.'"

Answer: In such case, there is presented the inexplicable and paradoxical situation of the American producer demanding an increase in duty on a material which sells for as much as "$8 to $10 less than imported china clays" (see Vanderbilt Co.'s page advertisement in Appendix), and which obviously needs no increase under such circumstances, and a sales policy which sacrifices revenue while at the same time having the power to increase it through a price advance without fear of disturbing consequences. Paper clays must be overpriced on a proper system of allocation of production costs. It would seem domestic producers could afford to reduce prices to the paper industry and increase prices to the pottery industry, which would bring about a more equitable relationship.

Page 1162. "Conclusion * * *: Given proper protection, American clays can be further improved, to the point where no English clays will be needed in this country."

Answer. In effect, the same statement was made by the domestic producers in 1916 in their rate case before the Inter[illegible]Commission: Quote: "They (the domestic producers) admi[illegible]ing, and that every year they are securing new[illegible]prejudice against their product can be over[illegible]

At that time the duty was $1[illegible]iff act of 1913. Domestic producers[illegible]the tariff act of 1922. Neverthe[illegible]ary to import certain qualities[illegible]ish clays d[illegible]e interv[illegible]s, and such clays now consti[illegible]importa[illegible]

It is the inevitable con[illegible] of the clay used in thi[illegible] absolutely no natural-co[illegible] the nearest approach to[illegible] manufactured exclusive[illegible] per net ton, f. o. b. cars[illegible] ton for imported coating[illegible]

Page 1158: "Moore & [illegible]large[illegible] certain other domestic pr[illegible] clay. They were subjecte[illegible]wing is[illegible]

'This company is cited[illegible]domestic c[illegible]r position is, according to the[illegible]the paper[illegible]cturers, th[illegible]ic clays are now adequately pr[illegible]need no fu[illegible]protectio[illegible]om-pany is one of the largest imp[illegible]ish cla[illegible]racts were put in the record undoub[illegible]s and profits of the company in imported[illegible]d profits from their leased mines in Georgia a[illegible]em concerning the tariff requirements of the dome[illegible]valueless.'

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"Moore & Munger replied to the charge of self-interest and an opinion without value in a letter to Congressman Hawley, dated March 22. They state that they lease, control, mine, and operate three important mines in the State of Georgia; that they are producers of clay and know whereof they speak; that their shipments in 1928 totaled 70,000 tons; that they were able to produce and sell this quantity at a satisfactory profit and that their mines are operating to capacity. That they can do more business and are negotiating for additional facilities; that they are not embarrassed by the $2.50 duty on imported clay, and find no necessity for asking a higher rate. That domestic clays including those produced by themselves, can be furnished consumers at a lower price than English to practically every important point of consumption; that there is no difficulty whatever in displacing certain grades of English clays; that they do not require additional duty on English clays to either sell more domestic or to increase the price of domestic when necessary; that if their competitors in domestic clay wish to increase their price, which they believe to be the purpose back of the application for an increased duty on imported, there is no reason why they should not do so at once. Consequently, they construe the move on their part as an effort to embarrass the importers of clay to the extent of another $1.25 per ton duty, compelling them to pass this increase on to their customers, most of whom are buying English clay because they must have it in their business. The remainder of the English clay business which may be acquired by American clay producers is procurable as soon as the quantity and quality of the latter is available. It is not a question of price. Domestic clay is already enjoying an enormous advantage."

Moore & Munger sustain the position of the paper manufacturers on every point involved in this issue. Copy of their letter to Congressman Hawley is included in the Appendix.

Conclusion: Paper and paper products, in some form, serve all of the people, and there is a vast public interest in maintaining reasonable prices. This principle is recognized in the tariff act by the admission, duty free, of pulpwood from Canada and wood pulp from Canada and Europe, both basic and extensively used raw materials in the manufacture of many grades of paper. The very suggestion of a monopoly of either would be instantly rejected; yet domestic clay producers doing a capacity business and yearly increasing their production regard imported clay, which is as essential as either pulpwood or wood pulp as a legitimate target for monopolistic efforts.

It should be remembered that the present duty imposes a manufacturing cost of from 55 to 75 cents per ton of paper product, depending upon the character of such product; and it will not be contradicted, and can not too often or too greatly be emphasized, that the leaders of the domestic clay group who are most aggressive and insistent upon a duty increase, control the only grades of better, or coating clay, produced in the United States; that this clay is largely in the experimental stage as a manufactured product, rather than being a natural-colored clay as are the imported coating clays; that the producer has, over his own signature, recognized that obstacles exist in the efforts to substitute it for imported coating clays, while very many paper manufacturers are not only thoroughly conversant with such obstacles, but know and insist that they can not use domestic coating clay, and must relay upon the imported to maintain the desired quality of production.

On the merits of the case, the paper manufacturers repeat the request made in their original brief, namely:

1. That by reason of the great advantage now enjoyed by the domestic clay producer at paper mill consuming points, no necessity exists for an increase in the present rate of duty on imported china clays or kaolin.

2. That the imported clay used in the paper industry is a necessary raw material, not produced in the United States, for which there is no equivalent in the United States, and that it is not competitive with the domestic product.

Respectfully submitted.

ROGER D. SMITH,
President S. D. Warren Co.;
THOMAS LUKE,
Vice President West Virginia Pulp & Paper Co.;
H. B. MILLS,
Manager Purchasing Department Oxford Paper Co.,
Committee, Paper Manufacturers' Clay Conference.

APPENDIX

EDGAR BROS. CO.,
New York, July 16, 1928.

OXFORD PAPER CO.,
New York.
(Attention Mr. Mills.)

GENTLEMEN: A number of coating mills have found that our domestic H. T. coating clay has merits that make it an attractive product to use to replace the English coating clay now being used, both as to the clay itself and on the question of price, but physical differences in the working qualities of our clay compared to the English have proved an obstacle in its use.

Mr. Edwin Sutermeister, of S. D. Warren Co., has made a very thorough laboratory investigation of all our clays as compared to the English clays of a similar quality, and this has particular value to us at this time with regard to H. T. coating clay.

Of course, this report was made on a laboratory scale and will undoubtedly need modification on a manufacturing scale. Nevertheless, the suggestions therein contained should form a working basis of considerable value. We are very hopeful that suggestions made as result of his work will prove beneficial to you in the use of our clay.

If you are interested, we hope that you will present this portion of Mr. Sutermeister's report to your laboratory for their attention, and we invite your written comments on such problems as may develop so that we may help you by presenting any further difficulties that may present themselves to Mr. Sutermeister, keeping your name confidential if you so wish, in the hope that such help may be of service.

Awaiting your further comments with interest, we are,

Yours very truly,

EDGAR BROS. CO.
HAROLD T. EDGAR,
Treasurer.

EDGAR BROS. CO.,
New York, May 31, 1928.

Mr. H. B. MILLS,
Manager Purchasing Department, Oxford Paper Co., New York City.

DEAR Mr. MILLS: The writer has instructed our mines to ship you, for your attention, a sample of our K. B. filler clay and a sample of the H. T. coating clay, as per your request.

Hoping we may be permitted to ship you a trial car of each of these two grades of clay, and thanking you for your consideration and desire to cooperate with us, I am

Yours very truly,

EDGAR BROS. CO.,
HAROLD T. EDGAR,
Treasurer.

EDGAR BROS. CO.,
New York, November 10, 1928.

OXFORD PAPER CO., *Rumford, Me.*
(Attention Mr. Spear.)

GENTLEMEN: You will recall that the writer left with you samples of our H. T. coating and high grade filler clay, as well as that of our K. B. filler clay, both of which are superior to the former clay tested at your laboratory during the visit of Mr. Mills.

The H. T. clay costs $18, mines, and the K. B. clay $8.50, mines.

As the contracting season is on for both buyers and sellers, we would greatly appreciate it if you could find it at all possible to make your verdict, and we sincerely trust we may be permitted to make a trial shipment of several cars of both or one of the samples indicated in this letter.

Our customers are such a satisfied lot, both as to quality of clay we furnish them and the service rendered, that we are sure you once get started your will be numbered in that category.

Furthermore, we are put to some embarrassment in trying to make arrangements with S. D. Warren Co. for boat movement if we can not determine within the next few weeks as to whether we may count upon some measure of business from the Oxford Paper Co.

I would greatly appreciate it if you would call to Mr. Coke's attention that the car of our H. T. coating clay, packed in paper-lined burlap bags, was shipped on November 2 in car M. & O. 23176. We would appreciate knowing the date of arrival of this clay and as indicated at the time of our visit we would very much like to have Mr. Callighan present when you run this clay through as we are certain he can be of very considerable service to you at that time.

I am going west Sunday to be gone about 10 days and most of that time Mr. Callighan will be with me making demonstrations at several coating mills in the West.

Both Mr. Callighan and I have mentioned several times the extremely pleasant visit that we enjoyed with you and Mr. Coke, and trust that this is just the beginning of further pleasant relations.

With personal regards to you both.

Very truly yours,

EDGAR BROS. CO.
HAROLD T. EDGAR, *Treasurer.*

INTERSTATE COMMERCE COMMISSION, VOLUME XXXIX

No. 6592. In the matter of import and domestic rates, clay. Submitted April 10, 1916. Decided April 27, 1916

Because of informal complaints filed with the commission to determine the propriety of the import rates on English clay from Gulf ports and North Atlantic ports to points in central freight association territory, which were lower than the domestic rates on clay mined in the State of Georgia to the same destinations, a hearing was held under the general order of the commission which provides for an investigation into the rates, practices, rules and regulations governing the transportation of imported property and the relationship between the rates for such transportation and for transportation of similar property originating in the United States.

Held, That the present adjustment has not been shown to be unjustly discriminatory against domestic traffic.

CLAY

No. 6592. In the matter of import and domestic rates

The development of the Georgia clay fields began approximately 15 years ago. From the outset Georgia producers have encountered numerous difficulties, other than freight rates, in attempting to supplant the English clay in American markets, of which the principal are: (1) English clay has long been recognized as the standard product of its kind in the world. When the domestic industry in Georgia was in its infancy, manufacturers accustomed to the use of English clay had already located in central freight association territory and in the New England States and were using only imported clay. Their factories were also equipped with machinery especially adapted for working this clay, and this condition exists to a great extent to-day. (2) Color is an essential element for good clay, particularly in the paper industry. English clay, of the better quality, is much whiter than Georgia clay and for this reason is preferred. The imported clay is also of a fragile, brittle structure, that is not plastic. Georgia clay is tough and the application to it of water makes a stiff mud. The manufacturers have to overcome this difficulty by a thorough beating process. It is asserted that domestic clay required five times as much beating as does the imported article in order to put it in proper slip form. (3) A number of the managers and superintendents of potteries, tile works, and paper mills in the territory under consideration are accustomed to the use of English clay and favor its use. The operators say that this prejudice is a serious obstacle to attempts to introduce the domestic clay. One of the operators' witnesses admitted that they would still have these difficulties to surmount if the domestic and import rates were the same.

It is asserted that the cost of mining clay in England is somewhat less than in Georgia, but no figures or definite evidence on this point were introduced.

The operators deny that English clay is in any way superior to their product, except in color, and assert that if the transportation costs were the same there would be no difference in the value of the two commodities at the point of consumption. They admit that their business is increasing and that every year they are securing new customers who have never before used any but the English clay. It is stated that 60 per cent of the output of Georgia clay has supplanted imported clay. The total output, from year to year, of their operations as a whole has not been shown. The operators say that the prejudice against their product can be overcome by its increased used, but that to introduce it into industries formerly using only English clay it has been necessary to make sacrifices, in the nature of quoting prices lower than those on the imported article; that in time their product will largely, if not entirely, supplant the English clay, but that for the present they have enough natural obstacles to overcome without the carriers giving them more, and that in order to surmount them it is necessary that they have all possible assistance as to rates, and in other ways. It is not within our province to require carriers to adjust their rates so as to equalize natural or commercial disadvantages.

EXTRACTS OF DECISIONS OF INTERSTATE COMMERCE COMMISSION AND STATE COMMISSIONS IN RE ADJUSTMENT OF RAILROAD FREIGHT RATES TO EQUALIZE DIFFERENCE IN LOCATION

G. H. Young, et al., *v.* Chicago, Indianapolis & Louisville Ry. Co., et al. (89 I. C. C. 428, 436): "We have consistently found that it is not our function to equalize, by means of rates, natural or commercial advantages of location."

Western Coal Rates (80 I. C. C. 383, 461): "Equalization of commercial advantages and disadvantages through equalization of rates from competing points of production, irrespective of the transportation services performed, is not our function."

Baltimore Chamber of Commerce *v.* B. & O. R. R. Co. (22 I. C. C. 596, 603): "It is not within the power of this commission to equalize economic conditions, or to place one market in a position to compete on equal terms with another market as against natural advantages. Nor have we the power to require railroads, in the face of varying trade conditions, to adjust their rate schedules in such manner as to insure a market the continuance of a trade it has once enjoyed. The requirements of the law are that transportation rates must be reasonable, and must not be unjustly discriminatory or give undue preference."

Railroad Commissioners of Kansas *v.* A., T. & S. F. Ry. Co. (221 I. C. C. 407, 410): "The commission has often said that it can not require of carriers the establishment of rates which will guarantee to a shipper the profitable conduct of his business. The railway may not impose an unreasonable transportation charge merely because the business is so profitable that he can pay it; nor, conversely, can the shipper demand that an unreasonably low charge shall be accorded him simply because the profits of his business have shrunk to a point where they are no longer sufficient."

Royal Milling Company *v.* Great Northern Ry. Co. (52 I. C. C. 151, 158): "In speaking of the act to regulate commerce, the Supreme Court said, in Interstate Commerce Commission *v.* Diffenbaugh (222 U. S. 42, 48): 'The law does not attempt to equalize fortune, opportunities, or abilities.' We have frequently held that we are without power to equalize natural or commercial disadvantages."

Wyeth Hardware & Manufacturing Company *v.* Atchison, Topeka & Santa Fe Ry. Co., et al (39 I. C. C. 697, 700): "The commission has repeatedly held that it has no authority to remove by rate adjustments the disabilities of location."

Goldcamp Mill Company *v.* Norfolk & Western Ry. Company (39 I. C. C. 433, 444, 819): "The history of rates on grain, grain products, and hay from Columbus, Cincinnati, and Ironton to West Virginia points, and varying basis employed, together with varying distance scales of rates adopted by defendant, furnish no justification for the apparent disregard of the natural advantages that belong to Ironton by virtue of its location."

Vermont Snath Company *v.* Boston & Maine Railroad et al (142 I. C. C. 275, 277): "We have repeatedly found that carriers may not be required to equalize natural disadvantages, such as location and cost of production."

Colorado Portland Cement Co. *v.* Ahnabee & Western Ry. Company et al. (142 I. C. C. 597, 604): "A rate disadvantage is not proved undue by the mere statement of it. Any advantage in rate levels enjoyed by complainant's com-

petitors is warranted as the result of their location in territories found by us to enjoy more favorable transportation conditions. The law is not an equaliser of fortunes, favors or opportunities." (Interstate Comm. Com. *v.* Diffenbaugh, 222 U. S. 42.)

ENGLISH CHINA CLAY SALES CORPORATION,
New York, March 22, 1929.

Mr. H. B. MILLS,
Oxford Paper Co., New York.

DEAR MR. MILLS: This is to confirm conversation and statement made to you to-day, in reference to our clays shipped from Cornwall, England, to the effect that our clays are absolutely natural clays, and are not blued or tinted with any artificial coloring.

English China Clays (Ltd.), whom we are representing in this country, are the largest producers of clays in England, and the statement made in the American Mining Congress brief that most of the English filler grade clays are artificially colored is absolutely false and untruthful.

Very truly yours,

ENGLISH CHINA CLAYS SALES CORPORATION,
S. GOLDMAN, *President.*

PAPER MAKERS IMPORTING CO.
Easton, Pa., March 26, 1929.

Mr. H. B. MILLS,
Manager Purchaser, Oxford Paper Co., New York.

DEAR SIR: In reply to your telegram of March 25, and as per phone conversation, we would roughly say that the percentages of blued English china clay would run in the neighborhood of 5 to 10 per cent.

We are checking into this matter more thoroughly, and hope to have some definite figures a little later on.

Very truly yours,

PAPER MAKERS IMPORTING CO. (INC.).

JOHN RICHARDSON CO.
Boston, Mass., March 23, 1929.

Mr. H. B. MILLS,
Manager Purchasing Department, Oxford Paper Co., New York.

DEAR SIR: We import one or two clays which we know are blued, but the great bulk of our imports we believe not to be in any way artificially colored.

The assertion of the domestic producers that most English clays are blued is not correct. Where bluing is used, it is more often than not used surreptitiously.

Yours very truly,

JOHN RICHARDSON CO.,
HENDERSON INCHES, *Treasurer.*

ATTERBURY BROS.,
New York, March 25, 1929.

Mr. H. B. MILLS,
Manager Purchasing Department, Oxford Paper Co., New York.

DEAR SIR: Answering your favor of the 22d, regarding English clays for filler purposes which are blued, would say that as far as our imports are concerned, this statement is incorrect. The American paper manufacturer prefers to put in his own blue himself.

Yours very truly,

ATTERBURY BROS. (INC.),
H. B. ATTERBURY.

SIMPSON, SPENCE & YOUNG,
New York City, March 28, 1929.

Hon. H. W. WATSON,
Chairman Subcommittee, Committee on Ways and Means.

Dr. FREDERICK L. KOCH,
United States Tariff Commission, Washington, D. C.

SIR: Referring to the brief filed by the American Mining Congress regarding Schedule 2, paragraph 207, clay, in which a statement was made by the American Mining Congress that clay was carried by steamers or vessels as ballast, we desire to say that this statement is evidently made without a thorough knowledge of the subject. Whilst it may have been true that the majority of vessels during the war preferred some form of deadweight cargo as ballast, the construction of vessels since that time has enabled them to make trans-Atlantic winter crossings without the aid of such ballast cargoes, with the result that the number of ships seeking deadweight cargoes such as clay has been considerably reduced, practically to a minimum.

If owners should desire outward cargoes from Europe, the clay cargoes are obliged to pay an equal market rate to that which charterers are open to take tonnage for other commodities.

It has been stated that vessels have been chartered for china clay as low as 9s. 6d. This, however, is absolutely incorrect, as no vessels have been chartered at this rate since the war, and in substantiation of our statement we herewith give you a list of freight rates showing the range at which vessels for china clay have been fixed for the years commencing 1922 to the end of 1928, as follows:

	Lowest rate paid during the year	Highest rate paid during the year
	s. d.	s. d.
1922	14 0	17 6
1923	12 6	18 0
1924	13 0	17 6
1925	12 6	16 6
1926	13 6	21 9
1927	13 0	15 6
1928	13 0	15 6

In connection with these charters, we would point out that same comprise practically the whole of the vessels chartered for this business, as we act as chartering brokers for the principal people in the business who charter nearly all of the tonnage.

At the present time we are paying 14s. for tonnage, and while an occasional boat might be secured a few pence below this rate, we have been told by the majority of the principal owners that they prefer to send their vessels out with water ballast rather than accept less than 14s.

Yours very truly,

SIMPSON SPENCE & YOUNG.

[Extract from page advertisement in the 1928 issue of Paper and Pulp Mill Catalogue of Paper and Pulp Mill Machinery, Equipment, Chemicals, and Supplies]

Edgar Brothers Co, chemical and raw material section, 453. Edgar Brothers Co., 50 Church Street, New York City. Highest grade domestic coating and filler clays. Clay; 300 tons daily.

SOME ADVANTAGES IN THE USE OF EDGAR CLAYS

1. Import clay must now bear an import duty of $2.50 per ton. Why accept this burden when we can supply your needs with a domestic product, with deliveries as required?

2. Our clays are preferred by discriminating buyers because of their brilliant color, absolutely uniform quality, low grit content, and freedom from moistures.

MOORE & MUNGER,
New York, N. Y., March 22, 1929.

Congressman HAWLEY,
Ways and Means Committee, Washington, D. C.

DEAR SIR: In the matter of tariff on china clay, Schedule 2, paragraph 207, tariff act of 1922, in connection with which hearings have been held and briefs submitted by producers of domestic clay and importers of the foreign product. Permission was granted, for reasons unknown to us, allowing supplementary brief to be submitted by domestic clay producers through the American Mining Congress. We have not seen the brief, but have been informed of a certain paragraph appearing in which our name is captioned and certain statements made as follows:

"This company is cited as a representative producer of domestic clay. Its position is, according to the brief filed by the paper manufacturers, that domestic clays are now adequately protected and need no further protection. This company is one of the largest importers of English clay. Such a statement can therefore not be considered without acknowledging a self-interest in the welfare of the imported clay which dictates it. If all the facts were put in this record, undoubtedly they would reveal that the business and profits of this company in imported clay so far outweigh the business and profits from their leased mines in Georgia as to render an opinion from them concerning the tariff requirements of the domestic clay industry utterly valueless."

We are moved to immediately refute their statements and to call to your attention the extreme to which they have gone, drawing certain conclusions when they are without facts before them, thus tending to mislead and confound.

Although our position was set forth in a single paragraph which will be found on page 9 of the Summary and Brief submitted by the importers of clay (See Appendix 1), we wish further to clarify our position by giving you the facts in the case the truth and accuracy of which is affirmed by the writer and whose signature as a partner in this firm is below. We lease, control, mine and operate three important mines in the State of Georgia and we are producers of clay and know whereof we speak. Our actual shipments of Georgia clay for the year just ended total 70,000 tons. We are able to produce and sell this quantity at a satisfactory profit and our mines are operating at capacity. We can do more business and are negotiating additional facilities. We are not embarrassed by the present duty of $2.50 per ton on English clay; we shall not be embarrassed if the present duty remains unchanged and find no necessity for asking a higher rate.

Our imports of china clay for the year just ended total * * * just under 55,000 tons. This business is fully as attractive to us if not more so because the usage of English clay is wider in scope than domestic although because of the severity of the competition offered by domestic clay producers, imports of English have declined steadily for several years culminating with a very severe drop in imports for the year 1928. Domestic clays, including those handled by ourselves, can be furnished consumers at a lower price than English to practically every important point of consumption, ranging from 50c to $6.50 per ton, the actual saving being dependent upon the destination. Mills that benefit principally are those where the savings is fully $3.00 per ton and because of this enormous advantage, there has been no difficulty whatever in displacing certain grades of English clay. We refer to the statement that "we can do more business and are negotiating additional facilities".

We do not require further duty protection against English clay to either sell more domestic or to increase the price of domestic clay when necessary. We believe our competitors, those contending for a higher duty to "protect their interests and to permit them to expand, etc." wish to increase their price 50¢ per ton and there is no reason whatsoever why they should not do so at once. Consequently we simply construe the move on the part of other domestic clay producers as an effort to embarrass the importers of clay to the extent of another $1.25 per ton duty, compelling them to pass the increase on to their customers most of whom are buying English clay because they must have it in their business. What remains of the English clay business which may be acquired by American clay producers is procurable as soon as the quantity and quality of the latter is available. It is not a question of price. Domestic clay is already enjoying an enormous advantage.

In other words we consider the demand for higher tariff unwarranted and unjustified and as stated above, we know whereof we speak.

In light of the above our interests in both English and domestic clay and our efforts to enlarge the production and sale of the domestic product, we ask you to please judge of the character of supplicant's remarks concluding with * * * "as to render an opinion from them concerning the tariff requirements of the domestic clay industry utterly valueless."

We have no selfish motive in taking the position we have assumed except-ing as it may disturb one industry without benefitting another.

We thank you for your courteous consideration of this lengthy but very necessary communication.

Respectfully yours,

MOORE & MUNGER.

Appendix 1: Petitioners respectfully draw attention to the fact that they are now joined by Messrs. Moore & Munger, 33 Rector Street, New York, N. Y., who are large importers of clay and also one of the largest producers and shippers of domestic China clay, producing and selling from 70,000 to 100,000 tons annually. They protest any attempt to increase the present tariff and declare no necessity for further duty protection.

STATEMENT OF CHARLES H. HERTY, NEW YORK CITY, REPRESENTING DOMESTIC CLAY PRODUCERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Herty, if you have a brief will you please file it, and state as briefly as you can what you have to say.

Mr. HERTY. Mr. Chairman, I am going to speak to you for a few moments today about an industry which I think under the strictest interpretation of Senator Borah's resolution with respect to farm relief would come under that classification, because while the farm relief bill which has passed the Senate and has now been ratified has to deal with the marketing of surplus crops and stabilization, I am talking to you about a set of farmers who have not any surplus because the boll weevil down in Georgia, which is my native State, has committed such ravages that many of these farmers are only finding sufficient to buy meat and bread through occupation in the clay industry. Anything that can tend to strengthen that industry and expand it is directly to the benefit of the industry in which they work.

In the next place, we are asking, Mr. Chairman, that the present rate of $2.50 be increased by 50 per cent, namely, to $3.75 per ton in paragraph 207.

Senator EDGE. Did you appear before the House Ways and Means Committee and make the same request?

Mr. HERTY. The producers appeared in the person of Mr. Raymond Edgar, one of the chief producers in Georgia. Mr. Edgar unfortunately has an organic trouble and his doctor has forbidden him to appear under any condition of strain. He was here on Wednesday to give what help he could. He almost had a stroke in the Capitol Building Wednesday afternoon, but we got him to the train and right off in time. I am appearing, therefore, in an emergency in behalf of these producers who came to me on Monday, Senator, and asked me if I would undertake their case in view of the fact that Mr. Edgar's doctor had refused to let him appear.

Senator EDGE. Are you filing the same brief that Mr. Edgar presented before the House Ways and Means Committee hearings?

Mr. HERTY. No. But I would like to ask the courtesy of filing a brief.

Senator EDGE. It will have to be done to-morrow because the record goes to the printer in 24 hours after the hearing.

Mr. HERTY. I will do the best I can to get that brief ready.

Senator EDGE. All right, proceed.

Mr. HERTY. Mr. Chairman, first of all before any industry can come before a congressional committee and ask for relief they have got to show that they can take care of American needs. There is abundant evidence in Government publications that there are sufficient clays in this country to completely take care of American consumption. That testimony is also corroborated by the testimony of prominent Englishmen who have been over here inspecting this industry. So I think I can safely say in one word that we have abundance of clays to take care of the whole needs of this country.

Let me tell you, Senators, just a few words about the operation of this industry, because it is necessary to get this picture in mind to understand this application. Prior to the war, clay was mined down in the Southeastern States in a very crude way. Dirt was dirt, and a man shoveled his clay out and sold it to anybody he could under the best circumstances he could. It made criticism, naturally. It was not refined. But the pressure of the war period led to more intensive application.

Following the war and the pressure that had been on for the clay in this country, the producers set about to improve their methods through scientific research, through introduction of new manufacturing processes, through a study of how to classify their clays, to plan for and purify them, so the industry has been built up. There is an abundance of testimony as to the quality of those clays. And the very fact that they have increased the industry to its present output where it has taken care of practically half of the needs of the country to-day shows that the clay has found good use. There is the testimony of a chemist such as Mr. Spence, the former president of the technical paper and pulp industry, of the increased number of users. In fact when it comes down to the question of the quality of the clay, Mr. Chairman, I feel we have passed that point in the industry. The clays when properly bought and all meet every need.

In addition to that, in recent years they have gone on from the crude filler clay to the coating clay, and here is an industry which has developed with extreme rapidity due to refined methods, and which will eventually be able to take care of all the coating clay needs of this country.

Mr. Chairman, I thought if it would be of any interest whatever to the committee to get some idea of this industry that I would bring with me this morning some photographs of some of the operations in Georgia and some of the operations in Florida, to let you see not only the operations, but some of the difficulties we are under in Florida where clay, like a good deal of their other Florida real estate, is frequently under water. This is a scene from the Georgia production of clay [exhibiting a photograph]. Here is one in the Florida production. I have a number of others in case you wish to see them.

I just happened to receive yesterday in my office in New York samples of some of the clays down there from a man whose mine I visited about five years ago. I will exhibit those in case you wish to see them. That is the product coming out of one of the mines there.

Senator EDGE. Mr. Herty, let us get down to the basic facts. We realize the importance of the industry, and some of us want to protect all domestic industries as far as we feel it good business and wisdom. How do you explain the falling off of imports in competition with your local production and at the same time you ask for a 50 per cent duty?

Mr. HERTY. First of all by the fact that our producers have improved their product. They have spent money and learned how to do it. They have learned how to improve the product, and therefore have overcome the objections that have been rightfully raised by many of the users in the past. They have now got the product improved. An abundance of paper manufacturers to-day are using the domestic clays in preference to imported clays.

Senator EDGE. That is just the point. Let us follow that along. If they are using them and you have improved the production, and the imports we must admit are decreasing, why do you need an additional protection?

Mr. HERTY. I think the imports are decreasing very slightly. The consumption is increasing. The figures on imports are very confusing. The Tariff Commission in its survey which they presented to the Ways and Means Committee this year at its hearings gave certain figures on page 453. The total there of crude and washed clays is 274,000 tons. I asked Mr. Watkins of the Tariff Commission if there were any later figures, and he said there were something over 300,000 tons this last year.

Senator EDGE. We have the latest figure just handed to us since we have been in session. In 1928 the value is $2,962,269. I am not speaking of tons, I am speaking of value, which is practically the same as in 1927. Previous to that for four years it was over $3,000,000 imported.

Senator KING. 1928, 274,378 tons, and for the first four months of this year it is only 70,000 tons, so there is a constant decrease.

Mr. HERTY. Last year was how much, Senator?

Senator KING. Two hundred and seventy-four thousand tons.

Mr. HERTY. Two hundred and seventy-four thousand tons last year?

Senator KING. Yes; and it has been as high as 353,000 tons.

Senator EDGE. I was speaking in value and Senator King is speaking in tons—the same result.

Mr. HERTY. Here is the actual situation that justifies this increase, Mr. Chairman.

Senator KING. Let me ask you this question. Is it not a fact that in 1913 and 1921 requests were made before the Committee on Ways and Means for a tariff, and in the tariff act of 1913, paragraph 706, it was there reduced to $1.25 a ton, and in 1922 it was increased to $2.50 per ton, where it now stands?

Mr. HERTY. Yes, that is right.

Senator KING. So for a long time it was nothing, and then, $1.25 and now $2.50?

Mr. HERTY. Now $2.50.

Senator KING. and now you want it increased to what?

Mr. HERTY. $3.75. The very same request that was made to the Tariff Commission in 1924. The producers went before the Tariff Commission and asked them under the flexible provisions of the tariff if they would not give them a 50 per cent increase of duty; that

application was made, investigations have been made by the Tariff Commission as to the cost of production, and no action has been taken as yet by the Tariff Commission on that request.

Senator EDGE. You say you have an application under section 315?

Mr. HERTY. That was made in 1924.

Senator EDGE. That has been there since 1924?

Mr. HERTY. Yes; since 1924.

Senator EDGE. These figures are more or less secured by the Tariff Commission in their investigation of your application?

Mr. HERTY. Mr. Watkins tells me that they get those figures each year from the Department of Commerce. The costs of production and all are in the hands of the Tariff Commission. They have been through the books of the manufacturers and have gotten at that, so I think you have the official figures there.

Senator KING. Let me call your attention to this, that in 1918 the production in the United States was only 179,000 tons. I will not give the odd figures. In 1919, 152,000 tons; in 1920, 268,000 tons. Then coming down a little further, in 1922, 275,000 tons; in 1923, 336,000 tons; in 1925, 367,000 tons; in 1926, 432,000 tons; in 1927, 450,000 tons; in 1928, 500,000 tons. So there is a progressive increase.

Mr. HERTY. Yes, sir; I am happy to say, and I hope it is going to progress still further. Now notice in the adjoining column, Senator King, if you will pardon me, that the values of these clays have decreased from $9.65 a ton in 1919 down to $8.11 in 1927. I do not have the values for 1928.

Senator EDGE. The imports as compared to the domestic production are a little more than one-third?

Mr. HERTY. I do not know. I have no figures of imports other than these.

Senator EDGE. Following Senator King's statement that there are five hundred and some odd thousand domestic production and the imports are in the neighborhood of 274,000 tons, that is just about right?

Mr. HERTY. Yes, sir, it means that the industry is coming strong in this country.

Senator EDGE. Well I mean that about one-third of the clay or kaolin used in this country is imported?

Mr. HERTY. Yes, roughly.

Senator KING. I find that not only did the tonnage increase but the value increased from $1,459,000 in 1918 to $3,650,000 in 1927.

Mr. HERTY. Yes, sir, but the value per ton is lower.

Senator KING. Well, I am not sure about that.

Mr. HERTY. Here are the Tariff Commission's figures on that, Senator. You have them there.

Senator KING. There ought to be a progressive decrease with the increased application of machinery.

Mr. HERTY. There is. Look at this table right here, Senator, the value per ton.

Senator EDGE. Have you any figures to put in the record accurately showing the difference in cost of production per ton as compared to the foreign, English, clay delivered in New York?

Mr. HERTY. Senator, I have only come into this question since Monday. I learned that the Tariff Commission had been through

the books of our producers and gotten our costs in connection with this investigation. That they have also made investigations in England. And my only answer that I can give you and the only thing I have is what appeared in the briefs before the Ways and Means Committee, but in view of conflicting statements throughout that testimony I thought the best answer I could give to the question of the cost of production is to say, gentlemen, that the Tariff Commission has these figures, and you have got them, regardless of any prejudiced statements that may be made one way or the other.

Senator EDGE. Of course that is fundamental. In figuring out the duty, whether the duty is ample or otherwise, it naturally must be based on the cost laid down in New York or any other port.

Mr. HERTY. I asked the Tariff Commission representatives if I could get the figures on the domestic cost of production because I wanted to bring you the official figures from them. They told me that this cost had not been certified to yet by the entire commission, and they could not be made public, but they would be available to the committee.

Senator EDGE. We will get it from them.

Mr. HERTY. You can get it from them.

Senator EDGE. But I thought you had your own statement.

Mr. HERTY. I have tried to get them and they are not available. And as long as they are taken right from the books of the producers, that is the best answer to the question of cost. The producers' estimate of $8 valuation is an average on the clays.

Senator EDGE. This would be helpful in our final decision [reading from page 454 of Summary of Tariff Information]:

> The English prices, for instance, ranged in 1927 from $5.20 to $14 per short ton f. o. b. Fowey.

That is where it was produced, I suppose.

Mr. HERTY. That is the port of shipment.

Senator EDGE (continuing reading):

> The most significant general price comparison can be made upon the basis of paper filler clay of common and medium quality, which is the leading kind of clay consumed in the United States. Such clay—

Now this is the point—

> sold in Georgia in 1927 at about $8 per short ton f. o. b. mine; and in England at about $6.08 per short ton f. o. b. Fowey, which English price included an average freight charge from the mines to the export shipping port (Fowey) of $1.20 per short ton.

You get the spread there from $6.08 to $8 in Georgia. Do you question those figures? They are very important in considering a duty.

Mr. HERTY. So far as I know I do not question them, Senator Edge. I think the Tariff Commission is very careful.

Senator KING. Mr. Herty, the figures prepared by the Tariff Commission show as follows: Take Kimberley, Wis. The price f. o. b. for English is $13.12. Then the inland freight is $7.70, making a total of $20.82. Where as Georgia clay could be shipped there for $15.25. You have an advantage there of $5.

Take Kalamazoo, Mich., the price, $13.12, and then the inland freight, $5.50, making a total of $18.62. Georgia clay can be shipped there for $14.14.

Chillicothe Ohio, English clay, $17.82; $13.30 Georgia clay. You have an advantage there of the difference between $13.30 and $17.82.

Hamilton, Ohio, $18.22 English clay; $12.56 Georgia clay.

Niagara Falls, N. Y., $16.72 English clay; $14.62 Georgia clay.

Glen Falls, N. Y., $17.22 English clay; $16.28 Georgia clay.

Piedmont, W. Va., $16.82 English clay, as against $13.59 in favor of the Georgia clay.

Johnsonburg, Pa., $16.52 English clay; $14.80 Georgia clay.

Providence, Md., $15.50 English clay as against $13.40 Georgia clay. And so on. What are you asking for, may I ask? What do you want, the whole earth?

Mr. HERTY. No; I want some Georgia earth. If the committee will listen to me and give me your attention for just one moment.

Senator EDGE. All right, we will give you our undivided attention.

Mr. HERTY. I have prepared a map showing that wherever Georgia clays, I mean Southeastern United States clays, have any advantage in freight rates that the prejudice has completely disappeared against them and the market is increasing right along. I have marked zone 1. May I present you that map?

Senator KING. I shall be happy to receive it, and I have called your attention to zone 1 there, that you have a differential there in your favor of from $3 to $5. You have an advantage there of $5.

Mr. HERTY. Yes. All right, look at zone 2, Senator. In zone 2 the domestic industry has made progress. They are getting a good many markets in zone 2.

Senator KING. I am familiar with that.

Mr. HERTY. But now the whole point of this story is zone 3, New England.

Senator KING. And in zone 3 there has been a recent reduction in freight rates of $2.50, as was testified yesterday, from Atlanta, Ga., up to the New England States.

Mr. HERTY. From the Interstate Commerce Commission?

Senator KING. No, by the utilization of water transportation one of the witnesses yesterday stated that they were now getting transportation $2.50 cheaper. Rail and water.

Mr. HERTY. No, Senator. They hope some day they can get it there when they can get production up high enough, but it is not there yet.

Senator EDGE. Have you anything that you want to further put into the record, because we will not cross examine you any more.

Mr. HERTY. Just a few words more, Senator. We are asking for protection of an American industry. Under the doctrine of protection I think American manufacturers are entitled to a fair show at the American markets provided they are alive and wide-awake. Now they have not got the New England market. They are hoping to get it.

Mr. Chairman, let me emphasize this fact: The addition of a duty does not mean a necessary increase in the price of a product. That is shown by the fact that while Congress gave $1.25 more for protection under the Fordney-McCumber Act, the value of the clay has decreased. And that is true in many other lines of industry. That is true in the chemical and the dye industry. That addition in the duty does not mean an addition in the cost price necessarily. Mass production, improved methods, and competition, Mr. Chairman,

under the system we live under in this country under the Sherman antitrust laws protect the purchasers.

My contention is, and I believe you will agree with me, that protecting American industry sufficiently to give them a fair show at the American market, that as long as that protective tariff principle is backed by competition under the Sherman antitrust law domestic competition is going to protect the consumer.

My theory is that we ought to have economic independence in this country. We were shut off from them during the war and suffered. That with the home industry covering all needs here, that the consumers in New England who now seem opposed, some of them, to this increase in duty should not take that view. I think we are talking in their behalf, because in the long run I think it is going to mean cheaper clay for them as we get through the railroads better rates than we now have. When we get a sufficient volume of business developed in New England to make water shipments, so that we can get down there at a cheaper rate. But the domestic competition reduces these costs.

Senator EDGE. Mr. Herty, that is not applicable to this hearing. It is a question of existing conditions, and not what may happen. If you have any further testimony that relates directly to the question of duty give it to us in five minutes, for I must stop you then. You have been on for 30 minutes on a schedule that we have already closed, and it is not fair to the other witnesses.

Mr. HERTY. On October 1, 1929, the British producers are going to be rebated 45 cents per ton on their production under the action of the British Government. Now there is a factor which has not prevailed in the past. It is all in the official records. I have them all right here. On October 1 there is going to be a direct rebate to them of 45 cents per ton. That is a direct charge against our manufacturers as far as competition is concerned.

Senator KING. What you mean by that is that there has been a tax in Great Britain, and they have been reducing the tax?

Mr. HERTY. Yes. But that tax has been reduced, and the tariff that we have been living under and building up our business under is not going to cover that.

Senator KING. We have been reducing the taxes on incomes of individuals and corporations, have we not, materially since the war?

Mr. HERTY. But this is a direct reduction on a particular industry, on the clay industry.

Senator KING. Well, there have been direct taxes. We had taxes here upon excess profits that went particularly to the corporations and we have cut all those off. We have reduced the corporation taxes, we have reduced the personal income tax so that the manufacturers, whether as individuals or corporations, have had their taxes reduced more than 100 per cent.

Mr. HERTY. Mr. Chairman, may I emphasize one more point in conclusion, and that is this: What effect does this increase that we are asking for have on the consumers of this country? I figured that out. On a filler clay, Mr. Chairman, it represents a cost of only six one-hundredths of 1 mill per pound of paper. It means an increase in cost on a ton of paper of only 11 cents. On coated paper, which is a higher grade of paper, it means only an increase of 33 cents a ton.

Senator EDGE. What proportion of your product goes to paper and what proportion, roughly, in pottery?

Mr. HERTY. I should say that at least probably 60 per cent of it goes in paper. As to the pottery, Mr. Chairman, I am very happy to say that none of the potteries are opposing this increase in duty. I like the stand of the president of their association who said before the Ways and Means Committee that he did not believe in low tariff on raw material and high tariff on finished products. I like the testimony of the president of the Paper and Pulp Association, Mr. Everest, when he appeared before the Ways and Means Committee, when he said that he believed in protection for all American industry. And that is all we are asking for, to give us a chance to get into the American market that right now, as a matter of fact, we can not get into.

Senator KING. While you are eulogizing the pottery people, I have got the facts here about the differentials in favor of the American producers. I have got the freight rates from England, and their sales here.

Mr. HERTY. The differential in what?

Senator KING. In favor of the United States producer.

Mr. HERTY. That is going to be a question of education. They are using American clays more and more. We have got to go up against the prejudice of those who are accustomed to using old things. But the potteries are not opposing this increase.

Senator EDGE. Do not tell us that. We have letters here from the potteries absolutely opposing it. Let each witness speak for himself.

Mr. HERTY. I am only speaking about the public records before the Ways and Means Committee.

Senator EDGE. Speak for yourself and let each other witness speak for himself.

Mr. HERTY. I understand no potteries appeared here to oppose it.

Senator EDGE. I have letters here opposing it from potteries.

Mr. HERTY. You have letters opposing it, but no one appeared before the Ways and Means Committee hearing.

Senator KING. We will interpret it.

Mr. HERTY. I can only judge by the public records of what took place.

Senator EDGE. Thank you, Mr. Herty.

Mr. HERTY. Thank you very much for your courtesy.

(Mr. Herty submitted the following brief:)

BRIEF OF THE AMERICAN PRODUCERS OF KAOLIN OR CHINA CLAY

We, American producers, beg to request that this subcommittee of the Senate Finance Committee recommend that in Paragraph 207 of H. R. 2667, the rate of duty on china clay or kaolin be changed from $2.50 per ton to $3.75 per ton. The reasons which we believe justify such an increase are as follows:

1. That while the present rate of $2.50 is an increase of $1.25 over the rate in the act of 1913, nevertheless it is the same as prevailed in the tariff acts of 1897 and 1909 when labor, fuel, and other costs of manufacture were far below present costs.

2. The location of the clay deposits in the United States is such geographically that it is impossible for producers to reach a large portion of the consuming territory in this country under terms of equal competition with English imported clays.

3. The geological and structural character of these American clay deposits as compared with those of England require more expensive methods of mining and processes of manufacture.

4. English clays are brought to America as ballast and therefore at very low rates, while American railroads at ports of entry, in competition for this business, have given to these imported clays a more favorable classification and therefore a lower freight rate basis than they have given to American clays.

5. Our domestic industry in its efforts to reach all American markets under the strong competition which exists to-day is faced with a new policy publicly announced by the British Government, to take effect October 1, 1929, of a reduction by three-fourths of the present British direct tax on clay. This means a direct handicap on American producers amounting to 45 cents per ton.

6. In the fall of 1927 the British clay industry was organized into an association known as "Associated China Clays (Ltd.)," whose publicly announced policy is to fix prices and regulate production. Any attempts to meet this by similar organization in this country would be in direct violation of the Sherman antitrust law and the Clayton Act. Adequate protective tariff is the only answer to such European industrial policy.

7. The American industry as the newcomer in this field has had to expend large amounts in research work on improved processes of manufacture and has carried a constant burden of overcoming prejudice against the use of a new product. This educational work, from the testimony given before this committee, must be continued and constitutes an additional charge upon American producers.

8. The published data of the United States Tariff Commission shows that American producers have taken no undue advantage of the change in the Fordney-McCumber Act from $1.25 to $2.50 per ton, as these official records show a constant decreased value per ton of American product under this increased rate, resulting from the American system of domestic competition.

9. Increased utilization of American natural resources will give further employment in the territory now stricken by the ravages of the cotton boll weevil.

HISTORY OF LEGISLATION

The rates of duty on kaolin or china clay since the industry assumed any importance are as follows:

	Per ton
Act of 1897	$2.50
Act of 1909	2.50
Act of 1913	1.25
Act of 1922	2.50

From these figures it will be seen that despite the increased costs of the particular items of expense and manufacture involved—namely, labor and coal—at the present time as compared with the earlier years the rate to-day is the same as it was in the acts of 1897 and 1909. In many other lines of industry Congress has recognized repeatedly the necessity of overcoming such handicaps by adequate advances in tariff rates.

QUANTITY AND QUALITY OF AMERICAN CLAYS

As to the quantity of American clays, there is no contention by anyone that the American deposits are not ample to take care of American needs.

As to quality, however, New England consumers state that they can not use American clays. The contention could come from no other source because of the simple fact that outside of New England 94.6 per cent of the clay used for filling paper is American clay.

Filling clays.—The statistics inserted into the record of the hearings before the Committee on Ways and Means by Mr. H. B. Mills (pp. 1110 and 1111) prove this point. Mr. Mills stated that at a conference of paper manufacturers called to consider a possible advance in the duty on China clay, he calculated there were present 50 per cent of the consumers of domestic clay and 100 per cent of the consumers of imported clay, and that the statistics were accumulated from these sources. Based on these accumulated statistics, he filed tables of consumption. The following facts are taken from these tables. The total

consumption of imported clay for filling purposes for 1928 was 91,800 tons. He itemizes the consumption of each of the mills making these returns. This list shows that of these 91,800 tons, 74,000 were consumed by mills in New England and only 17,000 tons were consumed by mills outside of New England.

The returns of consumers of domestic clays, 50 per cent of whom he states were represented, show a total consumption of 166,000 tons of domestic clays, all of which consumers were located at points outside of New England. As the total consumption of American filled clays is approximately 225,000 tons, it is plainly evident from these figures that paper manufacturers outside of New England territory use 225,000 tons of domestic clay and only 17,000 tons of English clay. Paper manufacturers in New England use 74,000 tons of English clay and no American filling clay. Further comments are unnecessary.

Coating clays.—American clays unlike English clays are improved in quality by additional processes of manufacture. Every step-up in the quality means additional plant investment. Every step-up in the quality means additional cost of manufacture. The question as to whether American clays can be improved to compete with the higher grades of English clays is not suppositious, because already this is being done. The development is recent. Yet, in 1928, American producers supplied 21,459 tons of these higher grades of clay, or approximately 20 per cent of the total consumption of coating clays. One of the fundamental reasons for requesting the increase in duty is to afford protection for the development of this growing industry.

Pottery clays.—As to the high quality of pottery clays, this is attested by official Government statistics which show that in 1927, despite the handicap of higher delivery cost, domestic producers, in North Carolina and Florida, where practically only pottery clays are produced, were able to deliver a little more than 60,000 tons. It is a fair assumption that, given additional protection which will put them in a better competitive position, this producton can be increased. American producers have been assured by potters that if delivery costs of American clays could be reduced they would increase their consumption of American clays.

COMPETITIVE MARKETING RESTRICTED BY GEOGRAPHICAL LOCATION

The great bulk of domestic clays is situated in the extreme southeastern part of the United States—namely, South Carolina, Georgia, and Florida—far removed from important consuming centers of New England. The distance of the haul, even granted freight rates which could be reasonably expected as fair to the railroads, makes the delivered cost of these clays so high in this territory as to preclude competition by the domestic producer with English clays under the present tariff.

The cheapest transportation cost to New England points at present is the all-rail rate. Two instances of comparative delivered selling prices will suffice in illustration. We will take the two extremes of this territory.

	Current domestic selling price f. o. b. mine	Freight rate	Total delivery selling price	Current English selling price	Freight rate	Total delivery selling price
Fitchburg, Mass.	$8 per net ton (2,000 lbs.)	$7.81	$15.81	$12.50	[1] $2.30	$14.80
Rumford Falls, Me.	do	10.08	18.08	12.50	2.50	15.00

[1] From Boston.

The argument of importers and others opposing an increase in the present rate of duty on china clay or kaolin is built up on the theory that current selling prices of American clays as compared with current selling prices of English clays prove the American clays have a price advantage in all of the consuming territory except New England, and that even in New England the disadvantage of the American producer is but slight. Statistics built on current selling prices prove nothing. Unfortunately, we have no data on cost of English production but we do have a measure of the extent to which they can reduce prices as shown by official Government statistics of imports and values.

To illustrate this, the following figures are taken from Government reports:

Imports of china clay

Year	Short tons	Value	Unit value per short ton
[illegible]	312,297	$3,046,919.00	$9.75
[illegible]	353,124	3,189,454.00	9.03
[illegible]	377,552	3,195,694.00	8.58
[illegible]	396,219	3,484,054.09	9.79
[illegible]	339,013	2,937,113.00	8.66
[illegible]	307,303	2,962,269.00	9.64

To interpret these figures correctly it must be remembered that in the summer of 1924 the English trust dissolved and intense competition immediately ensued between English producers. Drastic cuts in prices of those grades of clay coming into competition with American paper filling clays took place. It was on these grades of clay and with the object of recapturing the American market that these violent price cuts were made. The unit value shown in these Government statistics which are calculated on the total importation show a decline from $9.75 in 1923 to only $8.58 in 1925, or $1.17 per ton. The actual cuts were made only on the competitive clays as at that time the development of the higher grades of coating clays by American producers had not begun. Calculating the shrinkage of value on these filling grades of clay, where it belongs and on which grades the drive was made, clearly proves the cuts in price on those grades averaged approximately $3 per ton. It was common knowledge in the trade at that time that the cuts ran from $2.50 to as much as $4 per ton depending upon the necessities of the individual English producer to secure business in America. No better illustration could be had of the ability of the English trust to manipulate this market than these Government statistics, for they clearly show that when the price cuts were made imports increased and when the Associated China Clays (Ltd.) was reformed in the fall of 1926 and prices thereby restored, imports promptly decreased. Can the tariff be fixed, based on current selling prices in the face of these illuminating facts?

It is true that even if your committee should grant our request for an increase to $3.75 per ton we will still be under a handicap in certain sections of New England, but it is our hope that we can reach eventually all of these points on even terms of competition through decreased overhead costs due to increased production under our present plant capacity, through possibly more favorable freight rates which the Interstate Commerce Commission may grant, and through the building up of a sufficient volume of business in New England as to enable full coastwise cargo shipments to New England ports.

Another most important point is that of the total tonnage of paper filling clays used in the United States, 30 per cent is used in New England territory, from which, the above testimony shows, the American producer is barred under the present tariff.

At the hearing this morning, we were completely surprised by a statement made by Senator King that our industry had been granted a relief of $2.50 on freight rates to New England. Immediately after adjourment, we took up this question with the Freight Traffic Department of the Southern Railway system and asked to be advised as to when such reduction was made. The following letter has just been received from Mr. F. D. Claggett, the freight traffic manager of the Southern Railway system.

SOUTHERN RAILWAY SYSTEM,
FREIGHT TRAFFIC DEPARTMENT,
Washington, D. C., June 21, 1929.

Rate adjustment: Clay from southeastern and Carolina territory to New England territory.

Dr. CHARLES H. HERTY,
Cosmos Club, Washington, D. C.

DEAR SIR: Referring to your inquiry in connection with rates on clay from Carolina and southeastern shipping points to New England.

We are aware of no contemplated change in the present rates on clay from southeastern and Carolina shipping points to New England territory, either all rail or rail and water.

I am quoting below the present all rail and rail and water rates from Bath-Langley group and from Gordon, Ga., to Boston, Mass. These rates are published in Agent Glenn's I. C. C. A-612, which became effective on July 5, 1927. As a matter of information, the same rates were effective prior to July 5, 1927, in Glenn's I. C. C. A-588 and have now been brought forward in Agent Glenn's I. C. C. A-710, which is published to become effective June 25, 1929:

From Bath-Langley group to Boston, Mass.: All rail, $7.81; rail and water, $5.53. (This rate applies for dock delivery. Applicable via Charleston, S. C., and Clyde Line.)

From Gordon, Ga., to Boston, Mass.: All rail, $7.02; rail and water, $5.53. (Applies for dock delivery. Applies via Savannah, Ga., and Ocean Steamship Co. The minimum weight in connection with the above rates is 50,000 pounds. The all rail rates apply on shipments in bags, barrels or in bulk. Rail and water rates apply on shipments in bags or in barrels.)

I might add that the above rates also apply to Portland, Me.

Yours very truly,

F. D. CLAGGETT,
Freight Traffic Manager.

It will be noted that a rail and water rate of $5.53 is quoted to Boston, Mass., but it will also be noted in Mr. Claggett's letter that this rate applies to shipments in bags or in barrels. Clays now are shipped, both from England and from southeastern territories, only in bulk. To make shipments in bags would require an additional cost on the American manufacturer of $4 per ton, and in barrels of at least $6 per ton, thus making this apparently lower rate actually the highest rate as to selling price at point of consumption. Moreover, this rail-and-water rate would deliver the shipment only to New England ports, to which would have to be added inland rate, showing clearly the impracticability of considering the existing rail-and-water rates. The original of Mr. Claggett's letter is attached herewith.

HANDICAPS IN THE MINING AND MANUFACTURE OF AMERICAN CLAYS

In England, on the removal of the overburden, clay beds are found of depths extending frequently to as much as 200 feet. In the United States there is equally as much overburden to be removed, but the thickness of the clay strata will not average more than 18 feet, thus adding greatly to the cost of mining American clays through the relatively greater amount of overburden per ton of clay produced.

British clays are so loose in their texture that they readily permit of hydraulic mining, thereby lessening the labor costs involved in removing the clay from the pits, whereas in America the texture of the clays is so dense that hydraulic mining is impossible and it is necessary to resort to the more costly methods of mining by hand, or under the most favorable circumstances, by steam shovel, with the additional cost of breaking up this mined material when it reaches the mill. Because of their texture another added cost is the extra steam required for dewatering and drying the American clays.

English clays occur in layers which, when hydraulically mined, are naturally produced in marketable forms in varying grades. In America the higher grades can be produced only by further refinement so that every step-up in quality means additional cost of manufacture.

As to the rate of wages in England, this was stated on the floor of the House of Commons on April 26, 1928 by Mr. Betterton as 1 shilling per hour for china clay workers and 1 shilling 1 pence for semiskilled. In contrast with this, the books of our producers show the average wage in American plants is 35 cents per hour.

RATE REDUCTION IN ENGLAND

In our persistent efforts to reach as many American markets as possible, we have been aided in the competition with the English product by a direct tax, termed a-"rate" by the British Government, upon English clays of 60 cents per ton. Definite announcement has been made in British trade journals that on October 1, 1929, the new policy of the British Government will be inaugurated which will reduce this tax from 60 to 15 cents.

It has been frequently stated in public addresses in England that through this reduction in the tax the English clay producers will be in better position to compete with American clays. This is a specific tax on clay and is entirely outside of the question of the general taxation system of the British Government.

PRICE FIXING IN ENGLAND

In the fall of 1926 there was organized in England Associated China Clay (Ltd.), a trade association comprising practically all of the English producers. In connection with the formation of this association, the British publication, The Chemical Age, in its issue of September 10, 1926, states frankly that, "The objects of the company are * * * the improvement or maintenance of selling prices." And in the same issue it is editorially stated that "the organization which the china clay producers have now decided to set up and whose functions will not commence to operate until three months' hence, will concern itself not only with the pricing the clays of its members but also with other matters essential to the prosperity of the industry." This, of course, is their privilege and perfect right, but it is a policy which if practiced by American producers would lead immediately to Federal prosecution. Here is a national monopoly pure and simple with advantages which the English producers consider of great benefit to them, but it is a system entirely opposed to the spirit of our land, and our only protection against such seeming advantages is the increased protective tariff rate for which we petition you. With this situation before us, we feel that it is to the interest of those consumers who now oppose our application that they receive the benefit of competition between the American and the British industry which can not now exist.

INCREASED TARIFFS DO NOT MEAN INCREASED PRICES

We desire to refer you to page 453 of the Summary of Tariff Information, 1929, on the tariff act of 1922, Schedule 2, in which it is shown in the table of "Production and values" that while the American industry since 1919 has steadily increased its output, it has also, as shown in the column headed "Value per ton," decreased its charges to American consumers. There has been no effort to utilize the increase given in the Fordney-McCumber Act to "boost" prices because of this increased protection but only to extend markets. On the contrary, improvements in methods of production and keen competition between domestic producers have resulted in savings which have been passed on to the consumer.

In connection with this table, setting forth the progress of the American industry, may we call the attention of the committee to the fact, as stated in the text of the commission's report, that the quantities given are for "china clay or kaolin, all kinds and grades"? The production of clays coming into competition with English clays is far less, amounting to not more than 350,000 short tons in the year 1927, as compared with the import figure of 339,000 short tons, thus showing that the American industry has been able under the present tariff to gain only one-half of the American market. We are quite certain that a careful survey by the Tariff Commission, having clearly in mind only those grades of clay coming into competition with the English clays imported under this schedule, would substantiate these figures.

EMPLOYMENT RELIEF IN BOLL-WEEVIL TERRITORY

The American china clay industry is located in that portion of the South where agriculture has been prostrated by the ravages of the boll weevil. There is no question among these people of farm relief through stabilization of prices of surplus crops. They can not raise even a normal crop. Many farms are deserted. Fortunately, a means of livelihood has been found by employment in the clay industry. Favorable action by your committee on our application will result in a further expansion of this industry and thereby give further employment to the people of this afflicted section and their dependents. The output of this industry will have to be doubled to supply all American needs. It is to forward this American development that we ask your aid.

REQUEST FOR INCREASED TARIFF PROTECTION THROUGH THE FLEXIBLE PROVISIONS OF THE TARIFF ACT

On November 3, 1924, we made formal application to the Tariff Commission for an increase of 50 per cent under the flexible provisions of the tariff act. We did this with a full knowledge that our books and records would be subject to examination by representatives of the Tariff Commission. This has now

been done, and while the Tariff Commission has not yet been able to take formal action upon our request, because of pressure along other lines of investigation, nevertheless, full details of our manufacturing costs, etc., are in the hands of the commission. This is confidential information and therefore is not inserted in our brief or testimony, but is, of course, available to members of your committee.

We feel that by our request to the commission we have proved the good faith of the request we now make to you.

EFFECT OF INCREASE ON CONSUMER

If we assume that the full burden of the increase asked for is laid upon the manufacturing consumers or the general public, what would it amount to? In the case of book paper at 7.2 cents per pound, with a 12 per cent loading of filler clay, the increase would be only five and three-fourths hundredths of a mill per pound, or on a larger basis, only 11½ cents extra per ton of paper. In the case of coated paper, carrying a 16 per cent coating of clay, the increase would be only 33 cents per ton. But we have already shown that under the increase given under the Fordney-McCumber Act no burden was thrown upon the consumers, but on the contrary, through the stimulation of the industry due to that increase, consumers received a reduction of price.

Respectfully submitted.

EDGAR BROS. CO.,
EDGAR PLASTIC KAOLIN CO.,
LAKE COUNTY CLAY CO.,
R. T. VANDERBILT CO.,
NORTH AMERICAN CLAY CO.,
GEORGIA KAOLIN CO.,
COLD SPRING MINING CO.,
HARRIS CLAY CO.,
By CHARLES H. HERTY.

CRUDE FELDSPAR

[Par. 207]

LETTER FROM THE CONSOLIDATED FELDSPAR CORPORATION, TRENTON, N. J.

JUNE 21, 1929.

Hon. WALTER E. EDGE,
Senate Office Building, Washington, D. C.

DEAR SENATOR: In compliance with your instructions of Wednesday, I am setting forth some of the facts in regard to the proposed tariff of $1.50 per ton on imported feldspar.

There is no feldspar imported into the United States from any other country than Canada. If you will take the trouble to look up pamphlet issued by the Bureau of Mines, Department of Commerce, Feldspar in 1927, published October 2, 1928, you will see that in 1927 there were only about 25,000 tons imported from Canada, about one-eighth of the total tonnage used in the United States.

The feldspar imported from Canada contains a high percentage of potash and is a very pure spar, used mostly by the manufacturers of high-voltage insulators. No feldspar in the United States can compete favorably with this spar, with the exception of that from the South Dakota mines. The freight rates from South Dakota to the eastern markets are prohibitive for the use of this feldspar by the manufacturers of these insulators.

The average price of ground domestic feldspar is about $14. The price of Canadian spar is on an average of $20. The average freight rate on spar from Canada to the plants using it in the United States is from $5 to $6. The proposed freight rate from South Dakota is in the neighborhood of $12 to $14.

I believe the proposed tariff would do none of the feldspar producers any good and would only work a hardship on the few users of Canadian feldspar, as they are almost all compelled to use this class of feldspar and it would cost them a great deal more to bring the South Dakota spar to their plants than it would to pay the $1.50 additional on account of the tariff.

If there are any other questions that you care to take up with me in regard to this matter, I am at your service and am awaiting your call to come to Washington when you want me.

Very truly yours,

H. P. MARGERUM, *President.*

DISTRICT OF COLUMBIA:

Personally appeared before me, a notary pubic in and for the District of Columbia, H. P. Margerum, who, being by me first duly sworn, deposes and says that the statements contained in the foregoing letter addressed to Hon. Walter E. Edge are true to the best of his information and belief.

H. P. MARGERUM.

Sworn to and subscribed before me, this 28th day of June, 1929.

[SEAL.] CHARLES F. PAGE, *Notary Public.*

My commission expires February 18, 1931.

FULLER'S EARTH AND ACTIVATED CLAYS

[Par. 207]

STATEMENT OF A. H. SALOMON, REPRESENTING L. A. SALOMON & BRO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Salomon, whom do you represent?

Mr. SALOMON. L. A. Salomon & Bro., of New York City.

Senator EDGE. And you are appearing to discuss what?

Mr. SALOMON. I am appearing to discuss fuller's earth, with particular reference to a new phase which has arisen in the fuller's-earth business; that is, the commodity which is known as bleaching clay or activated clay.

Senator EDGE. This is contained in paragraph 207?

Mr. SALOMON. It is entered under the same paragraph, for lack of another paragraph, in the present tariff bill.

Senator EDGE. What heading would it come under as fuller's earth?

Mr. SALOMON. Paragraph 207.

Senator EDGE. Apparently, the paragraph as the bill came over from the House makes no change from existing law.

Mr. SALOMON. It does not.

Senator EDGE. It is still $1.50 per ton?

Mr. SALOMON. No; that is the unwrought. We are particularly interested in the powdered fuller's earth, which is $3.25 per long ton. The importations of the unwrought—that is, the lump fuller's earth—are exceedingly small.

Senator EDGE. Unwrought and unmanufactured?

Mr. SALOMON. Yes.

Senator EDGE. Is that the same classification?

Mr. SALOMON. That is the $1.50. There is very little imported.

Senator EDGE. You are not interested in that, particularly?

Mr. SALOMON. Not enough to go into detail about it.

Senator EDGE. What do you appear about?

Mr. SALOMON. Powdered fuller's earth, wrought fuller's earth, wrought or manufactured, $3.25 per ton.

Senator EDGE. Where is that?

Mr. SALOMON. It is right there. It follows it.

Senator EDGE. I see—line 19, $3.25 per ton. That is also the rate under existing law?

Mr. SALOMON. Yes, sir.

Senator EDGE. Proceed. Did you appear before the House committee?

Mr. SALOMON. I filed a brief.

Senator EDGE. And what do you propose to file here—an additional brief?

Mr. SALOMON. I am just passing over fuller's earth, and I want to talk particularly on activated clays, which are a closely related product, really a new product, but which enter under the same paragraph, not specifically provided for, at the present time.

Senator EDGE. What would it come under—wrought or manufactured at $3.25 per ton?

Mr. SALOMON. Yes, sir.

Senator KING. You call it activated?

Mr. SALOMON. Activated or bleaching clay; and it is entered at present under that paragraph.

Senator EDGE. Is your appeal for a raise or a lowering of duty?

Mr. SALOMON. No; we are satisfied with the present rate of $3.25.

Senator EDGE. Well, to proceed, briefly, there is no proposition to change it so far as the bill is concerned?

Mr. SALOMON. Yes; but there will be one, because the next speaker no doubt will ask for it.

Senator KING. For an increase or a decrease.

Mr. SALOMON. For an increase, naturally.

Senator KING. Are you for that?

Mr. SALOMON. No; I am not, but the next speaker no doubt will ask for it; and I am anticipating what he is likely to say.

Senator KING. Why do you not wait until the other speaker is heard?

Mr. SALOMON. I do not have a chance to do it.

Senator BARKLEY. It seems to me that where the House bill makes no change in the present law, the man asking for a change ought to be heard first, so that his opponent would be in position to refute what he says.

Mr. SALOMON. I think so, too.

Senator EDGE. Then suppose we hear your adversary first.

Mr. SALOMON. I am quite satisfied.

STATEMENT OF W. S. BAYLIS, REPRESENTING THE FILTROL CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Baylis, you heard the preliminary conversation. Whom do you represent?

Mr. BAYLIS. I represent the Filtrol Co., of California, Los Angeles.

Senator EDGE. And you are appearing to discuss fuller's earth?

Mr. BAYLIS. No; not fuller's earth.

Senator EDGE. What, then?

Mr. BAYLIS. Activated earths.

Senator EDGE. But it comes, as I understand, under the description of fuller's earth, wrought or manufactured, now carrying a duty of $3.25 per ton. Is that right?

Mr. BAYLIS. Yes, sir. I am appearing before you to ask for a reclassification, because there is no proper classification for this commodity.

Senator EDGE. What is the name of the commodity, again?

Mr. BAYLIS. Filtrol is our brand name.

Senator EDGE. But, I mean, what are they?

Mr. BAYLIS. They are activated absorbents.

Senator KING. It is simply fuller's clay?

Mr. BAYLIS. It is not at all.

Senator REED. What is it?

Mr. BAYLIS. It is anhydrous aluminum silicate, which is treated with acids or other activating materials to make it a very powerful absorbent for decolorizing and purifying and bleaching all kinds of oils—animal, vegetable, and mineral.

Senator REED. So it is used for the same purpose?

Mr. BAYLIS. Except that it goes away beyond that. Nature has activated fuller's earth. You can not give fuller's earth a chemical treatment to improve its activity, nor can you take any clay and do that. This is a special mineral which is only found in a few places, and it is submitted to a chemical treatment which activates it very much more powerfully than fuller's earth exists in its natural state.

Senator EDGE. You say it is only found in a few places. Right there is it produced domestically?

Mr. BAYLIS. Yes; we produce it on the Pacific coast.

Senator REED. Anywhere else in the United States?

Mr. BAYLIS. Nowhere east of Arizona; no, sir. The materials are not found anywhere else except in California, Arizona, and Nevada at the present time.

Senator REED. Where is your principal market?

Mr. BAYLIS. Our principal market is in the Middle West and the East—all of the animal and vegetable-oil refiners, those producing cotton oils, tallow, linseed oils, and the petroleum refiners.

Senator EDGE. Is there an amount imported?

Mr. BAYLIS. It is just beginning.

Senator EDGE. Is there any record of the tariff?

Mr. BAYLIS. Yes. I have a brief here which I am submitting. I have here some copies of my text, and in the main brief I have some data.

Senator EDGE. You will file that brief?

Mr. BAYLIS. I will file it; yes, sir.

Senator KING. Let me ask you a question, if I may. This is classified as fuller's earth?

Mr. BAYLIS. At the present time.

Senator KING. It is a clay?

Mr. BAYLIS. It is a claylike mineral.

Senator KING. What is the name of it?

Mr. BAYLIS. Smectique, montmorilianite, or a class of bentonite. That is the raw product.

Senator KING. It is not igneous formation?

Mr. BAYLIS. No; it is a volcanic formation.

Senator KING. It is a volcanic formation?

Mr. BAYLIS. It is a redeposition from a volcanic formation.

Senator KING. Then it is not fuller's earth?

Mr. BAYLIS. No.

ator KING. You claim then it is a new mineral?

Mr. BAYLIS. Yes.

Senator EDGE. You are asking to have it taken from 207 and put in a separate classification by itself?

Mr. BAYLIS. Yes.

Senator KING. Have you a chemical analysis of it?

Mr. BAYLIS. I do not have one with me, but I can furnish it to you. You can not, however, tell anything from the chemical analysis.

Senator KING. You can tell what the content is?

Mr. BAYLIS. You can not differentiate by chemical analysis.

Senator KING. Then what is there in this so-called activated clay which differentiates it from the other clay if you can not tell them apart chemically, as you say?

Mr. BAYLIS. The only difference that we know about at the present time is that one will take a chemical treatment which will increase its activity, whereas the other is not increased.

Senator KING. There is nothing chemically that distinguishes them?

Mr. BAYLIS. No.

Senator BARKLEY. In other words, you can improve on nature with this, but you can not improve on nature with the other?

Mr. BAYLIS. That is the idea exactly.

Senator KING. Does it contain some undiscoverable element like electricity?

Mr. BAYLIS. Not that I know of.

Senator KING. You mean to say then that it contains something, though it is clay, that makes it a different chemical product?

Mr. BAYLIS. We do not know how the clay was formed, but when we treat it with acid you can see it open up its pores. After that treatment the clay is very active.

Senator KING. Active as what?

Mr. BAYLIS. As an absorbent.

Senator KING. As an absorbent?

Mr. BAYLIS. As an absorbent, which has the property of removing colloidal substances from oils and coloring matter from materials.

Senator KING. Clay is used for that purpose?

Mr. BAYLIS. No; only fuller's earth.

Senator KING. I mean fuller's earth?

Mr. BAYLIS. Yes.

Senator EDGE. If reclassified what rate of duty are you asking for?

Mr. BAYLIS. I am asking to have it converted to an ad valorem duty. It is similar in one way to activated carbons. Activated carbons are made from products, such as coconut shells or kernels like apricot kernels. When it is treated it is much more efficient than wood charcoal or bone charcoal.

Senator EDGE. If a rate ad valorem what rate do you ask?

Mr. BAYLIS. Forty per cent.

Senator EDGE. What would that mean specific on the price, as far as the average price is concerned?

Mr. BAYLIS. Something around $15.

Senator EDGE. That would mean $15 a ton?

Mr. BAYLIS. $15 a ton, possibly to $20.

Senator EDGE. $15 to $20 per ton?

Mr. BAYLIS. Yes.

Senator EDGE. Instead of $3.25?

Mr. BAYLIS. Yes.

Senator EDGE. I want to direct your attention to this, that the importations last year were something around 900 tons, and they were brought in under all four classes as near as we are able to say, Clay unwrought, clay wrought, fuller's earth unwrought and fuller's earth wrought. Most of them were brought in as fuller's earth wrought, taking $3.25.

Senator KING. Now you want to increase from $3.25 a ton up to $20 a ton?

Mr. BAYLIS. Up there somewhere.

Senator KING. More than 600 per cent.

Senator EDGE. Up to 40 per cent ad valorem.

Mr. BAYLIS. The point is this. These products have been brought in under classes where the average value ranges from about $11 to $15 or $16 a ton. These commodities range from $45 to $55 a ton. That is the difference in the value of the commodity.

Senator BARKLEY. What is the amount of domestic production?

Mr. BAYLIS. Last year it was about 10,000 tons.

Senator BARKLEY. Has that been supplying the domestic demand?

Mr. BAYLIS. Yes. I think I will qualify that and say it is a new industry. The animal and vegetable oil industries have always been treating their oils by what we call contact methods, using fine earth. They mix a small quantity of the earth with the oil and treat it under temperature control and then filter through a filter press. Before the advent of these materials the petroleum refiner used large bodies of coarse meshed earth and percolated the oil down through it. To-day, because of these new materials the petroleum refiner can use the same methods; that is, contact the oils in similar manner to that always employed by the animal and vegetable oil refiner.

Senator EDGE. Give us the comparison of those prices again. What would this type of fuller's earth retail at per ton?

Mr. BAYLIS. Our price has been on the average $60.

Senator EDGE. $60 a ton?

Mr. BAYLIS. Yes.

Senator EDGE. What is the average retail price of the wrought earth type or manufactured?

Mr. BAYLIS. They have been offering the foreign earth at from $5 to $10 a ton less.

Senator EDGE. $5 to $10 a ton less, and yet you are asking for $20 a ton duty?

Mr. BAYLIS. Our price has averaged around $60 point of origin.

Senator EDGE. Compared with retail prices?

Mr. BAYLIS. Our price is $60 plus $8.40 freight to New York; that would be $68.40.

Senator EDGE. And wrought, manufactured?

Mr. BAYLIS. Is offered as low at $50 New York, duty paid.

Senator EDGE. As low as $50?

Mr. BAYLIS. Yes.

Senator KING. Let me ask a question. You mine this just like you do other clay?

Mr. BAYLIS. Yes.

Senator KING. You do it by steam shovel or by hydraulic methods?

Mr. BAYLIS. We mine it by steam shovel mostly, like we do coal.

It is a blanket formation. We chamber mine it like coal. Then it is shipped to Los Angeles into our chemical plant and undergoes a treatment chemically. It has a heavy loss.

Senator KING. I want to get the method of mining first. In the intermountain region, as you know, we mine there at all the way from 30 cents a ton up to several dollars a ton, just for mining.

Mr. BAYLIS. Yes; that is a very large volume in those cases.

Senator KING. Is this a blanket formation?

Mr. BAYLIS. Yes.

Senator KING. Is the vein near the surface?

Mr. BAYLIS. The vein is near the surface, yes.

Senator KING. How near the surface?

Mr. BAYLIS. With an overburden averaging 3 to 20 feet.

Senator KING. Do you remove the overburden?

Mr. BAYLIS. In some cases where it is thin we do, and in other cases we chamber mine.

Senator KING. Do you sink a shaft and run along the vein?

Mr. BAYLIS. No, we go into chambers like we do with coal.

Senator KING. Like you do with coal?

Mr. BAYLIS. Yes.

Senator KING. What is the depth of the vein at which it can be easily mined?

Mr. BAYLIS. Three feet.

Senator KING. Is it lenticular?

Mr. BAYLIS. It seems to be very uniform.

Senator KING. Very uniform?

Mr. BAYLIS. Yes.

Senator KING. What is the formation?

Mr. BAYLIS. It is blanket.

Senator KING. No. I mean the rock. Limestone or quartzite or porphyry or what?

Mr. BAYLIS. No, it does not seem to be. You know where those buttes are in Arizona, for instance?

Senator KING. Yes.

Mr. BAYLIS. One deposit lies just below the top and runs back.

Senator KING. Well then the mining cost, it seems to me, would be low.

Mr. BAYLIS. We put it on the cars for around $5 to $6 per ton.

Senator KING. You are paying too much.

Mr. BAYLIS. It is a young industry, you see, although we are increasing very rapidly.

Senator KING. Your cost will be reduced with the increase, of course?

Mr. BAYLIS. Yes.

Senator KING. You put it on the cars for $5?

Mr. BAYLIS. Yes, between $5 and $6 now. Our freight to Los Angeles is $5.60. So it costs us between $11 and $12 to lay it down at Los Angeles. Then on top of that there is a loss by manufacture of 30 to 40 per cent.

Senator KING. You subject it to an acid treatment?

Mr. BAYLIS. Yes.

Senator KING. What is the acid?

Mr. BAYLIS. Sulphuric.

Senator KING. That is pretty cheap.
Mr. BAYLIS. No; pretty expensive out there.
Senator KING. What waste is there in the sulphuric acid in the treatment of a ton of this?
Mr. BAYLIS. The loss is between 30 and 40 per cent in weight.
Senator KING. Does that develop the activated clay?
Mr. BAYLIS. Yes.
Senator KING. The sulphuric acid?
Mr. BAYLIS. That is correct.
Senator BARKLEY. Do you substitute anything else for this 30 or 40 per cent loss?
Mr. BAYLIS. No.
Senator BARKLEY. It is an actual withdrawal of that?
Mr. BAYLIS. It is an actual withdrawal of that much actual weight.
Senator BARKLEY. As soon as you get that extraneous matter out it gets active?
Mr. BAYLIS. Yes.
Senator KING. Other clays are treated to several baths of acid before they are utilized, are they not—fuller's earth, I mean?
Mr. BAYLIS. No, you can not activate fuller's earth.
Senator KING. No, I say fuller's earth in being applied to the various uses for which it is applied is subjected in many of the processes to acid treatment?
Mr. BAYLIS. No.
Senator KING. What treatment is it?
Mr. BAYLIS. It is not given any treatment.
Senator KING. Do you mean to say that the wrought fuller's earth is used without any treatment at all?
Mr. BAYLIS. Yes, sir; that is correct. Wrought fuller's earth, as given in the tariff, merely means that the earth is mined and washed and dried. That is all.
Senator REED. What is the best freight rate you have been able to get to the Gulf ports?
Mr. BAYLIS. I have here from the steamship companies the freight rates. I think the rate to Gulf ports is 35 cents a hundred. And $7 a ton.
Senator REED. $7 a ton?
Mr. BAYLIS. Yes.
Senator REED. That is from Los Angeles, is it?
Mr. BAYLIS. Yes.
Senator KING. Through the canal?
Mr. BAYLIS. Yes.
Senator KING. $7 a ton?
Mr. BAYLIS. Yes.
Senator REED. And how much to New York?
Mr. BAYLIS. The rate to New York runs 33.
Senator KING. Thirty-three what?
Mr. BAYLIS. Thirty-three cents a hundred?
Senator KING. Thirty-three cents a hundred?
Mr. BAYLIS. Yes; $6.60.
Senator KING. $6.60 a ton?
Mr. BAYLIS. Yes. There is a little differential on account of storms; they charge a little more going into the Gulf on account of storms, and so on.

Senator REED. Less to New York than it is to the Gulf?

Mr. BAYLIS. That is correct; yes.

Senator KING. What is your rail freight?

Mr. BAYLIS. Rail freight to Chicago is $12.

Senator EDGE. You say up to date there has been very little importation of this particular commodity?

Mr. BAYLIS. Yes. You see here is the situation. The petroleum refiner has always percolated the oil, but he is being educated to use the contact method.

Senator EDGE. You are simply anticipating?

Mr. BAYLIS. There is a menace right now.

Senator KING. Nine hundred tons is all they have imported from the beginning.

Mr. BAYLIS. It has just started in the last few months, and now they are taking some of our customers away from us.

Senator EDGE. In the East?

Mr. BAYLIS. Yes. We merely ask a renewed classification and a value put upon it.

Senator EDGE. All of which is set out in the brief?

Mr. BAYLIS. Yes; all of which is set out in the brief.

Senator EDGE. Thank you.

(Mr. Baylis submitted the following brief:)

BRIEF OF FILTROL CO. OF CALIFORNIA

SENATOR WALTER E. EDGE,
United States Senate, Washington, D. C.

GENTLEMEN: We respectively call your attention to the fact that since 1922 there has grown up in this country a new industry—that of the manufacture of a powerful adsorbest clay mineral used principally by producers and refiners in decolorizing, refining, and otherwise purifying all kinds and grades of animal, vegetable, and mineral oils.

The history of the art is somewhat as follows: All vegetable oils, such as cotton seed oil, coconut oil and other similar oils which are intended for edible purposes, are first treated with caustic alkalies for the purpose of saponifying and removing the free fatty acids of the oil so as to neutralize it. Following this treatment the oil is decolorized or bleached, after which it is deodorized and is then ready to be used in the manufacture of compound or salad oil.

Oils used in the paint and varnish industry are treated in a similar manner; linseed oil, for instance, is either treated with caustic to neutralize the free fatty acids and is then bleached or is treated with acid and then bleached, depending upon whether the oil is to be used for varnish or lead grinding. Oils of similar character or for the same purposes are treated in a like manner.

In the soap industry vegetable and animal oils are treated in a similar manner preparatory to their use in the manufacture of soap. Take for instance tallows: Some tallows are merely bleached or decolorized as a preliminary step to soap manufacture; other grades are first refined and bleached.

Lard is also bleached or decolorized and purified.

The decolorizing or bleaching of these oils has been and is accomplished principally by the use of fuller's earth.

Fuller's earth is mined to a large extent in this country. Also there is some considerable tonnage of fuller's earth imported, principally from England, so-called English fuller's earth.

There is a duty under the present tariff on fuller's earth (unwrought or unmanufactured) imported into this country of $1.50 per ton (par. 207, tariff act of 1922).

There is also a duty under the same tariff on fuller's earth (wrought or manufactured) of $3.25 per ton.

Imported fuller's earth ranges in price from $20 to $25 a ton ex dock at ports of entry, duty paid.

The earth is used to treat the above-described oils by so-called contact methods. Fine earth is used, that is, earth commonly ground to pass through 100-mesh screen, and mixed into the oil under certain temperature control and then filtered.

In the petroleum industry all products are subjected to a treatment with earth, with the exception that coarse earth—that is, earth passing a 16-mesh screen but retained on a 30-mesh screen, or else an earth passing a 30-mesh screen and retained on a 60 or 90 mesh screen—is used. The oil is passed through large bodies of this coarse earth. This is known as percolation. This practice, which has been in vogue for many years, is being abandoned for so-called contact methods similar to those used in the animal and vegetable oil industries, principally for the reason that it is now possible to treat the oils with more powerful materials.

In the western part of the United States there have been discovered deposits of claylike mineral which when given a certain chemical treatment produces an adsorbent material of the utmost power for use in decolorizing and otherwise refining and purifying all kinds of animal, vegetable, and mineral oils. It is necessary to treat all oils with this material by so-called contact methods because when finally manufactured it is a fine powder. This claylike mineral after being given a chemical treatment is much more powerful as an adsorbent and decolorizing material than either imported or domestic fuller's earth.

A great deal of time and effort and very large sums of money have been expended by certain domestic companies in developing these deposits and building plants for the production of this new adsorbent, and to-day large tonnage is being consumed in this country and some small quantities are being exported.

For a number of years similar products have been mined and manufactured into adsorbents in Germany principally. Before the war some small importations of these products were made. The domestic industry was started in a commercial way in about 1921 and 1922, and has grown to substantial volume since that time. It called for a great deal of pioneering and great sales effort to introduce this material into the refining industries, for the reason that because of it being a manufactured product it had to be offered at prices much higher than those prevailing for the cheaper and less efficient materials. This effort has cost many hundreds of thousands of dollars, with the result that to-day the domestic activated adsorbent is established and a very definite demand has been created for it.

In the last three or four years, taking advantage of the pioneering and value of the domestic product as an adsorbent, importers of similar products have been offered the imported article in direct competition with the domestic. The importations have been small but are rapidly increasing, a number of large refiners investigating the foreign article in comparison with the domestic, and some consumers of the domestic article have been lost to the American producers.

The price on the domestic manufactured adsorbent material has been ranging around $60 per ton f. o. b. points of origin on the Pacific coast. The imported product is being offered ex dock port of entry, freight and duty paid, at prices somewhat less.

Paragraph 207 of the tariff of 1922 provides duties, among others, as follows:

Clays, crude, unwrought or unmanufactured, not specially provided for, $1 per ton.

Clays, wrought or manufactured, not specially provided for, $2 per ton.

Fuller's earth, unwrought or unmanufactured, $1.50 per ton.

Fuller's earth, wrought or manufactured, $3.25 per ton.

I find upon examination of the records in the Department of Commerce that the average value (foreign) per ton of clays, crude n. s. p. f., is $11 plus. The import classification of this commodity is 53098, and that during the period from January 1, 1928, to May 1, 1929, 47,241 tons were imported into the United States.

I also find from the same records that the average value (foreign) per ton of clays, wrought or manufactured, n. s. p. f., is $15 plus per ton, and that during the same period 3,506 tons were imported. The import classification on this commodity is 53099.

I also find from the same records that the average value (foreign) of fuller's earth, unwrought, is $14 plus per ton and that during the same period 302 tons,

approximately, were imported. The import classification on this commodity is 53090.

I also find that the average value (foreign) per ton of fuller's earth, wrought or manufactured, is $15 plus per ton and that during the same period 7,741 tons, approximately, were imported. The import classification of this commodity is 53094.

I find that under import classification 53098, in addition to the above, there were 3 tons of a commodity which, judging from the price, is apparently an activated adsorbent imported, and that the average value per ton of this commodity under this class is $62.30 and that a duty of $1 per ton was assessed.

I find that under import classification 53099, in addition to the other importations under this class, that there were 13 tons imported, which, judging from the price, are presumably activated adsorbents, and that the average price per ton was $51.40, on which a duty of $2 a ton was assessed.

I find under import classification 53090 that during the same period 149 tons, approximately, were imported, which, judging from the price, are presumably activated adsorbents, and that the average value per ton was $46.61, on which a duty of $1.50 was assessed.

I also find under import classification 53094 that in addition to the other importations under this class there were 901 tons imported, which judging from the price are presumably activated adsorbents, and that the average value per ton was $55.30, on which a duty of $3.25 per ton was assessed.

I also attach sheets showing the importations under these four classifications during the period mentioned, January 1, 1928, to May 1, 1929, as taken from the records; also a sheet itemizing of doubtful classification which may possibly have been activated earths because their foreign value ranges in value considerably above the value of the classes under which these commodities were imported.

Because of the fact that the deposits in this country lie principally in the States of California, Arizona, and Nevada, and the greater part of the animal, vegetable, and mineral oil refineries are located in the central and eastern parts of the United States, the freight rates from the sources of origin and the points of manufacture are high in comparison to the freight rate on the imported article, which is $3.50 per ton. In fact, the average freight rate on the domestic product is considerably in excess of the combined freight and import duty on the foreign product.

Commodities ordinarily imported under classifications 53098, crude clays n. s. p. f. and 53099, clays wrought or manufactured n. s. p. f., would not be competitive in any sense with either fuller's earth unwrought or fuller's earth manufactured or with either the foreign or domestic activated materials.

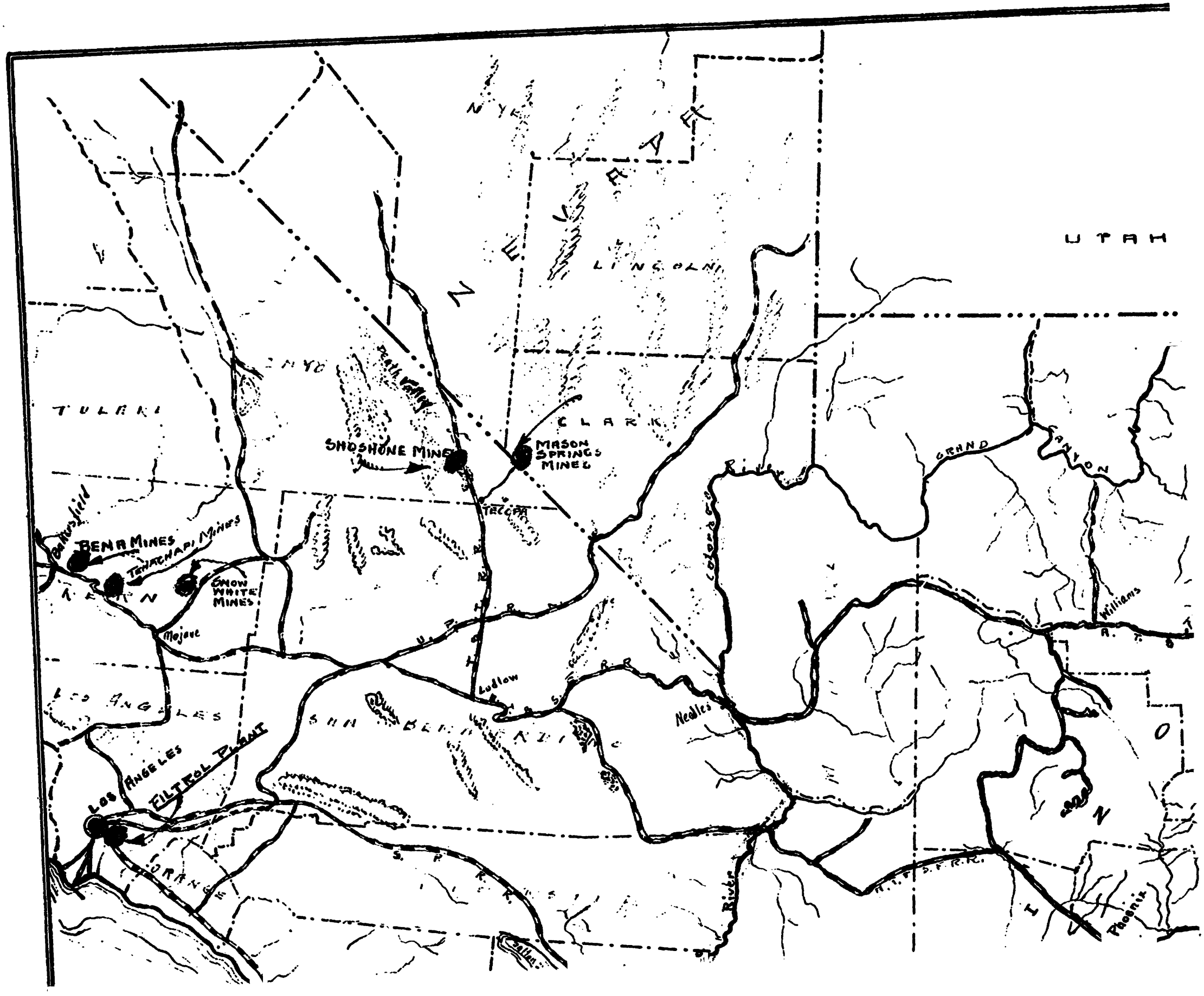
The domestic chemically activated adsorbents have, generally speaking, an efficiency in the ratio of 1 ton to 3 tons of fuller's earth. The manufacture last year of the activated adsorbent in this country was slightly in excess of 10,000 tons. The mining and sale of fuller's earth is approximately 300,000 tons per year. The manufactured product, however, does not displace fuller's earth in the above ratio entirely for the reason that, being more powerful, certain refinements in processes have been perfected and results and economies made possible with the manufactured product which are not possible with fuller's earth. Therefore, a place in the industries affected has been found for products of this kind, aside from their general use as decolorizers as compared to fuller's earth.

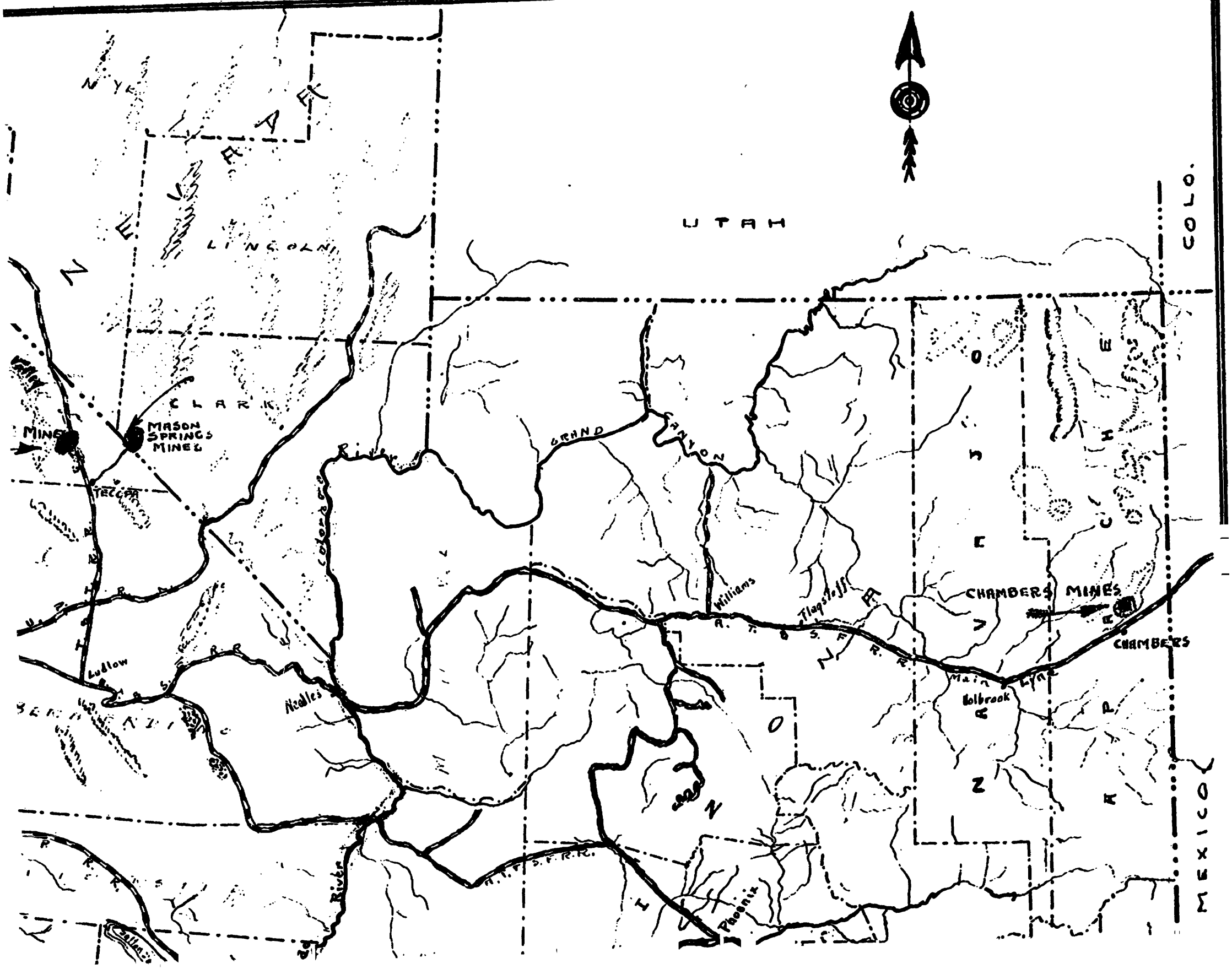
As to the classification of the manufactured or treated adsorbent, I respectfully call your attention to the following facts:

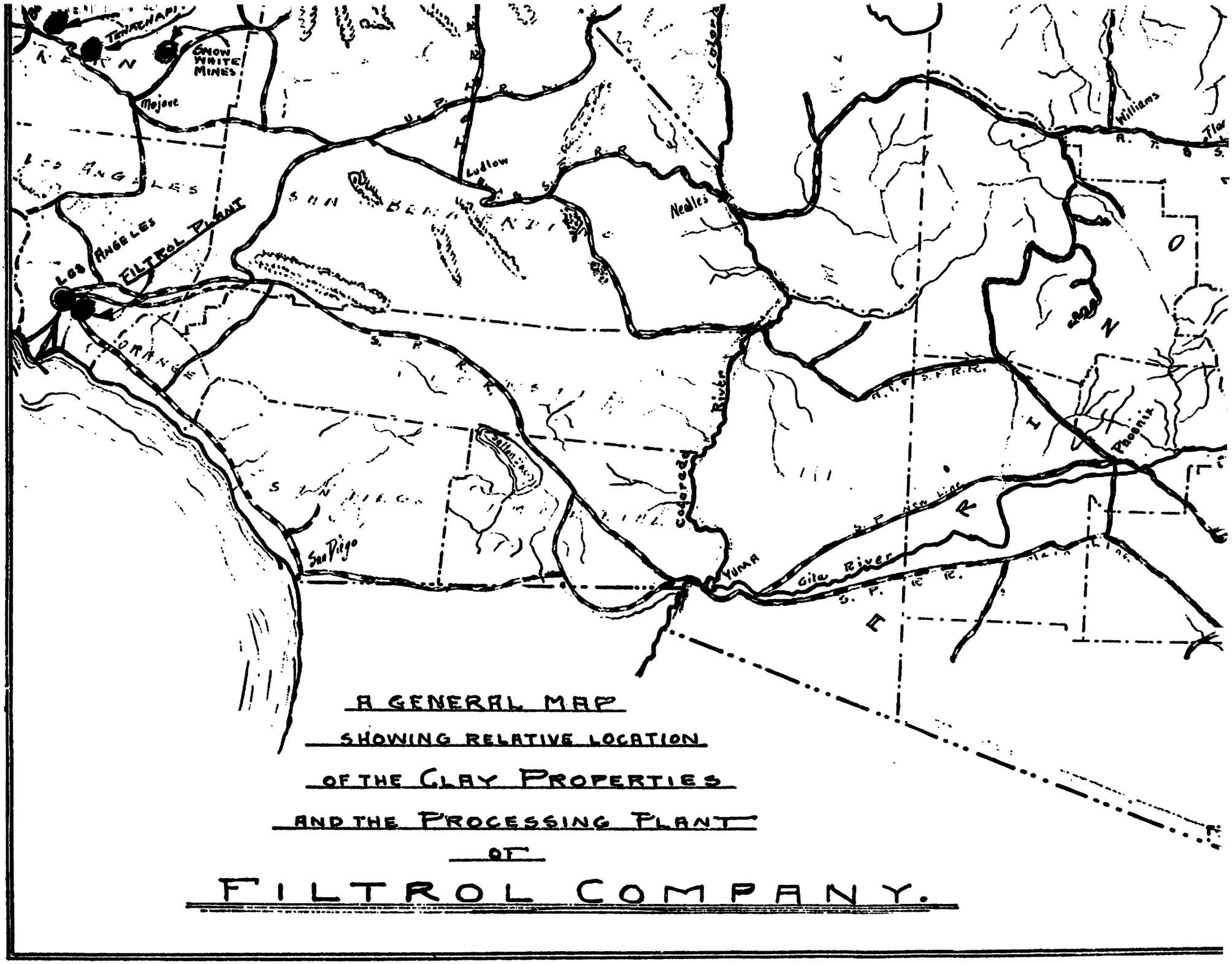
The mineralogy of fuller's earth as described by Hatly and others is argile, smectique, smectis, fuller's earth, walkererde, la terre a foulon, earth of Sardinia, cimolite, etc., but all of these materials have a general classification as principally hydrous aluminum silicates, hydrous magnesium aluminum silicates or hydrous calcium magnesium aluminum silicates.

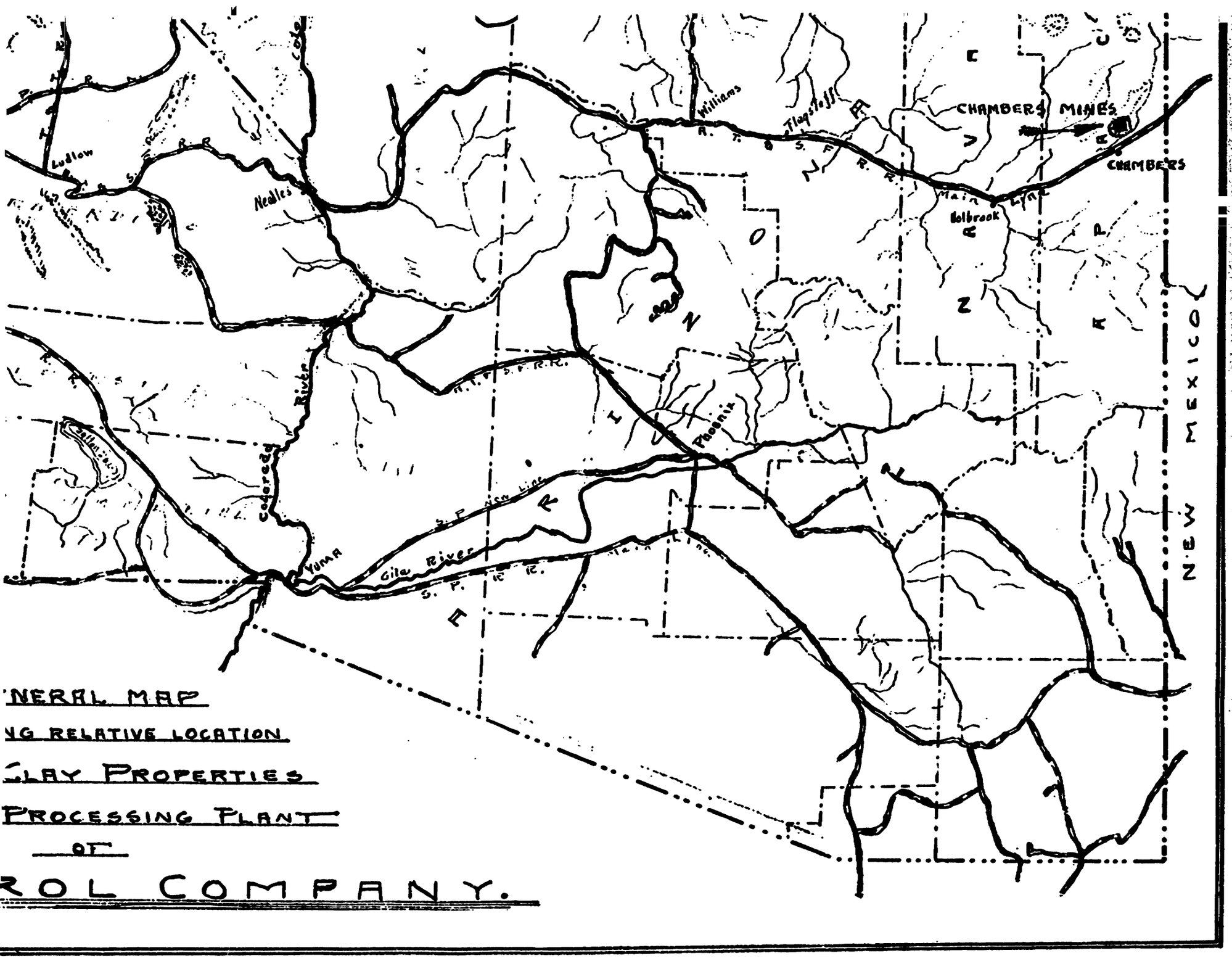
Fuller's earth is a natural adsorbent and is not treated in any manner to increase its efficiency. In fact it does not respond to any known treatment. This should not then be confused with classification 53094, fuller's earth wrought or manufactured. This does not mean a chemical treatment but merely a washing and drying and classification as to fineness.

The deposits in the western part of this country have the same general classification, but it is to be particularly noted that in their natural state they do not have any adsorptive properties. They do not even compare with fuller's


NYE
NEVADA
LINCOLN
UTAH
TULARE
CLARK
SHOSHONE MINE
MASON SPRINGS MINES
GRAND CANYON
RIVER
BENR MINES
TEHACHAPI MINES
SNOW WHITE MINES
Mojave
TEHACHAPI
Colorado
Williams
Ludlow
Needles
LOS ANGELES
SAN BERNARDINO
LOS ANGELES
FILTROL PLANT
ORANGE
Riverside
Phoenix
Salton


NEVADA
LINCOLN
CLARK
UTAH
COLO.
ARIZONA
MEXICO
MASON SPRINGS MINES
MINES
TECOPA
Ludlow
Needles
Colorado River
GRAND CANYON
Williams
Flagstaff
A. T. & S. F. R. R.
CHAMBERS MINES
CHAMBERS
Holbrook
Phoenix
Gallup


Tehachapi
Snow White Mines
Mojave
Ludlow
Needles
Williams
Los Angeles
Filtrol Plant
Los Angeles
Orange
San Diego
Colorado River
Yuma
Gila River
Phoenix
S. P. New Line
A GENERAL MAP
SHOWING RELATIVE LOCATION
OF THE CLAY PROPERTIES
AND THE PROCESSING PLANT
OF
FILTROL COMPANY.



'NERAL MAP

NG RELATIVE LOCATION

CLAY PROPERTIES

PROCESSING PLANT

OF

ROL COMPANY.

earth. They must therefore be given a chemical treatment to bring out these properties. In other words, nature has activated fuller's earth. It is impossible to improve the work of nature on fuller's earth by any chemical treatment known. On the other hand nature has failed to activate the raw material which we have discovered can be activated and given a property similar to that of fuller's earth but much more powerful. Our contention is then that these products should not be classified as clays crude n. s. p. f. or clays wrought or manufactured n. s. p. f. or fuller's earth unwrought or fuller's earth wrought or manufactured, but that they should be given an entirely new classification and a duty assessed against them in proportion to their value. There has been a duty on unwrought as well as wrought fuller's earth as a protection for the domestic producer for some years. Also varying classes of clay materials have been protected by an import duty, and we therefore ask that a sufficient duty be assessed against these new commodities which will be sufficient to protect a new and developing industry so that valuable deposits in this country may be utilized and turned into materials of very considerable industrial value.

The importers of the foreign commodity have been very active in the last few months, and, while the importations up to the present have been small, there is every evidence that unless a proper duty is assessed they will increase very materially, and certain concerns who have been interested in the domestic commodity are planning on importing large quantities, one refiner particularly planning on bringing in as much as 200 tons a month.

The copyrighted brand name of one of the principal domestic manufactured activated adsorbents is Filtrol, manufactured by the Filtrol Co. of California, at Los Angeles, Calif. There are some other concerns engaged in the same line and others undoubtedly planning on entering the same line. The brands of some of the imported manufactured adsorbents are Tonsil, Frankonit, Terrana, Alsil, Top Notch, Diamond, Burg, and others.

Attached hereto is a map showing the deposits belonging to the Filtrol Co. of California. I also attach a description of one group of deposits owned by this same company. I also attach some letters from some of the steamship companies showing the freight rate from the Pacific coast to the Atlantic coast and Gulf coast ports. I also attach a letter from Helpling and Campbell, Los Angeles traffic managers, showing some of the all-rail rates from Los Angeles to various points in the United States. I also attach a statement of the secretary of the Filtrol Co. as to the cost of manufacturing a ton of Filtrol during the year of 1928.

May we respectfully, then, ask your consideration for a new classification covering commodities of this character and that this classification be made to cover somewhat as follows:

Hydrous aluminum silicates, hydrous magnesium aluminum silicates, hydrous alcium magnesium aluminum silicates, chemically treated with acid or other activating materials so as to produce an activated adsorbent to be used as a decolorizer, purifier, and refining material for the treatment of all kinds of animal, vegetable, and mineral oils, and in addition that a duty be assessed upon roducts of this character commensurate with their economic value.

A product somewhat similar in general has been manufactured in this country for some time as well as in foreign countries and the industry has been protected by a duty. I am referring to activated carbons so-called which are carons produced by chemical treatment of materials such as coconut shells. The uty on activated carbons in the present tariff is 20 per cent ad valorem. In the ariff under consideration it has been advanced to 45 per cent ad valorem. ight I suggest that on activated adsorbent materials made from claylike minrals that you consider a duty of 40 per cent ad valorem?

Unless some such new classification is made and some such duty imposed on the importation of these commodities from foreign countries not only is he further development of a very important industry in this country employng large sums of money and many people going to be materially curtailed, but lso it is our belief that they will interfere with and greatly restrict the mining nd use of domestic fuller's earth.

Respectfully submitted.

FILTROL CO. OF CALIFORNIA,
By W. S. BAYLIS, *Vice President*.

Record of imports January 1, 1928 to April 30, 1929

	Fuller's earth unwrought	Fuller's earth manufactured	Crude clays n. s. p. f.	Clays wrought or manufactured n. s. p. f.
1. Number of import classification	53090	53094	53098	53099
2. Total tonnage imported exclusive of that considered as activated earth	302	7,741	47,241	3,698
3. Total valuation of above	$4,423	$119,855	$514,600	$52,290
4. Average value (foreign) per ton	$14 plus	$15 plus	$11 plus	$15.10
5. Tonnage of imports which are obviously improperly classified thereunder and which imports presumably are activated earths because of the higher prices	149	901	3	12
6. Total value of tonnage under (5)	$6,963	$49,841	$187	$809
7. Average value per ton	$46.61	$55.30	$62.30	$51.40
8. Duty paid per ton	$1.50	$3.25	$1	$2

Class 53089—Clays, crude, n. s. p. f.

Date	Origin	Entry	Tons	Value at foreign port	Value per ton	Duty paid per ton
1928						
April	Miscellaneous	Miscellaneous	2,695	$25,420	$9+	$1
May	do	do	4,731	47,540	10+	1
June	do	do	4,204	36,580	8+	1
July	do	do	4,126	37,358	9+	1
August	Canada	do	43	217	5+	1
Do	England	San Francisco	50	424	8	1
Do	do	Los Angeles	229	1,930	8+	1
Do	do	Philadelphia	2,832	29,797	10+	1
Do	do	Maine	109	1,103	10+	1
Do	Germany	Maryland	313	4,169	13+	1
Do	do	Philadelphia	809	4,016	5−	1
Do	do	New York	252	6,372	22+	1
September	Miscellaneous	Miscellaneous	5,960	57,177	9+	1
October	do	do	5,463	44,518		1
November	do	do	2,181	18,447	8+	1
December	do	do	2,679	30,107	11+	1
1929						
January	do	do	3,262	29,775	11+	1
February	England	Philadelphia	2,274	24,535	10+	1
Do	do	New York	15	75	5	1
Do	Germany	Maryland	421	54,068	13	1
Do	do	Philadelphia	246	1,138	5	1
Do	do	New York	91	1,112	12	1
Do	France	do	2	50	25	1
March	England	Virginia	1,049	5,942	5+	1
Do	do	Philadelphia	948	8,867	9+	1
Do	do	Maine	306	3,443	11	1
Do	Germany	Maryland	272	3,525	13+	1
Do	do	Philadelphia	751	3,290	4+	1
Do	do	New York	22	555	25+	1
April	Miscellaneous	Miscellaneous	1,706	13,024	8	1
			47,241	514,600	12.1	

On account of price presumably activated. Bleaching earths imported under class 53098, or crude clays, n. s. p. f.

Date	Origin	Entry	Tons	Value at foreign port	Value per ton	Duty per ton
1929						
February	Canada	Rochester	2	$87.00	$43.50	$1.00
March	Yugoslavia	Chicago	1	100.00	100.00	1.00
			3	187.00	62.3	

Class 53099—Clays wrought or manufactured, n. s. p. f.

Date	Origin	Entry	Tons	Value at foreign port	Value per ton	Duty paid per ton
1928						
January	Miscellaneous	Miscellaneous	96	$1,032	$20+	
February	Germany	New York	62	1,286	20+	$2
Do	England	Maine	241	2,616	10+	2
Do	France	Chicago	1	27	27	2
March	Canada	Washington	1	25	25	2
Do	England	do	5	39	8−	2
Do	do	Maryland	16	178	11+	2
Do	Germany	New York	60	1,306	21+	2
April	do	do	68	1,566	23	2
Do	do	do	21	292	14	2
Do	do	(?)	45	888	19+	2
Do	France	(?)	10	190	19+	2
Do	England	(?)	3	23	8−	2
Do	Germany	(?)	1	23	23	2
Do	England	(?)	10	250	25	2
June	Canada	Washington	7	114	16	2
Do	Germany	New York	62	1,272	20+	2
July	Canada	Washington	10	86	8.60	2
Do	England	San Francisco	347	2,240	9+	2
Do	Germany	New York	43	846	19+	2
Do	France	Maryland	10	211	21+	2
August	Canada	Washington	25	289	11+	2
Do	do	Maine	1	16	16	2
Do	Germany	New York	17	245	14	2
September	Canada	Washington	8	151	19+	2
Do	do	Maine		6		2
Do	France	Maryland	30	557	18+	2
Do	Germany	New York	45	888	19+	2
October	Miscellaneous	Miscellaneous	81	1,660	8+	2
November	do	do	72	1,290	18+	2
December	Canada	Washington	7	122	17	2
Do	Germany	New York	59	1,345	22	2
1929						
January	Miscellaneous	Miscellaneous	331	4,849	14+	2
February	Germany	New York	33	739	22+	2
Do	Miscellaneous	Miscellaneous	174	2,642	15+	2
March	do	do	506	7,627	15+	2
April	Canada	Washington	38	438	12	2
Do	Germany	New York	30	697	23+	2
Do	France	Maryland	930	13,268	14+	2
			3,506	53,239	15.10	

On account of price presumably activated bleaching earth imported under class 53099, clays wrought or manufactured, n. s. p. f.

Date	Origin	Entry	Tons	Value at foreign port	Value per ton	Duty paid per ton
1928						
January	Germany	New York	5	$292	$58.40	$2
Do	England	Philadelphia	5	203	40+	2
August	Germany	Ohio	1	51	51	2
September	England	New York	1	37	37	2
1929						
April	Germany	Maryland	1	86	86	2
			13	669	51.4	

Class 53090—Unwrought or unmanufactured fuller's earth

Date	Origin	Entry	Tons	Value at foreign port	Value per ton	Duty paid per ton
1928						
March	England	Washington	2	$16	$8	$1.50
Do	do	New York	15	156	10+	1.50
May	do	(?)	25	337	13+	1.50
July	do	New York	25	339	13+	1.50
August	do	do	110	1,588	14+	1.50
September	do	do	20	269	13+	1.50
November	Germany	Philadelphia	33	640	19+	1.50
December	England	New York	5	83	17+	1.50
1929						
January	France	Philadelphia	1	12	12	1.50
March	Japan	Washington	1	48	48	1.50
Do	England	New York	45	602	13+	1.50
April	do	do	20	335	16+	1.50
			302	4,423	14+	

On account of price presumably activated bleaching earth imported under class 53090 as unwrought or unmanufactured fuller's earth

Date	Origin	Entry	Tons	Value at foreign port	Value per ton	Duty paid per ton
1928						
March	England	Maryland	1	$58	$58	$1.50
Do	Germany	New Orleans	1	65	65	1.50
Do	do	New York	3	138	46	1.50
April	do	do	10	652	65+	1.50
May	England	(?)	1	56	56	1.50
August	Germany	New York	25	1,174	47	1.50
October	do	do	5	334	66.8	1.50
December	do	do	5	219	43+	1.50
1929						
March	do	Philadelphia	98	4,267	46.3	1.50
			149	6,963	46.61	

Class 53094—Manufactured fuller's earth

Date	Origin	Entry	Tons	Value at foreign port	Value per ton	Duty paid per ton
1928						
January	England	Oregon	30	$541.00	$18+	$3.25
Do	do	Philadelphia	20	230.00	11.50	3.25
Do	do	Maryland	25	377.00	15+	3.25
Do	do	New Orleans	245	3,521.00	11+	3.25
Do	Germany	New York	1	19.00	19	3.25
Do	England	do	110	840.00	7.60	3.25
February	do	do	45	703.00	15+	3.25
Do	do	New Orleans	30	490.00	16	3.25
Do	do	San Francisco	20	333.00	16+	3.25
Do	do	Los Angeles	90	1,443.00	16+	3.25
March	do	San Francisco	55	1,302.00	23+	3.25
Do	do	Los Angeles	35	592.00	17+	3.25
Do	do	New York	75	1,233.00	16.4	3.25
Do	do	Massachusetts	40	605.00	15	3.25
Do	do	Philadelphia	20	236.00	11.8+	3.25
Do	do	New Orleans	430	6,594.00	15.3+	3.25
Do	do	Galveston	60	750.00	11.9	3.25
April	do	New York	51	826.00	16+	3.25
Do	do	New Orleans	510	4,535.00	16+	3.25
Do	do	Virginia	25	273.00	10+	3.25
Do	do	Philadelphia	20	236.00	11+	3.25
Do	do	Massachusetts	60	906.00	15+	3.25

Class 5309¼—Manufactured fuller's earth—Continued

Date	Origin	Entry	Tons	Value at foreign port	Value per ton	Duty paid per ton
1929						
May	England	(?)	25	$294.00	$11+	$3.25
Do	do	(?)	215	3,172.00	14+	3.25
Do	do		130	2,080.00	16+	3.25
Do	do	(?)	20	344.00	17+	3.25
Do	do	(?)	55	902.00	16+	3.25
Do	do	(?)	40	605.00	15+	3.25
Do	do	(?)	30	541.00	18	3.25
Do	do	(?)	25	320.00	12+	3.25
June	Canada	Chicago	25	273.00	10+	3.25
Do	England	Oregon	20	360.00	18	3.25
Do	do	Philadelphia	20	236.00	11+	3.25
Do	do	New York	65	910.00	14	3.25
July	Canada	Buffalo	25	175.00	7	3.25
Do	England	Washington	55	840.00	15+	3.25
Do	do	San Francisco	20	156.00	7+	3.25
Do	do	Los Angeles	35	596.00	17	3.25
Do	do	Philadelphia	50	642.00	12	3.25
August	do	Galveston	25	295.00	11+	3.25
Do	do	New Orleans	30	453.00	15+	3.25
Do	do	Philadelphia	20	246.00	12+	3.25
Do	do	New York	130	1,751.00	13+	3.25
Do	do	Massachusetts	70	1,058.00	16+	3.25
September	do	San Francisco	70	1,112.00	16	3.25
Do	do	Los Angeles	75	1,262.00	16+	3.25
Do	do	New Orleans	220	3,251.00	14+	3.25
Do	do	New York	30	422.00	14+	3.25
October	do	New Orleans	605	9,339.00	15+	3.25
Do	do	Philadelphia	60	719.00	12	3.25
Do	do	New York	125	1,897.00	15+	3.25
Do	do	Massachusetts	25	377.00	15+	3.25
November	do	Los Angeles	70	1,193.00	17	3.25
Do	do	Galveston	80	1,246.00	15+	3.25
Do	do	New Orleans	50	818.00	16+	3.25
Do	do	Philadelphia	20	245.00	12+	3.25
Do	do	New York	140	2,146.00	15	3.25
Do	do	Massachusetts	40	605.00	15	3.25
Do	Germany	New York	749	16,376.00	21	3.25
December	England	Galveston	50	701.00	14	3.25
Do	do	New Orleans	85	1,360.00	16	3.25
Do	do	Philadelphia	20	236.00	11+	3.25
Do	do	New York	120	1,833.00	15	3.25
Do	do	Massachusetts	25	296.00	11+	3.25
1929						
January	do	San Francisco	40	592.00	14.8	3.25
Do	do	Los Angeles	103	1,717.00	16	3.25
Do	do	New Orleans	120	1,865.00	15	3.25
Do	do	Philadelphia	20	236.00	16	3.25
Do	Germany	New York	141	2,051.00	14.7	3.25
Do	do	New Orleans	85	1,393.00	16.3	3.25
Do	France	Philadelphia	1	10.00	10	3.25
February	England	San Francisco	30	515.00	17.2	3.25
Do	do	New Orleans	103	1,663.00	15+	3.25
Do	do	Philadelphia	85	1,035.00	12.1	3.25
Do	do	Massachusetts	40	605.00	15.1	3.25
March	do	San Francisco	5	83.00	16+	3.25
Do	do	New Orleans	530	8,187.00	15+	3.25
Do	do	Philadelphia	40	436.00	10+	3.25
Do	do	New York	135	1,992.00	14+	3.25
Do	do	Massachusetts	45	691.00	15+	3.25
April	do	New Orleans	51	835.00	16+	3.25
Do	do	Philadelphia	20	236.00	12	3.25
Do	do	New York	205	2,898.00	14+	3.25
			7,741	119,855.00	15+	

On account of price presumably activated bleaching earth imported under class 53094, as manufactured fuller's earth

Date	Origin	Entry	Tons	Value at foreign port	Value per ton	Duty paid per ton
1928						
January	Germany	New Orleans	2	$156.00	$78.00	$3.25
February	do	New York	15	685.00	45+	3.25
Do	do	Galveston	18	801.00	44+	3.25
March	do	Massachusetts	20	914.00	45.7+	3.25
Do	do	Philadelphia	20	784.00	39+	3.25
Do	do	New York	5	267.00	53.4+	3.25
May	do	do	1	58.00	58	3.25
Do	do	do	10	655.00	65.5	3.25
Do	do	do	53	9,842.00	186	3.25
June	do	New Orleans	20	790.00	39+	3.25
Do	do	Philadelphia	20	993.00	49+	3.25
July	do	New Orleans	3	145.00	48	3.25
Do	do	Georgia	3	169.00	56	3.25
Do	do	New York	15	682.00	45+	3.25
August	do	New Orleans	78	3,614.00	47.6+	3.25
Do	do	Philadelphia	30	1,343.00	44.7+	3.25
September	do	New York	15	682.00	45+	3.25
October	do	do	44	2,043.00	46+	3.25
November	do	New Orleans	25	1,023.00	41	3.25
Do	do	Georgia	5	212.00	42	3.25
Do	do	Florida	4	247.00	62	3.25
December	do	New Orleans	19	1,000.00	52.6	3.25
Do	do	South Carolina	9	421.00	46.7	3.25
Do	do	Philadelphia	20	853.00	42.6	3.25
Do	do	New York	45	2,148.00	47.7	3.25
Do	do	Massachusetts	2	92.00	46	3.25
1929						
January	do	New York	15	717.00	47.8	3.25
February	England	do	66	3,206.00	48.5	3.25
Do	Germany	Ohio	34	1,671.00	49	3.25
Do	do	New Orleans	49	2,212.00	47.2	3.25
Do	do	South Carolina	9	437.00	48.5	3.25
Do	do	Maryland	19	839.00	44	3.25
Do	do	New York	30	1,434.00	47.8	3.25
March	do	San Antonio	1	60.00	60	3.25
Do	do	New York	29	1,429.00	49+	3.25
April	do	Maryland	29	1,320.00	46	3.25
Do	do	New York	103	5,025.00	48.7	3.25
Do	do	Massachusetts	16	872.00	54.5	3.25
			901	49,841.00	55.3	

Items of doubtful classification which are suspected to be possibly activated earths

CLASS 53090, UNWROUGHT FULLER'S EARTH

Date	Origin	Entry	Tons	Value	Value per ton
March, 1929	Japan	Washington	1	$48	$48

CLASS 53094, MANUFACTURED FULLER'S EARTH

November, 1928	Germany	New York	749	$16,376	$21

CLASS 53098, CRUDE CLAYS, N. S. P. F.

August, 1928	Germany	New York	252	$6,372	$22+
February, 1929	France	do	2	50	25
March, 1929	Germany	do	22	555	25

CLASS 53099, CLAYS MANUFACTURED, N. S. P. F.

February, 1928	Germany	New York	62	$1,286	$20+
Do	France	Chicago	1	27	27+
May, 1928	England	United States	10	250	25
December, 1928	Germany	New York	59	1,345	22
February, 1929	do	do	33	739	22+
April, 1929	do	do	30	697	23+

Importations of fuller's earth and German clays as taken from the records of the Oil, Paint, and Drug Reporter June 8, 1929

Date	Port	Consignee	Origin	Quantity
June 8	New York	Salomon	London	90,000 pounds fuller's earth.
May 27	do	do	Bristol	100,000 pounds fuller's earth.
May 20	New Orleans	National Cotton Seed Products Corporation.	Bremen	50 bags clay.
Do	do	Swift & Co	do	5 bags clay.
Do	do	Gulf & Valley Cotton Oil Co.	do	Do.
May 17	None			
May 13	Seattle	Balfour, Guthrie & Co	London	300 bags fuller's earth.
Apr. 29	New York	Salomon	Bristol	55,000 pounds fuller's earth.
Do	do	C. B. Chrystal & Co	London	Do.
Apr. 15	do	Salomon	do	240,000 pounds fuller's earth.
Do	do	do	Hamburg	1,050 bags clay.
Do	do	E. V. Berner & Co	do	200 bags clay.
Apr. 8	do	Salomon	London	50,000 pounds fuller's earth.
Do	New Orleans	F. K. Higbie	do	510 bags fuller's earth.
Apr. 1	New York	Strahl & Pitsch	Bremerhaven	100 bags clay.
Do	do	Salomon	Bristol	120,000 pounds fuller's earth.
Do	do	do	London	130,000 pounds fuller's earth.
Do	do	C. B. Chrystal Co. (Inc.)	do	140,400 pounds fuller's earth.
Do	do	Central Union Tr. Co	Hamburg	33,069 pounds clay (150 bags).
Do	Seattle	S. Holmes Drug Co	Osaka	21 bags fuller's earth.

Imports, manufactured or wrought fuller's earth

	Long tons	Per ton [1]	Actual or computed advalorem rate
			Per cent
1919	12,054	$15.38	9.75
1920	15,022	12.94	11.59
1921	8,269	13.70	10.95
January to September, 1922	5,562	14.12	10.63
September to December, 1922	3,338	14.93	21.77
1922	7,058	14.98	21.70
1924	6,255	14.24	22.81
1925	6,904	15.60	20.83
1926	7,982	15.21	21.37
1927	6,277	16.50	19.69
1928	6,463	19.39	16.76

[1] Value at foreign port of purchase.

Duty=$3.25 per ton.

Imports, unwrought fuller's earth

Year	Long tons	Price	Computed or actual advalorem
			Per cent
1919	333	$12.92	5.8
1920	1,355	14.41	5.1
1921	431	14.32	5.2
January to September, 1922	268	12.74	5.8
September to December, 1922	274	14.59	10.28
1923	573	14.40	10.42
1924	264	12.82	11.70
1925	192	13.64	11.00
1926	141	16.24	9.24
1927	491	11.57	12.97
1928	316	21.23	7.06

Duty=$1.50 per ton.

Unwrought fuller's earth, United States production

[From Department of Commerce, Bureau of Statistics]

Year	Quantity	Value per ton	Year	Quantity	Value per ton
1919	106,145	$18.83	1924	177,964	$14.70
1920	128,487	19.51	1925	206,574	14.15
1921	105,000	18.69	1926	234,152	14.53
1922	138,900	16.48	1927	264,478	14.24
1923	140,100	15.07			

Imports entered for consumption in the United States during the calendar years 1926 and 1927

	Fullers' earth, unwrought and unmanufactured		Fuller's earth, wrought or manufactured	
	Tons	Value	Tons	Value
1926	141	$2,290	7,962	$121,384
1927	491	5,679	6,277	103,602
Quarter ending March, 1928	22	433	1,411	22,671
Quarter ending June, 1928	66	1,631	1,240	20,554
Quarter ending September, 1928	180	3,370	1,375	24,742
Quarter ending December, 1928	48	1,276	2,434	47,328
Quarter ending March, 1929	145	4,929	1,775	35,067
April, 1929	20	335	424	11,186

FILTROL CO., LOS ANGELES, TEHACHAPI GROUP

Location: In Kearn County, Calif.

Legal description: All of section 34, township 31 south, range 34 east, Mount Diablo meridian; all of section 2, township 32 south, range 34 east, Mount Diablo meridian.

Area: 1,280 acres.

Railroad connection: About 6 miles northerly from Eric, a siding on the main line of Southern Pacific Railway Co.

Approximate elevation: About 5,000 feet.

Estimated tonnage: Over 3,000,000 tons.

Production to date: 3,000 tons.

Improvements: Open cuts, quarry facings, and ore roads.

Clay deposit occurs in tilted bedding planes with a very uniform thickness of 6 to 7 feet, which is unbroken over a large area, except for slight [illegible] faultings. The tonnage has been variously estimated at from 1,500,000 to 5,000,000 tons, but sufficient development work has not yet been performed on the property to arrive at a definite tonnage measurement, although this company bases the value of the property on an estimate of not less than 3,000,000 tons of a marketable clay of the filtering and decolorizing type.

FILTROL CO.,
Los Angeles, Calif., December 31, 1928.

I, T. L. Henderson, secretary of the above-named company, do hereby certify that the attached statement covering the production cost of $44.89 per ton for the manufacture of filtrol during the period beginning January 1, 1928, and ending December 31, 1928, is a true and correct statement, as recorded in the books of the company.

T. L. HENDERSON.

Detail of operations, manufacturing

Clay used	$145,502.37	
Clay used (charged off)	49,010.06	
Acid used	49,802.08	
		$244,314.51
Sacks used:		
Burlap	1,215.15	
Paper	17,922.73	
		19,137.88
Supplies:		
Plant	1,577.73	
Laboratory	1,880.23	
		3,457.96
Labor:		
Plant	47,152.47	
Laboratory	9,409.73	
		56,562.20
Repairs	17,527.15	
Fuel	11,466.07	
Power	5,757.18	
Light	968.28	
Rent	1,525.00	
Taxes	1,885.62	
Packer rent	420.00	
Liability insurance	2,009.73	
Water	1,550.39	
Miscellaneous operation	872.71	
		43,982.13
Total		367,454.68
Less charge offs		49,010.06
		318,444.62
Ton cost, regular		32.11
Administration cost	24,520.15	
Ton cost		2.47
Selling cost	28,229.37	
Ton cost		2.84
Depreciation cost	23,411.96	
Ton cost		2.36
Interest cost	1,644.15	
Ton cost		.17
		39.95
Material charge off	49,010.06	
Ton cost		4.94
Filtrol actual cost per ton, year 1928		44.89

O. T. HELPING–P. H. CAMPBELL,
Los Angeles, April 8, 1929.

FILTROL CO. OF CALIFORNIA,
Los Angeles, Calif.

GENTLEMEN: "Rates on filtrol from Los Angeles to points east via all rail lines." Item 1595, Transcontinental Freight Bureau, eastbound tariff No. 3-Y, provides carloads rates, minimum 80,000 pounds as follows:

To—		
Group A, B, C	cents per hundredweight	85
Group C-1	do	68
Group D, E, F, G, H, J	do	60
Group K, L, M	do	85

A general description of the territory covered by these groups is as follows:
A. Eastern part of New York, all New England States, eastern Canada, eastern part of Virginia and West Virginia, eastern part of Pennsylvania and points east of Pittsburgh and Buffalo, etc.

B. Western part of New York and Pennsylvania, eastern part of Ohio, western Canada, Pittsburgh, Buffalo, etc.

C. Western Ohio, eastern part of Indiana and part of Michigan, Cincinnati, Toledo, Detroit, Indianapolis, etc.

C-1. Western part of Indiana.

D, E, F, G, H, and J. All points, Chicago and west, including Mississippi River points and west, New Orleans, Memphis, Cairo, St. Louis, St. Paul, Kansas City, Denver, etc.

K. Parts of Florida, Georgia, North and South Carolina, Tennessee, and Virginia.

L. Parts of Alabama, Florida, Georgia, Kentucky, North Carolina, Tennessee, and Virginia.

M. Parts of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, Tennessee, Louisville, Mobile, etc.

Item 4530-A, Pacific Freight Tariff Bureau Tariff No. 26 N, provides rate of 27 cents per hundredweight minimum 80,000 pounds on clay from Chambers, Ariz., to Los Angeles.

In processing the crude clay into filtrol, there is a shrinkage of from 25 to 30 per cent account the moisture which is eliminated. This fact should be taken into consideration in figuring your cost of production.

Yours truly,

P. H. CAMPBELL.

AMERICAN-HAWAIIAN STEAMSHIP CO.,
Los Angeles, Calif., April 9, 1929.

The FILTROL CO. OF CALIFORNIA,
Los Angeles, Calif.

GENTLEMEN: Confirming our telephone conversation of this date, I wish to advise that the conference rate on filtrol eastbound from Los Angeles Harbor to North Atlantic ports of call in the United States is 0.33 cents per 100 pounds in carload lots, as per item No. 410, Eastbound Minimum Rate List No. 1.

Yours very truly,

STAFFORD HARLOW,
Assistant District Manager.

LUCKENBACH STEAMSHIP CO. (INC.),
Los Angeles, Calif., April 9, 1929.

The FILTROL CO., *Los Angeles, Calif.*

GENTLEMEN: In line with your recent inquiry, we are pleased to advise that the present carload rate on filtrol, in bags, from Los Angeles Harbor to New Orleans, Houston, and Mobile is 35 cents per 100 pounds, minimum carload weight 24,000 pounds.

Thanks for the inquiry, and if we may be of any further service, please advise.

Yours very truly,

A. W. SMITH,
Assistant General Freight Agent.

LUCKENBACH STEAMSHIP CO. (INC.),
Los Angeles, Calif., April 9, 1929.

The FILTROL CO., *Los Angeles, Calif.*

GENTLEMEN: In line with your recent inquiry, we are pleased to advise that the present carload rate on filtrol, in bags, from Los Angeles Harbor to New York, Philadelphia, and Boston is 33 cents per 100 pounds, minimum weight 24,000 pounds.

Thanks for the inquiry, and if we may be of any further service, please advise.

Yours very truly,

A. W. SMITH,
Assistant General Freight Agent.

FURTHER STATEMENT OF A. H. SALOMON, REPRESENTING L. A. SALOMON & BRO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You are appearing to discuss fuller's earth?

Mr. SALOMON. Fuller's earth and activated clays.

Senator EDGE. Paragraph 207. If you can present your views briefly, the committee will appreciate it.

Mr. SALOMON. It will not take very long.

The brief filed by ourselves and the Fred K. Higbie Supply Co., of Chicago, with the Ways and Means Committee shows that English fuller's earth, which constitutes the bulk of the importations, is not competitive, on a price basis, with domestic fuller's earth, and that importations are merely possible becasue of the superior quality of the imported product.

Bleaching clays, or activated clays, are a different product than fuller's earth. These clays in their natural state have a low bleaching value, but by acid washing their bleaching activity is greatly increased. The first bleaching clays were made in Germany, and some small importations were already made prior to the war. About nine years ago an American company, the Filtrol corporation, of Los Angeles, started to produce similar bleaching clays on the Pacific coast. As far as we know this is the only American company producing acid-treated clays at present.

There is absolutely no connection between activated clays and activated carbons. They are distinct products. Only certain types of clays can be used advantageously for making bleaching clays.

According to "Technical Publication No. 207," published by the American Institute of Mining and Metallurgical Engineers, New York City, of about 40 earths which have been tested only very few have been found to be suitable for acid treatment. On page 17 the report reads: "Of several clays tested, only montmerillanite, when acid treated, gave a product which had good bleaching action." This type of clay has only been found so far in the far West and Pacific coast, which localizes the production of American bleaching clays in this territory, although their principal market is east of the Rockies. German bleaching clays are not made from montmerillanite, but they are a distinct clay found in Bavaria. The Filtrol corporation, of Los Angeles, has, since its establishment, enjoyed a practical monopoly of this trade. Importations from Germany are relatively small. In 1928 and the first five months of this year the importations were about 1,000 tons.

Senator KING. In 1928?

Mr. SALOMON. In 1928 and the first five months of this year.

Senator KING. A thousand tons?

Mr. SALOMON. About a thousand tons. This quantity would still only represent about 10 per cent of the domestic production of 10,000 tons, which is already in the hands of one corporation.

We have been paying a duty of $3.25 on bleaching clay, which is the same rate applying to fuller's earth. As the present tariff does not make any special provision for bleaching clays, and the other types of clay provided for in the tariff have no relation to bleaching clays, the rate applying to fuller's earth is the only one available. The present price of German bleaching clays is $55 to $60 per ton, ex-dock.

Senator EDGE. Right there, the previous witness agreed with you that it was arbitrarily placed under this heading, and his desire is that it be reclassified.

Mr. SALOMON. I shall make the same request at the end of my argument. I think it would be better, to avoid confusion.

Senator EDGE. Are you also entering into the same request that the duty be raised from $3.25?

Mr. SALOMON. No. I am merely requesting that it be reclassified without changing the duty, merely to avoid confusion, because there has been some bleaching clay imported as powdered clay, paying a lower duty, which is manifestly unfair to the domestic producer as well as to the importer who classified rightly under the fuller's earth schedule.

The present price of German bleaching clays is $55 to $60 per ton, ex-dock.

Senator KING. Ex what?

Mr. SALOMON. Ex-dock. That means ex-dock at Atlantic ports, or Gulf ports. The freight rate is the same.

Senator KING. You mean at the port in the United States?

Mr. SALOMON. At port of entry. We understand that there have been some inferior brands of bleaching clays, usually mixtures of activated and powdered crude bleaching clays, offered at $40 to $45 per ton, but these are not comparable in quality to filtrol, which is considered the standard. As far as we know only small quantities of the cheap grades have been imported, nor do we believe that considerable quantities ever will be imported, as there is not sufficient difference between their bleaching activity and that of the ordinary types of fuller's earth, which is obtainable here at extremely low prices.

The process of making bleaching clays is largely mechanical and involves the employment of comparatively little, and mostly unskilled, labor. We doubt whether there is any considerable difference between the cost of crude clay here and abroad, nor in the cost of sulphuric acid and fuel, the only other raw materials used. The through freight from German factories to New York, plus the duty, is at least 50 per cent more than the freight from Los Angeles to New York. It seems likely that the relatively high price which American consumers have paid for American bleaching clays in the past was due largely to the monopoly which the one company in the field enjoyed for a good many years. If we bring over German bleaching clays at advantageous prices, the principal beneficiaries are the American manufacturers using them, in particular the petroleum refiners, who are by far the largest consumers, and depend on cheap raw materials for successful plant operation, to enable them to compete in foreign markets.

It would be manifestly unfair to make the oil industries of this country depend on one source of supply.

The House bill retained the present duty of $3.25 per ton on fuller's earth, and we petition your honorable committee that this rate be retained also in the Senate bill. Although fuller's earth and bleaching or activated clays are used for similar purposes, they are distinctly different products and should be considered as such for tariff purposes. We would recommend that a separate classification

be inserted in the tariff, and would suggest that paragraph 207 provide for activated or bleaching clays.

Senator EDGE. How is that? Let me write that down. What is it?

Mr. SALOMON. For activated or bleaching clays at $3.25 per ton. We consider this rate of duty sufficient to give ample protection to American industry, which, in this case, is only one producer.

Senator KING. I do not see any sense, if you will pardon me for so saying, in subdividing where you maintain the same duty, because you can deal with this other material to which you refer in some other paragraph, such as white chalks, or something that you mentioned a few moments ago.

Mr. SALOMON. That is not the point, Senator. There have been importations made of bleaching clays, and they have been classified as powdered clay, powdered clay paying a duty of only $2.50 a ton. It is unfair to us, as well as to the Filtrol Co., that some importers bring over bleaching clay at $2.50, and others pay $3.25 a ton.

Senator KING. Let us deal with powdered clay when we come to it.

Mr. SALOMON. Powdered clay is an entirely different proposition. This is entirely different from powdered clay and fuller's earth. It is a new product that was not in existence at the time of the last tariff.

Senator KING. If there is some menace by reason of powdered clay coming over at a lower rate of duty, let us deal with that in some other paragraph, or in this paragraph.

Mr. SALOMON. This commodity, by virtue of the similarity of its application, is much more closely related to fuller's earth than to clay. It has no relation to clay.

Senator KING. You call this bleaching clay. Is it used for bleaching cloth?

Mr. SALOMON. No, sir. This material is only used for bleaching oils, and its principal outlet is the petroleum industry, and bleachers of other oils, such as soap manufacturers, and the like—linseed oil, and industrial oils.

Senator KING. What chemical properties, or what chemical elements enter into this thing to make it different from other clays?

Mr. SALOMON. There are no chemical elements. It is the physical properties of the clay. There are a thousand different clays, and you can activate them, and you would not get what you get here. You can take fuller's earth, which is a strong bleach, and which has heretofore been used primarily for the same purpose; you can activate it, and you will not get the same results as if you took these special clays and activated them.

Senator KING. You use the word "activate," in a generic sense, to mean the washing by acid of the clay.

Mr. SALOMON. Yes, sir. It activates it and increases its bleaching activity.

Senator KING. It merely means that the hydrochloric acid——

Mr. SALOMON. It can be done with hydrochloric acid, and it has been done.

Senator KING. It gives to it more powerful qualities as a bleacher?

Mr. SALOMON. These particular bleaching clays are no good by themselves. They are only good after they have been activated.

Just one more paragraph. Neither the Filtrol Co., nor the American producers of fuller's earth appeared before the Ways and Means Committee, nor filed briefs, and we can only assume that they were satisfied with the present rate of duty.

(Mr. Salomon submitted the following brief:)

BRIEF OF L. A. SALOMON & BRO., NEW YORK CITY

The brief filed by ourselves and the Fred K. Higbie Supply Co., of Chicago, with the Ways and Means Committee shows that English fuller's earth, which constitutes the bulk of the importations, is not competitive on a price basis with domestic fuller's earth, and that importations are merely possible because of the superior quality of the imported product.

Activated and bleaching clays are a different product than fuller's earth. These clays in their natural state have a low bleaching value, but by acid washing their bleaching activity is greatly increased. The first bleaching clays were made in Germany, and some small importations were already made prior to the war. About nine years ago an American company, the Filtrol Corporation, of Los Angeles, started to produce similar bleaching clays on the Pacific coast. As far as we know, this is the only American company producing acid-treated clays at present.

There is absolutely no relation between activated clays and activated carbons. They are distinct products.

Only certain types of clays can be used advantageously for making bleaching clays. According to Technical Publication No. 207, published by the American Institute of Mining and Metallurgical Engineers, New York City, of about 40 earths which had been tested only very few have been found to be suitable for acid treatment. On page 17, the report reads: "Of several clays tested, only montmorillonite when acid treated gave a product which had good bleaching action." This type of clay has only been found so far in the far West and Pacific coast, which localizes the production of American bleaching clays to this territory, although their principal market is east of the Rockies.

German bleaching clays are not made from montmerillanite but from a special clay found in Bavaria.

The Filtrol Corporation, of Los Angeles, has since its establishment enjoyed a practical monopoly of this trade. The importations from Germany are relatively small and in 1928 and the first five months of 1929 together amounted to about 1,000 tons. This quantity only represents about 10 per cent of the domestic production of 10,000 tons which is all in the hands of one corporation. We have been paying a duty of $3.25 on bleaching clays which is the same rate applying to fuller's earth. As the present tariff does not make any special provision for bleaching clays and the other types of clay provided for in the tariff have no relation to bleaching clays the rate applying to fuller's earth is the only one available.

The present price of German bleaching clays is $55 to $60 per ton ex-dock Atlantic or Gulf ports. We understand that there have been some inferior brands of bleaching clay, usually mixtures of activated and powdered crude bleaching clays, offered at $40 to $45 per ton, but these are not comparable in quality to Filtrol, which is considered the standard. As far as we know, only small quantities of these cheap grades have been imported, nor do we believe that considerable quantities ever will be imported, as there is not sufficient difference between their bleaching activity and that of the ordinary types of fuller's earth, which is obtainable here at extremely low prices.

The process of making bleaching clays is largely mechanical and involves the employment of comparatively little and mostly unskilled labor. We doubt whether there is any considerable difference between the cost of crude clay here and abroad, nor in the cost of sulphuric acid and fuel, the only other raw materials used. The through freight from German factories to New York plus duty is at least 50 per cent more than the freight from Los Angeles to New York. It seems likely that the relatively high price which American consumers have paid for American bleaching clays in the past was due largely to the monopoly which the one company in the field enjoyed for a good many years. If we bring over German bleaching clays at advantageous prices, the principal beneficiaries are the American manufacturers using it, in particular the petroleum refiners, who are by far the largest consumers and depend on cheap raw materials for successful plant operation, and to enable them to compete in foreign markets. It would

be manifestly unfair to make the oil industries of this country depend on one source of supply.

The House bill retained the present duty of $3.25 per ton on fuller's earth and we respectfully petition your committee that this rate be retained also in the Senate bill. Although fuller's earth and activated or bleaching clays are used for similar purposes they are distinct products and should be considered as such for tariff purposes. We would recommend that a separate classification be inserted in the new tariff bill and would suggest that paragraph 207 provide also for "Activated or bleaching clays" at $3.25 per ton.

We consider this rate of duty sufficient and to give ample protection to American industry, which in this case is represented only by one producer.

Neither the Filtrol corporation nor the American producers of fuller's earth appeared before the Ways and Means Committee nor filed briefs and we can only assume that they were satisfied with the present rate of duty.

Respectfully submitted.

ADOLPH H. SALOMON
(For L. A. Salomon & Bros.).

CITY OF WASHINGTON,
District of Columbia, ss:

Subscribed and sworn to before me this 20th day of June, 1929.

[SEAL.] MARVIN A. TYLER, *Notary Public.*

AFFIDAVIT OF HARRY F. ABRAMS, MANAGER, VACUUM OIL CO., NEW YORK CITY

STATE OF NEW YORK,
County of New York, ss:

I, Harry F. Abrams, being duly sworn, depose and say:

That I am employed by the Vacuum Oil Co., a New York corporation. having its principal office at 61 Broadway, New York, as chairman of its manufacturing committee and as New York manager of the company's Olean, N. Y., refinery.

That the Vacuum Oil Co. at an expenditure of over $400,000 recently installed at its Olean refinery equipment for contacting of cylinder oils, based on representations that by use of a domestic decolorant said contacting process would prove considerably more efficient and economical than older methods.

That such equipment has been in operation for several months, and as a result of this operation it has been clearly demonstrated that the continued use of the equipment in connection with the domestic diecolorant would not be justified because uneconomical.

That it has been found, however, that by using in connection with the equipment an imported bleaching earth or decolorant which originates in Germany an appreciable reduction in operation costs can be realized over those obtained from the use of the domestic product, which fact makes it very probable that the equipment used in conjunction with the German product could not only be operated profitably but also in a manner to justify the large expenditure; that this belief is predicated on the fact that the imported material is available at a laid-down cost lower than the laid-down cost of the domestic product in addition to which a commercial test run shows the imported material to be more efficient than the domestic product.

That any increase in the cost of the imported material will, therefore, affect adversely the operation of such equipment and may result in the necessity of shutting down the equipment referred to.

HARRY F. ABRAMS.

Sworn to before me this 26th day of June, 1929.

[SEAL.] W. DE FOREST UNDERHILL,
Notary Public.

Commission expires March 30, 1931.

CRUDE SILICA

[Par. 207]

STATEMENT OF THOMAS P. LITTLEPAGE, WASHINGTON, D. C., REPRESENTING THE NEVADA SILICA CORPORATION

[Also par. 1770]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Littlepage, you represent the Nevada Silica Corporation?

Mr. LITTLEPAGE. I do, Senator.

Senator EDGE. You wish to speak on paragraph 207?

Mr. LITTLEPAGE. Yes, sir.

Senator EDGE. All right; go ahead. From what angle do you speak of paragraph 207?

Mr. LITTLEPAGE. I desire to make a suggestion on a definition of a tariff in reference to silica, and I will state to the committee a situation which will perhaps make it clear.

Going back to the tariff bill of 1922, paragraph 207 of the tariff act of that year provides, among other things:

Silica, crude, not specially provided for, $4 per ton.

Paragraph 1675 of the same tariff act, which is a part of the free list, says, among other things:

And sand, crude or manufactured.

That, among other things, is on the free list.

This situation arose: I am the attorney for the Nevada Silica Corporation, which is located in the State of Nevada. This so-called Belgian sand was coming into the Pacific ports free of duty. It was used for the manufacture of glass. The matter was called to the attention of the Treasury Department, and the Secretary of the Treasury referred the matter to the Bureau of Standards and the Geological Survey; and in a circular signed by the Acting Commissioner of Customs and the Acting Secretary of the Treasury, dated June 15, 1928, the Secretary of the Treasury says, among other things:

The department is in receipt of a letter from the director of the Geological Survey, Department of the Interior, in which he states that low grades of sand for concrete work and similar uses are not dependent in any way on its chemical composition although a certain range in size of grain and freedom from certain clay and other minerals is desired, but that high-grade sands, especially those for glass manufacture and fluxing, must consist as nearly as possible of pure silica, and he concludes his letter with the statement that any material "pure enough to be sold as silica" or "glass sand" to the glass manufacturer or as silica flux to the metallurgist is, in his opinion, silica as distinguished from the sand used for structural purposes. The opinion of the director of the Geological Survey is in accord with a letter received from the director of the Bureau of Standards, Department of Commerce, and he concludes his letter with the statement that only that form of silica or sand should be admitted duty free as is suitable for and used chiefly for the making of concrete, mortar, and other structural work.

Senator EDGE. There can not be any question about that. What is your point?

Mr. LITTLEPAGE. I will come to it.

The Secretary of the Treasury made that ruling, holding that this Belgian sand that was being imported out there and used for glass was silica, and therefore subject to the tariff of $4 per ton. He reached that conclusion and made that ruling after he referred the matter to the two departments of the Government that ought to know about it. Therefore the Nevada Silica Co. made their preparations to furnish the markets on the Pacific coast with silica. They have high-grade silica there that is suitable for glass-manufacturing purposes, and they proceeded to make their arrangements and plans to furnish that silica. The Secretary of the Treasury then told us he was going to reverse this ruling and put it back on the free list, so I promptly went into an equity court and enjoined him. The Government filed a motion to dismiss the bill. It came to an argument on that motion, and the court, without hearing the matter on the merits, dismissed the injunction; and I have now taken the matter to the court of appeals.

Senator EDGE. It is still pending, then?

Mr. LITTLEPAGE. It is pending in the Court of Appeals; but here is the point: This provision in section 207 either ought to say "silica or sand suitable for making glass," or in the free-list it should say "and sand not suitable for making glass."

Senator EDGE. What does it say in the free-list?

Mr. LITTLEPAGE. It says, "and sand, crude or manufactured." That is all it says. Otherwise, this provision of the tariff law is not worth anything; and they are not importing any silica now of any consequence. I do not think there is any imported. They are importing thousands of tons of this glass sand which the Secretary of the Treasury said the Director of the Geological Survey and the Bureau of Standards said was silica.

Senator KING. Then you want a high tariff on a little sand that is brought over to make glass? Is that correct?

Mr. LITTLEPAGE. No; we are simply asking that this tariff act that is already in effect be defined so that it amounts to something.

Senator EDGE. What does that particular grade of silica or sand sell for in this country, in San Francisco?

Mr. LITTLEPAGE. I do not know, Senator. I expect to have Mr. Thayer, the president of this company, here. He is a skilled metallurgist, and a graduate of the Colorado School of Mining, and he knows all about this; but he could not get here.

Senator EDGE. You see, without cost-information or anything else, we can not arbitrarily put it under a duty of $4 a ton or $7 a ton.

Mr. LITTLEPAGE. It is already there.

Senator EDGE. It is there, and it is not there.

Mr. LITTLEPAGE. But the Secretary of the Treasury said, in his first letter, that this was silica.

Senator EDGE. What was his explanation of the reversal?

Mr. LITTLEPAGE. No explanation—none at all.

Senator EDGE. Expressing my own personal view, I do not like to legislate on any subject that is before the courts. That is before the courts now for adjudication; is it not?

Mr. LITTLEPAGE. Well, it is a question now, Senator, since this has been put back on the free list, just what the legal status of this appeal would be, because after I took the appeal the court of appeals put it back on the free list, and we have a little different legal status

now; and I do not know. The point is that this provision of the tariff law here—"silica, crude, not specially provided for, $4 per ton"—is not worth a thing unless you define it.

Senator EDGE. I think there is a great deal in what you say. Did you present this matter to the Ways and Means Committee?

Mr. LITTLEPAGE. No; I was out of the country, Senator. I was down in Panama when this hearing was held, and Mr. Thayer was out in Nevada.

Senator EDGE. Then this situation, this confusion, was not in any way presented to them?

Mr. LITTLEPAGE. It was not.

Senator EDGE. Have you prepared a brief stating what you have presented orally?

Mr. LITTLEPAGE. No; I have not. I have here my brief in the court of appeals.

Senator EDGE. Well, what you have stated is in the record.

Senator KING. Mr. Littlepage, I have an affidavit here, which I am going to read to you. It was just handed to me:

Charles C. Cole, being first duly sworn, deposes and says: That he is a male white citizen of the United States of America, over the age of majority: that he is now and during the continuous period of more than eight years last past he has been, the duly elected qualified and acting president of the Illinois Pacific Glass Corporation and of the Illinois Pacific Glass Co., to which the first-named corporation has succeeded in the ownership, conduct and operation of a glass-manufacturing plant in the city and county of San Francisco, State of California.

That the Illinois Pacific Glass Co., and the Illinois Pacific Glass Corporation, successively, have been engaged in the business of manufacturing glass during the period of more than 30 years, last past; that during the period of 10 years, last past the said companies successively have purchased and consumed, in the manufacture of glass, an average quantity of 20,000 tons of sand per year; that during said period of time the glass sand purchased and consumed by said companies has been imported from the Kingdom of Belgium exclusively; that for sundry and divers reasons the importation of glass sand from Belgium has been and still is inconvenient, wasteful, and uneconomical and that said companies during said period of time have been diligent, thorough and alert in the investigation of each and every possible alternative source of the supply of sand suitable for glass making.

That prior to the commencement of the present action your affiant had no knowledge and the Illinois Pacific Glass Corporation had no knowledge, of the existence of the plaintiff corporation; that said plaintiff corporation has not offered, directly or indirectly, at any time, to furnish or to supply to the Illinois Pacific Glass Corporation a single ton of sand of any kind, quality or description; that affiant is informed and verily believes that said plaintiff corporation has not produced nor sold, nor brought to the city and county of San Francisco one single ton of sand of any kind, quality or description; that affiant is informed and verily believes that plaintiff corporation has not sold in the State of California, nor brought into the said State of California one single ton of sand of any kind, quality or description.

That during the period of two years last past affiant and the Illinois Pacific Glass Corporation have fully investigated, and is fully informed concerning the deposits of sand in that certain portion of the State of Nevada lying in and about the townships of Las Vegas and Overton—

That is where this company is?

Mr. LITTLEPAGE. That is where it is.

Senator KING. I am familiar with that country myself. [Reading:]

including the property which is leased unto the plaintiff corporation and which is the property referred to in the complaint of plaintiff on file herein; that no part of said sand deposits is now available for the use of the Illinois Pacific Glass Corporation, and that no part of the same can be made available for such use until after the expiration of a considerable period of time, nor without the expenditure of a very considerable sum of money for machinery and equipment for the mining, washing, classification and handling of the sand contained in said deposits.

That by reason of the fact that 40 per cent of said sand consists of fines, or particles too small for use in glass making, the said sand will require the use of classification, or mechanical separation of said fines, before the said sands can be made suitable for use in glass making.

That by reason of the fact that said sand deposits and the whole thereof are interspersed with streaks of iron oxide, which is prohibitively deleterious to the manufacture of flint glass, the separation and exclusion of said iron oxide from said sands must be devised and carried into operation and effect before the said sands can be made available for use in flint-glass making.

That the current market value of glass sand in the city and county of San Francisco is the sum of $4.15 per ton, free on board cars in said city and county. That the current cost of shipping glass sand from Las Vegas, Nev., to the city and county of San Francisco is the sum of $5.20 per ton for freight only, exclusive of all costs of haulage to railroad, loading and handling.

That the furnaces of the Illinois Pacific Glass Corporation are in continuous operation during 24 hours per day and during 7 days of each week throughout the year, requiring for such operation the supply of 90 tons of glass sand per diem; that any deficiency or interruption in said supply would inevitably result in the total loss and destruction of said glass furnaces; that the source of supply of said glass sand is required to be safe, sure, reliable, and continuous; that by reason of the wide distance separating the present source of supply, there would necessarily be a considerable delay and loss of time in resuming the same after an interruption for any cause, and a possible permanent loss of the shipping space required for the transportation of said glass sand from Belgium to the city and county of San Francisco.

That affiant is informed and verily believes that the plaintiff corporation has not produced and has not shipped one single ton of glass sand or any sand of any kind, quality or description from the leasehold described and referred to in the complaint on file herein; that the sole and only activity of the plaintiff corporation to the date of these presents has been the desultory construction of a wagon road intended to traverse the distance of 4 miles from said leasehold to the railroad; that there is no possibility that the plaintiff corporation will be able to produce or ship sand of any quality or kind from the said leasehold within any period of time that is capable of estimation.

Mr. Littlepage, is there anybody in your company who will make an affidavit that that sand is free from iron?

Mr. LITTLEPAGE. There are two things about that affidavit, Senator. In the first place, he proves by that affidavit exactly what I am saying—that he is importing this Belgian sand for glass, which is silica, and he is not paying any tariff on it. Therefore, that sustains exactly what I am saying to the committee.

Senator KING. If he paid a tariff on it, then he could not have built up the industry down there.

Mr. LITTLEPAGE. Then you ought to wipe out this provision here of any tariff on silica, because it is not being enforced. That is the function of the Congress, if they want to do it.

Senator KING. What is the capital stock of your company?

Mr. LITTLEPAGE. I do not know.

Senator KING. Who are the officers of it?

Mr. LITTLEPAGE. George A. Thayer is the president.

Senator KING. That is the son of the Secretary of the Senate?

Mr. LITTLEPAGE. It is. He is a skilled metallurgist, and a graduate of the Colorado School of Mining.

Senator KING. What other officers are there?

Mr. LITTLEPAGE. I do not know who they are, Senator.

Senator KING. What money has been invested?

Mr. LITTLEPAGE. I can not tell you, because I do not know that. I was employed to handle this case in court, and Mr. Thayer intended to be here with all the information. Mr. Thayer has had that sand

or silica tested out; he is an expert himself, and it has been reported highly suitable for this purpose. I know he has had the tests made, and he tried to get——

Senator EDGE. Irrespective of his mine, do you know whether there are other silica mines in that range around there, lots of them?

Mr. LITTLEPAGE. Senator, I will just have to give you Mr. Thayer's word. He tells me there is a lot of very fine silica in the West that is suitable for this purpose, and he has tested it, and he had samples of it up here and had it tested. I am very sorry that he could not come here, because I can only give you the legal situation of this, but he can discuss it from the technical standpoint.

Senator EDGE. The question is one for the committee, as I see it, to study, with as much accurate information as it is possible to secure from the Tariff Commission, whether this sand will answer the purpose and whether the Belgian sand is in direct competition with it.

Senator KING. I find here in the House hearings, on page 9378, a statement by Judge DeVries, a former member of the court.

Mr. LITTLEPAGE. Yes; he represents the importers.

Senator KING. He presented the report of the president of the company, in which he states that they have built up a large business there:

> One of these factories alone, publicly owned by share-holdings, represents an investment of about $5,000,000, and furnishes employment directly to about 750 people. There are seven glass factories in all engaged in making glass containers on the Pacific coast, the total investment therein approaching $20,000,000, and the pay rolls supporting 3,000 persons.

Senator EDGE. What is the actual wording that you think would clarify this paragraph?

Mr. LITTLEPAGE. I have not the provision before me, but——

Senator EDGE. It reads in this way:

> Silica, crude, not specially provided for, $4 per ton; silica, suitable for use as a pigment, not specially provided for, $7.50 per ton.

Mr. LITTLEPAGE. After "silica," "silica or sand suitable for glass manufacturing"; because you see, Senator, the situation that is set out there. This is coming in here, and this provision of the tariff law is not being enforced. Now, then, it is a matter in the wisdom of Congress whether or not they want that; but if it is there, as it is, my position is that it is not being adhered to; and the Secretary of the Treasury, in this letter which I will hand to the reporter, investigated this, and sent it to the two scientific bureaus of the Government that ought to know, and they reported to him that it was dutiable.

Senator EDGE. There are two types of silica mentioned in this paragraph. Now you want to put in a third type. That is the whole question—if it properly comes under that interpretation.

Senator KING. To be frank, you want to compel those glass factories down there that say that your sand is not fit for use—to use your sand by putting on a duty that will prohibit them from getting it from abroad. That is the fact; is it not?

Mr. LITTLEPAGE. Why, of course we would like to sell them silica.

Senator EDGE. The fact is that they want to sell American silica.

Senator KING. We have millions of tons of sand in Utah, and we would be glad to sell it.

Mr. LITTLEPAGE. Senator, if you have silica in Utah—and I think you have, and I think you have it there suitable for glass—then this tariff provision that is in the law now passed by Congress ought to be enforced, or it ought to be wiped out; and if there is any question about it, if this tariff provision providing for a tariff on crude silica is not plain, then it is the duty of Congress either to repeal it or to define it; and I am suggesting that you define it—that is all.

FLUORSPAR

[Par. 207]

STATEMENT OF F. F. COLCORD, REPRESENTING THE UNITED STATES SMELTING, REFINING & MINING CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Colcord, you represent what organization?

Mr. COLCORD. The United States Smelting, Refining & Mining Co.

Senator EDGE. Your are here to discuss what paragraph in the tariff bill?

Mr. COLCORD. Paragraph 207, fluorspar.

Senator EDGE. Did you appear before the House committee?

Mr. COLCORD. No.

Senator EDGE. A I read paragraph 207, the only change in existing law is that they have added "crude feldspar, $1.50 per ton," and down farther they have increased fluorspar from $5.60 to $8.40 a ton. You are here to discuss that?

Mr. COLCORD. Yes.

Senator EDGE. All right; go ahead.

Mr. COLCORD. The Tariff Commission held a hearing on the subject of fluorspar, and on their recommendation the President increased the duty on a certain grade of fluorspar from $5 per short ton under the 1922 tariff to $7.50 per ton, and did not increase the duty on the two other grades of fluorspar, namely, ceramic and acid. Before the Ways and Means Committee no differentiation was made in these grades.

The tariff act of 1922 carried a duty on all fluorspar of $5 per short ton. An investigation on fluorspar was instituted by the Tariff Commission on January 8, 1926. Public hearings were held on July 22 and 23, 1927, and a final report was issued by the commission on October 1, 1928, and the President issued a proclamation on October 17, 1928, increasing the duty from $5 per short ton to $7.50 on fluorspar containing not more than 93 per cent calcium fluoride.

The commission's report recognizes and considers three grades of fluorspar, namely, (1) acid, (2) ceramic and (3) metallurgical, which classifications coincide with trade practice. Metallurgical spar contains 85 per cent and upward of calcium fluoride. Ceramic spar contains not less than 95 per cent, calcium fluoride, and acid spar not less than 97 per cent. The commission recommended an increase of $2.50 per short ton on the metallurgical grade, but no increase on the ceramic and acid grades.

We protest against the increased duty on acid spar particularly, and against that on ceramic spar, for reasons stated hereafter.

The fluorspar producers before the Ways and Means Committee asked that the existing duty be increased from $7.50 per short ton to $10. The statement of the witness, Mr. Jones, to the committee, perhaps rather artfully omitted to state that the $7.50 duty applied only to metallurgical spar containing less than 93 per cent calcium fluoride; in fact, his whole testimony considered only metallurgical spar.

It is only in the brief submitted to the Ways and Means Committee that we find any mention of ceramic and acid fluorspar; and this brief was not available at the time of the hearing. Furthermore, the brief and the Tariff Committee report cover 30 pages of fine printed matter, with many cross-references; and it is easy to believe the committee could and did not give it the consideration that the Tariff Commission did, and, relying on the statement of the witness that the present duty on fluorspar is $7.50, simply changed the $5 duty figure in the 1922 act to $7.50, leaving the wording of the 1922 paragraph 207 intact. We, therefore, can not but feel that the Ways and Means Committee, due to the volume of their work and pressure of time, failed to note the differentiation between grades as made by the Tariff Commission; and we are asking you to rectify this almost obvious error.

I would like to take a few moments longer to point out the high points in the testimony of Jones, in the brief of the fluorspar producers, and in the report of the Tariff Commission bearing on this subject. Jones states (p. 1165) that the production of fluorspar in the United States is 125,000 to 130,000 tons, and the consumption 180,000 to 200,000 tons; that about 85 per cent of this consumption is used in the steel industry (metallurgical spar). This leaves about 35,000 tons for ceramic and acid spar. In the brief, page 1167, quoting verbatim:

> The American producers are primarily interested in the metallurgical grade, usually sold in gravel size, and commonly referred to as metallurgical gravel. This represents by far the largest proportion (about 85 per cent) of the American production. It also constitutes the major portion of the imports. It is the "bread and butter" of the American industry. It is also the grade in which the most severe foreign competition is encountered.

It seems clear, then, that the ceramic and acid grades represent the cream of the industry; and still they ask for additional protection on this cream business. It is cream business. Here is what the Tariff Commission says, page 1184:

> These grades (ceramic and acid—parentheses mine) are the most valuable, but in terms of out-of-pocket expense of production they cost the least. Acid fluorspar, for example, sells in the United States for about $30 per ton, and "costs" on the average about $15 per ton.

The Tariff Commission also says (p. 1185), referring to the various chemical grades of fluorspar:

> Such market prices are determined by the relative scarcity of the different grades, and not by the physical difficulty of their production.

I wish to emphasize that these grades, ceramic and acid, cost $15 and sell for $30 per ton, and still they ask additional protection. On the basis of these facts, we asked before the Tariff Commission for

a reduction from $5 to $2.50 on acid-grade fluorspar, and think we were justified. At the moment, it is a question in my mind as to whether we should not now ask for a $2.50 duty on these grades, or even that all duty on these grades be removed.

Now, let us see what new information we have on ceramic fluorspar.

The Tariff Commission report states, page 1186, that ceramic fluorspar can be produced in adequate quantities in the United States, and that there was an inadequacy of domestic acid fluorspar. Although this question of adequacy of domestic supply of ceramic and acid spar was not the basis for the refusal of the Tariff Commission to recommend an increase of duty on these grades of fluorspar, still the fluorspar producers' brief, page 1168, might lead one to think so. Here is what they say, referring to the ceramic grade:

> There is an ample supply suitable for its use.

And, again referring to themselves, they say:

> They are now supplying 90 per cent of the total domestic consumption and are able to accumulate large stocks of ground spar at the mills.

This is cream business. They have 90 per cent of it and want additional duty so that they can get the other 10 per cent; and what does this 10 per cent amount to? We turn to the report of the Tariff Commission, page 1181, and find, in 1926, 1,772 tons imported, and the first six months of 1927, 977 tons of ceramic fluorspar, or, say, 2,000 tons per year. Or, in other words, if 2,000 tons per year is 10 per cent of the consumption, the domestic producers are selling 18,000 tons, and they ask protection to get that other 2,000 tons. The total consumption looks too high.

Now, as to acid fluorspar, there was an adequate supply, as admitted by the domestic producers at the Tariff Commission's hearings. They now claim, page 1168, that through new and improved processes a satisfactory grade of acid fluorspar is obtainable, and in practically unlimited quantities, and (p. 1169) that these new processes increase the cost of producing this grade of spar. There was imported in 1926 and the first six months of 1927 (Table 9, p. 1181) 9,054 tons and 2,680 tons of acid fluorspar, respectively. The consumption in 1925 (p. 1177) was 15,016 tons. We do not believe the consumption has materially increased since that year, and for the first time we shall use an estimated figure. We estimate that importations of acid fluorspar are not now in excess of 4,000 tons per year. If we are correct, the domestic producer gets 11,000 tons of the business against 4,000 tons imported. Referring to the cost of this grade against selling price—namely, $15 cost and $30 selling price—the profit was certainly sufficient to induce these producers to use better methods of recovery; and now that they have captured over 70 per cent of the business, the cream business, they ask for $2.50 more duty to capture the other 30 per cent of 4,000 tons. Why did the producer install improved methods to get more business if it was not profitable, and could only be made so by additional protection?

We believe the answer to that question is as follows: One producer-consumer of acid fluorspar could produce 95 per cent grade, and needed 98 per cent. They shut down their plant and sent their superintendent to the Missouri School of Mines to study flotation,

and a way was found to accomplish the result. These people were after the 98 per cent grade, and it paid them to do it; but they did not primarily do it to supply the high grade to the general consumer. Now, about the other producers, and they are not many: They improved their process, not to produce the higher grade, but to improve their grade of metallurgical spar, for the higher its grade, the higher its price. Their process is one of net concentration; and it is a well-known fact that in such a process there is first produced a high-grade product, followed by products of lesser purity. The high-grade product may be small in quantity, but it is also the cheapest to produce. So these producers, in their effort to improve the grade of their metallurgical spar, have only incidentally increased their output of acid spar; and the increased cost of their operation should stand against the metallurgical spar, for which they receive a better price.

I learned yesterday that the reason the fluorspar producers asked for an increased duty on all spar was that metallurgical spar was being imported of over 93 per cent content, and therefore paid the lesser rate of duty. I think the producers will readily admit that they are not asking for an increased duty on ceramic and acid grade spar, but only wish to prevent metallurgical spar containing over 93 per cent calcium flouride from coming in at the $5 rate. It remains, therefore, for them so to define metallurgical spar in other terms than its calcium fluoride content, and allow the higher duty to remain on metallurgical spar, and not drag in ceramic and acid spar and penalize these grades in order to shut out metallurgical spar. We say, let each grade of fluorspar stand on its own feet.

The company I represent is a user only of acid spar, which, being of somewhat higher purity than ceramic spar, is sold at a higher price. The proponents might be willing to say that spar containing over 96 per cent should bear the lower rate, which would leave acid spar unaffected, but it would affect ceramic spar; and if the duty on this grade were increased $2.50 per short ton, its selling price would be increased correspondingly. The price on the acid grade would also go up to preserve the differential between these two grades, because they would say, "Why sell a pure product at the price of a product which is less pure?"

We therefore protest against an increase in duty on ceramic and acid fluorspar above the present rate of $5 per ton. We further would ask the committee, in view of the facts presented, to consider a reduction or abolition of the duty on these grades of fluorspar.

Senator REED. Tell me precisely what it is that you ask.

Mr. COLCORD. We ask that the present duty of $5 on ceramic and acid spar be continued.

Senator REED. Just what the House has done?

Senator EDGE. No.

Senator KING. They confirmed the presidential proclamation.

Mr. COLCORD. I beg your pardon, Senator; they did not.

Senator KING. Oh, I beg pardon.

Mr. COLCORD. The presidential proclamation increased the duty $2.50 on metallurgical grade spar which is below 93 per cent.

Senator REED. And you do not object to that?

Mr. COLCORD. No.

Senator REED. All you object to is the action of the House in regard to the acid spar and the ceramic spar?

Mr. COLCORD. Yes.

Senator EDGE. The House raised the rate from $5.60 to $8.40 per ton?

Mr. COLCORD. Yes.

Senator EDGE. And you wish it to remain as it is in existing law—$5.60 a ton?

Mr. COLCORD. That is exactly it.

Senator BARKLEY. The House bill makes no distinction between the different grades; it simply says "fluorspar, $8.40 per ton." That includes all grades, does it not?

Mr. COLCORD. That includes all grades and it is the wording of the 1922 tariff.

Senator KING. Why should there be a distinction between them simply because one has a little more acid in it than the other?

Mr. COLCORD. The selling value is materially different.

Senator KING. The production is the same, is it not?

Mr. COLCORD. No; it is a decidedly different proposition. There is a consumption of about 200,000 tons of fluorspar in this country.

Senator KING. That is of all qualities?

Mr. COLCORD. Of all grades.

Senator KING. Two hundred thousand tons?

Mr. COLCORD. Two hundred thousand tons.

Senator KING. It is used largely in smelting?

Mr. COLCORD. In the steel industry. From thirty to thirty-five thousand tons is used in the ceramic and acid business.

Senator KING. For manufacturing what acids?

Mr. COLCORD. Hydrofluoric acid. The balance of about 165,000 tons is used in the steel practice.

Senator KING. This, of course, would increase the price?

Mr. COLCORD. This would increase the price.

Senator KING. And there would have to be a compensatory duty carried over into the steel schedule, I suppose?

Mr. COLCORD. I do not know about that, Senator.

Senator KING. Proceed.

Senator EDGE. What proportion of the total production used in this country is imported?

Mr. COLCORD. About one-third; but that is mainly in the metallurgical spar.

Senator BARKLEY. The Tariff Commission report shows that from 1911 to 1920 there was an average of 199,347 short tons produced in the United States, and that from 1921 to 1925 there was an average of 111,782 short tons produced in the United States.

Mr. COLCORD. What table is that, Senator?

Senator BARKLEY. The table on page 459 of the Tariff Commission's report.

Senator EDGE. In other words, the production in this country is rapidly decreasing, and the importations remain slightly under, for that same period——

Senator BARKLEY. The importations increased from 6,000 tons in 1919 to 63,000 tons in 1927, 41,000 tons in 1928, and in 1928–29 the amount of importations fell off to a few hundred tons, probably due

to the increase in the tariff; but there was an increase from 6,000 tons in 1919 to 67,000 tons in 1926 and 63,000 tons in 1927.

Senator KING. Then it dropped to 41,000 tons.

Senator BARKLEY. Then it dropped to 41,000 tons, and then to 757 and 107 tons, respectively.

Senator EDGE. Why should there not be an increase in duty, in view of the figures just read by Senator Barkley?

Mr. COLCORD. He is speaking of metallurgical spar. He is not speaking of acid and ceramic spar.

Senator EDGE. Where is the acid and ceramic spar? There is no use of comparing with something that we have not under consideration.

Senator BARKLEY. This includes all sorts of spar. It does not separate them.

Mr. COLCORD. In Table 9 of the report of the Tariff Commission you will find the figures of metallurgical spar, acid, and ceramic.

In 1925 there was an importation of 37,000 tons of metallurgical spar; in 1926, 64,000 tons; and the first six months of 1927, 30,000 tons, or at the rate of 60,000 per year.

In the case of acid spar, in 1925 the importations were 9,000 tons (I am leaving off the odd figures); in 1926, 9,000 tons; the first six months of 1927, 2,680 tons. They are at the rate of about 5,300 tons for 1927.

Senator KING. You are speaking now of the so-called acid fluorspar?

Mr. COLCORD. That was the acid fluorspar.

In the case of ceramic spar, in 1926 the importations were practically 1,300 tons; in 1927, 1,700 tons; the first six months of 1927, 977 tons.

It is the metallurgical spar in which the producer is interested, as is shown in the statement of the witness Mr. Jones in the hearing before the House committee. He does not mention acid spar or ceramic spar.

Senator BARKLEY. You are asking that fluorspar be separated into metallurgical, ceramic, and acid?

Mr. COLCORD. Exactly, the way the Tariff Commission separated them.

Senator BARKLEY. And that the rate be retained at $5.60 on the ceramic and acid?

Mr. COLCORD. Yes, sir.

Senator BARKLEY. What proportion of the total production and total imports is made up of acid and ceramic?

Mr. COLCORD. Of the total consumption in this country, 15 per cent is ceramic and acid. These are the statements of the proponent's own witness.

Senator BARKLEY. Of the total consumption of 200,000 tons, 30,000 would represent——

Mr. COLCORD. Thirty to thirty-five thousand represents ceramic and acid grades.

Senator BARKLEY. What is the comparative cost of producing acid and ceramic fluorspar with metallurgical fluorspar?

Mr. COLCORD. The Tariff Commission holds that the cost of producing acid and ceramic spar is less than the cost of producing the metallurgical spar.

Senator BARKLEY. How much less?

Mr. COLCORD. I could not find it quickly here, but I think it is a matter of a dollar or two.

Senator BARKLEY. From what country does the acid and ceramic spar come, chiefly?

Mr. COLCORD. South Africa, Germany, and England.

Senator BARKLEY. The Tariff Commission reports here that the cost of producing metallurgical fluorspar in the United States is $20.64 per ton, and in England $7.15. Would you say that the same proportion would hold as to the production of ceramic and acid fluorspar?

Mr. COLCORD. There is no way of knowing, Senator.

Senator BARKLEY. Well, broadly speaking? I am not asking you to be precise.

Mr. COLCORD. I do not think it would necessarily hold, because a large amount of acid spar came from South Africa; and the location of the mines, and the difficulty of getting to the seaport, plus freight, would not show that same difference.

Senator BARKLEY. Would the freight from South Africa be greater than that from England and Germany?

Mr. COLCORD. Yes.

Senator BARKLEY. Is it true that a large part of this fluorspar that is imported is sent over as ballast in ships on which no freight is paid?

Mr. COLCORD. No.

Senator BARKLEY. When did that situation change?

Mr. COLCORD. I do not think it ever existed, Senator.

Senator BARKLEY. I am not stating that as a fact; but I did understand that some years ago fluorspar was shipped into this country as ballast on ships. Whether that is true or not, I do not know.

Mr. COLCORD. There might be a bit of truth in that in the case of gravel fluorspar, although I do not believe it; but not on acid spar.

Senator EDGE. This type of fluorspar is mined mostly in Illinois and in that section?

Mr. COLCORD. In Illinois and Kentucky.

Senator EDGE. By the arrangement of the House bill, does that come under the last item on line 22, where the rate is changed from $5.60 to $8.40 per ton? Does that cover the type of fluorspar that comes from that section near Cairo and down there?

Mr. COLCORD. They produce all three grades.

Senator EDGE. All three grades—yes. According to the information furnished to us by the Tariff Board, little acid fluorspar is produced in the United States, and imports are required to supplement domestic production. That is all right so far as acid fluorspar is concerned. I think you have testified to the same effect. What I should like to know is this: If it is not acid, then it must be the other two types. Now, on that there should be a duty; there is no doubt in the world about that, because the imports are almost 100 per cent as they figure out here. The imports are very, very high.

Have you, in your brief, separated those three types, so that in rewriting this bill we can properly protect that production in Illinois and Kentucky, which unquestionably deserves and needs protection, as I see it?

Senator KING. Well——

Senator EDGE. I mean to say, if anything needs protection. I am not fundamentally or traditionally arguing with your viewpoint.

Senator KING. So far as the evidence now shows, I do not think it does need it.

Senator EDGE. I think my friend from Kentucky will partially agree with me this time.

Senator BARKLEY. I have some interesting letters on the subject which I will submit later on.

Senator EDGE. Yes. I have a little knowledge outside, but I can not divide these three classes in my head. Does your brief go into that?

Mr. COLCORD. I want to talk to you now and make you understand it if I can.

Senator EDGE. That may be very difficult.

Mr. COLCORD. That is the whole essence of our argument.

Senator KING. I suggest that we let Mr. Colcord go ahead for five minutes without interruption and see if he can make us understand it.

Senator EDGE. All right; you have five minutes for that purpose, Mr. Colcord.

Mr. COLCORD. I should like to answer Senator Barkley. He spoke about the cost of producing metallurgical spar and acid spar. I want to bring out right here that metallurgical spar sells for $18 a ton and acid spar sells for $30 a ton; and the cost of production of acid spar, according to the Tariff Commission, is $15 a ton. There is a spread of $15 between the cost of production and the selling price.

Senator BARKLEY. Is that the domestic cost?

Mr. COLCORD. The domestic cost; and the Tariff Commission states that the selling price for acid spar bears no relation to its cost of production but is due only to the scarcity of supplies.

What happens is that the importer finds the market here is $30 for acid spar, and he asks $30, regardless of what it costs him to produce.

Senator KING. They go up to the top of the tariff?

Mr. COLCORD. Yes.

Senator KING. To be sure. Go ahead.

Senator EDGE. Do you question this:

> The production of fluorspar in England has been at low cost because the ore has been largely recovered from the dumps and abanadoned workings of old lead mines.

Do you question that?

Mr. COLCORD. I do not, because they are referring to metallurgical spar.

Senator EDGE. I understand; and that is what I am referring to.

Mr. COLCORD. I am not discussing metallurgical spar.

Senator BARKLEY. Are not metallurgical, ceramic and acid spar all three taken out of the same mine?

Mr. COLCORD. Yes.

Senator BARKLEY. They dig the same amount of dirt, and, whatever it is, they dig out the mineral and then separate it after it is dug out?

Mr. COLCORD. Yes.

Senator BARKLEY. It costs just as much to dig one out as the other. The cost probably may vary in the processes of separation.

Mr. COLCORD. Take one of the plants in Illinois, for example: They mine the three grades of fluorspar. When it comes out of the mine it goes over a travelling belt, and they pick out by hand the acid grade. They have no further cost on that. Their cost is finished.

Senator KING. It is just like this crude ore that comes out of the mine, and you have experts there who can take the ore that has 10 per cent metallic content and put it in one pile, and put in another pile the ore that has a metallic content of 20 per cent. They are so expert that they can tell at a glance.

Mr. COLCORD. A few pickers along the belt will sort tons a day. Then they go to work and treat the spar to raise the grade for metallurgical purposes.

Senator KING. The mine cost is the same?

Mr. COLCORD. The mine cost is the same.

Senator KING. It all comes out at the same time.

Senator REED. Now we have got that clear. What does your company use this for?

Mr. COLCORD. We use it in the manufacture of hydrofluoric acid, which is used in the cut-glass industry and in the soap industry. We also use it in the process work.

Senator REED. Do you use the acid spar?

Mr. COLCORD. We use the acid spar.

Senator REED. You are not interested in the ceramic quality?

Mr. COLCORD. No; but the reason I mentioned ceramic spar is that ceramic spar sells for about $2.50 below the price of acid spar. They use a 95 per cent grade, and the acid spar is a 97 per cent grade. If you give them a duty of $2.50 on ceramic spar the price of acid spar will go up $2.50, because they will say, "If you will not pay us a premium over what we get for ceramic spar, you can go fish."

Senator EDGE. Are there any further questions from the committee? I think we have this pretty clearly now.

Senator KING. As I understand, they charge a higher price for that which has the highest metallic content of fluorspar or of acid?

Mr. COLCORD. Yes.

Senator KING. The mining cost is the same; the reduction cost is the same; it is simply a question of the grading?

Mr. COLCORD. And the grading is the cheapest part of it. I mean it is less on the acid spar than it is on the other.

Senator KING. Is there any wisdom in having a tariff at all on this article?

Mr. COLCORD. I do not know.

Senator KING. Of course, you are speaking just for the part in which you are interested?

Senator EDGE. You are interested, as a matter of fact, only in the acid spar?

Mr. COLCORD. The acid spar. We have bought practically our entire requirements for 25 years from the domestic producers.

Senator KING. Is this article essential in the steel business?

Mr. COLCORD. Absolutely.

Senator EDGE. If you will file your brief we will give it further consideration.

BRIEF OF FLUORSPAR PRODUCERS OF ILLINOIS-KENTUCKY FIELD

The FINANCE COMMITTEE,
United States Senate:

The present duty on metallurgical fluorspar is $8.40 per gross ton ($7.50 per net ton), this rate having been established pursuant to proclamation of the President under section 315 of the tariff act, and having been increased from a rate of $5.60 per gross ton ($5 per net ton), as provided in the tariff act of 1922. The present duty established pursuant to presidential proclamation became effective November 28, 1928.

The House bill (H. R. 2667) continues the present duty of $8.40 per gross ton ($7.50 per net ton) and makes it applicable on all grades of fluorspar.

The fluorspar producers of Illinois and Kentucky have not asked to appear before your honorable committee and will not submit a detailed brief, inasmuch as the committee has announced that it is desired to avoid repetition of testimony or briefs. A complete brief in support of the domestic producers' tariff request was submitted to the Ways and Means Committee of the House (printed in House hearings, Vol. II, pp. 1163–1195). On behalf of the domestic producers we submit herewith statement of such developments affecting the industry and its tariff problem as have occurred since the House hearings.

IMPORTS OF METALLURGICAL SPAR ANALYZING OVER 93 PER CENT

The Tariff Commission's findings and the presidential proclamation increasing the duty on fluorspar were limited to fluorspar containing 93 per cent or less calcium fluoride and the higher grades were continued at the old rate of duty. This was primarily for the reason that the commission did not have satisfactory statistics showing foreign costs of the higher grade of fluorspar. It was also true at the time of the hearing before the Tariff Commission that the domestic production of acid fluorspar, the highest grade, was insufficient to supply the domestic requirements.

Since the House hearings there has been increasing evidence of the fact that the 93 per cent dividing line established by the Tariff Commission is improper and that the additional duty intended to be assessed on fluorspar for metallurgical uses is being evaded by the importation of a metallurgical grade analyzing over 93 per cent.

It is currently reported that a steel company at Youngstown, Ohio, has entered into a contract for the purchase of its 1929 requirements of fluorspar to be imported from Germany and to analyze over 93 per cent thus escaping the increased duty under the presidential proclamation. A like contract is reported in the case of a steel company in West Virginia.

Import statistics for the first four months of 1929 show that Germany, which was the principal country supplying imported metallurgical spar during the past two years, has sent 2,200 tons of flourspar at the lower rate applicable to that analyzing not over 93 per cent. Much of this must have been metallurgical fluorspar as Germany is not a substantial producer of the acid spar. The invoice value at which this spar was entered also indicates that it could not have been the higher grade but that much of it must have been the metallurgical spar.

DOMESTIC PRODUCTION OF ACID FLUORSPAR NOW AMPLE

Since the hearings before the House committee the new plant in southern Illinois for the production of acid fluorspar through the concentration of low-grade ores using a froth flotation process has experienced three months of successful commercial operation, the plant being put into operation on March 19, 1929. This operation has served to prove the complete success of the process. That plant alone now has sufficient capacity to supply the entire domestic demand for acid grade of fluorspar. As the reserves of ores of the character being used in this new process, are ample, any further increase in domestic requirements for the acid grade can easily be met by new additions to this plant or by the erection of similar plants at other places. Therefore, it is no longer necessary that the United States be dependent upon the uncertain sources of supply of foreign acid fluorspar.

HEAVY IMPORTATIONS OF METALLURGICAL FLUORSPAR PRIOR TO INCREASE IN DUTY

During 1926 and 1927 while there was pending before the Tariff Commission the investigation of fluorspar, large quantities of foreign fluorspar were imported into the United States, these imports being considerably in excess of current requirements and being made for purposes of stocking in anticipation of increased duty. By reason of these large imports in 1926 and 1927, the imports of 1928 were low and there has been little necessity for additional imports since the increased duty became effective on November 28, 1928. It is reported that one of the largest consumers of imported fluorspar had on hand a full year's supply at the time the new duty became effective.

Therefore, it has been impossible to learn from experience to date what may be the effect of the increased duty upon imports of metallurgical fluorspar. The small quantity of importations the past six months should not be taken as an indication that the increased duty is adequate to prevent large foreign importations, because as soon as the existing stocks are consumed, it is quite likely that importations will be resumed on a large scale similar to that prevailing before the increased duties became effective.

INCREASED RATES SHOULD APPLY ON ALL GRADES OF FLUORSPAR

As it is now clear from the experience of the past few months that the division of fluorspar into two grades, one above and one below 98 per cent calcium fluoride, results in evasion of the increased protection intended for metallurgical fluorspar, and as the domestic production of acid-grade fluorspar is now adequate to meet all domestic requirements, there remains no reason for the classification of fluorspar into two grades as established by the presidential proclamation. This was recognized by the House in the pending bill in making the duty applicable to all grades.

The Tariff Commission's investigation showed a difference in cost at Pittsburgh of $11.35 per gross ton and at Philadelphia of $17.06 per gross ton, these being the advantages of the imported foreign metallurgical fluorspar. (See commission's report printed in House hearings, table 24, at p. 1193.) It is quite clear from the commission's report that, although precise statistics of cost of producing foreign fluorspar of higher grades were not available, substantially the same advantages exist in favor of the foreign cost of higher grade fluorspar as in the cost of metallurgical spar.

These differences in cost of production as established by the investigation of the Tariff Commission completely justify the request presented by the domestic fluorspar producers to the House Ways and Means Committee. The duty should be made applicable, as has been done by the House bill, upon all grades of fluorspar. If full protection is to be given this industry, the duty should be made equal to at least the minimum difference in cost as shown by the Tariff Commission's investigation. Certainly there can be no ground whatever for any reduction of the duty contained in the House bill.

Respectfully submitted.

G. H. Jones, R. C. Allen, Ben E. Clement, committee representing fluorspar producers in Illinois-Kentucky field, including the following-named companies: John G. Bellamy, Marion, Ky.; Butler & Haynes, Marion, Ky.; Crook Mining Co., Oliver, Fredonia, Ky.; Eagle Fluorspar Co., Salem, Ky.; Fairview Fluorspar & Lead Co., Marion, Ky.; Kentucky Flourspar Co., Marion, Ky.; Guggenheim Mining Co., Marion, Ky.; Holly Fluorspar Co., Marion, Ky.; Henry & Frayser, Marion, Ky.; Haynes Fluorspar Co., Marion, Ky.; Independent Fluorspar Co., Marion Ky.; Keystone Fluorspar & Lead Co., Hopkinsville, Ky.; Pope Mining Co., Louisville, Ky.; United Mining Co., Lola, Ky.; Hillside Fluor Spar Mines, Chicago, Ill.; Rosiclare Lead & Fluorspar Mining Co., Rosiclare, Ill.; Benzon Fluorspar Co., Chicago, Ill.; Chicago Fluorspar Co., Carmi, Ill.; Clark & Knight, Rosiclare, Ill.; Dubois Fluorspar Co., Elchorn, Ill.; Dimick Mining Co., Rosiclare, Ill.; Outwater, Schwerin & Barnett, Elizabethtown, Ill.; A. B. Thomas, Elizabethtown, Ill.; Pigmy Mining Co., Marion, Ky.

UNMANUFACTURED MICA

[Par. 208]

STATEMENT OF H. M. URBAN, SPRUCE PINE, N. C., REPRESENTING MINERS AND PRODUCERS OF DOMESTIC MICA

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. State the interest you represent.

Mr. URBAN. I represent the Domestic American Mica Producers Association.

Senator EDGE. Did you appear before the House committee?

Mr. URBAN. I did.

Senator EDGE. Did you submit a brief?

Mr. URBAN. Yes, sir. I submitted three briefs.

Senator EDGE. What do you propose to submit to this committee?

Mr. URBAN. I would like to resubmit those three briefs. I have made references to them in this sheet.

Senator EDGE. You do not mean to say you want them reprinted?

Mr. URBAN. No, sir. I simply give you the references so that they will be available.

Senator EDGE. That is satisfactory. Do you want to read that to us?

Mr. URBAN. I do not think it is necessary unless you wish me to.

Senator EDGE. Perhaps you had better read that.

Mr. URBAN. These are the references to the briefs to be resubmitted before the Committee on Finance of the United States Senate:

Seventy-first Congress, first session.
Relating to mica, Schedule 2, paragraph 208 (H. R. 2667).
Briefs for miners and producers of domestic mica, submitted before the Committee on Ways and Means, as reported and printed in Tariff Readjustment, 1929, hearings before the Committee on Ways and Means, House of Representatives, Seventieth Congress, second session, Volume II, Schedule 2, paragraph 208.
Brief of the Miners and Producers of Domestic Mica, appearing on pages 1211 to 1218, inclusive, except strike out "Recommenced classification and rates," as set out in the brief, and substitute the following:
"Mica, unmanufactured, 15 cents per pound specific and 25 per cent ad valorem——."

Senator REED. That is on unmanufactured mica?

Mr. URBAN. On unmanufactured mica, 15 cents per pound——

Senator KING. Under the present law mica, unmanufactured, valued at not above 15 cents a pound is 4 cents a pound.

Mr. URBAN. Yes.

Senator KING. Do you want that changed?

Mr. URBAN. No. I want to substitute exactly what I have here; in other words, 15 cents a pound specific duty for any unmanufactured mica, whatever its value may be.

Senator EDGE. You are asking for a specific duty of how much?

Mr. URBAN. Fifteen cents a pound.

Senator KING. Instead of 4.

Mr. URBAN. Instead of 4.

Senator EDGE. Four is the existing law.

Mr. URBAN. Four cents is the present rate on mica up to 15 cents a pound, without any ad valorem. Above 15 cents a pound there is an ad valorem duty of 25 per cent.

Senator EDGE. Two cents a pound has been added.

Mr. URBAN. The recent House bill has added 2 cents specific on that.

Senator KING. That is, you want it increased from 4 to 15 cents.

Mr. URBAN. I want 15 cents a pound specific duty on any mica that may be brought in, in addition to the 25 per cent ad valorem, which is the present rate.

Senator KING. That would increase the tariff how much on that item? That would be more than 250 per cent increase, would it not?

Mr. URBAN. No; wait a minute. You are importing mica there that is worth 50 cents, 75 cents, a dollar, and $2 a pound. We only ask 15 cents a pound on that.

Senator KING. You are asking, on all unmanufactured mica valued at not above 15 cents a pound, that the duty be increased from 4 cents a pound to 15 cents a pound. You want to increase that from 4 cents to 15 cents a pound.

Mr. URBAN. On that low-priced mica.

Senator KING. Exactly.

Mr. URBAN. Yes, sir.

Senator EDGE. Let us come down and get it all. On mica valued above 15 cents a pound the house bill provides 2 cents specific and 25 per cent ad valorem.

Mr. URBAN. The recommendation is 15 cents a pound specific, and 25 cents a pound ad valorem.

Senator EDGE. The "2" changed to 15 again.

Mr. URBAN. Yes, sir.

Senator REED. Let us consider the need of it.

Senator EDGE. I was going to, as soon as I found out what his proposition was. Are there any other changes?

Mr. URBAN. Mica splittings not over 0.0012 inch in thickness, 25 per cent ad valorem.

Senator KING. What is it now?

Mr. URBAN. Thirty per cent.

Senator EDGE. You want that reduced?

Mr. URBAN. I would suggest that would be fair. That is a matter on which I do not care to present any argument.

On mica cut or trimmed to approximate size or pattern, mica plates and built up mica and all manufactures of mica, or of which mica is the component material of chief value by whatever name described or provided for elsewhere in this act, 40 cents per pound specific and 50 per cent ad valorem.

Senator EDGE. Let me ask you a question. Does that take the place of the language in the existing bill, which simply says "by whatever name, and to whatever use applied, and whether or not named, described or provided for elsewhere in this act, 40 per centum ad valorem"?

Mr. URBAN. Yes, sir.

Senator EDGE. Without any specific?

Mr. URBAN. Yes.

Senator EDGE. The suggestion you have made takes the place of that?

Mr. URBAN. Yes, sir.

Senator EDGE. What is it you ask in place of the 40 per cent ad valorem?

Mr. URBAN. Forty cents a pound specific and 50 per cent ad valorem.

Senator EDGE. Now, you have one other item in the House bill—waste, scrap, and ground mica.

Mr. URBAN. On waste, scrap, and ground mica, 20 per cent ad valorem. That has already been allowed, I believe.

Senator EDGE. You want that to remain as it is?

Mr. URBAN. Yes.

Senator EDGE. These are the requests of the representatives of the domestic mica industry?

Mr. URBAN. Yes.

Senator REED. Let us see about the necessity of this.

Senator KING. First call his attention to the fact that they exported 3,661,587 pounds last year, or just a little less than the imports.

Mr. URBAN. I am very glad that you brought that up in the beginning.

Senator EDGE. Senator Reed has been studying it while I have been asking the questions. If he will continue the examination, we will listen to him.

Mr. URBAN. That is shown on page 466 of the summary of tariff information. The figures are correct, and consist entirely of ground mica, valued at from 7 to 11 cents a pound, or 6.2 cents per pound.

Senator REED. The exports in 1928 were 3,661,000 pounds, valued at 6.2 cents a pound?

Mr. URBAN. Yes, sir. That consisted entirely of ground mica, made from mica scrap or waste, which it is necessary to produce around any mining or factory operation.

Senator REED. The imports of that same kind of ground mica were as high as 1,867,000 pounds in 1923, and they have completely disappeared.

Mr. URBAN. Yes, sir.

Senator Reed. So that in 1928 only 150 pounds were imported. That is right, is it not?

Mr. URBAN. Yes, sir. That seems to be correct.

Senator Reed. With regard to the unmanufactured mica the domestic production appears to have fluctuated a good deal, but, on the whole, it appears to have increased over the past 15 years. That is right, is it not?

Mr. URBAN. It appears to have increased?

Senator Reed. Yes.

Mr. URBAN. Not in percentage of consumption, by any means.

Senator REED. I see that in some years the average for peace-time years seems to have been about 4,000 tons, but in the last four years the domestic production has been 5,400 tons in 1924; 10,500 tons in 1925; 8,700 in 1926; and 7,000 in 1927. The imports of unmanufactured mica have at no time in the past five years been much as 500 tons, according to this.

Senator BARKLEY. The highest was 314.

Senator EDGE. Is that your understanding?

Mr. URBAN. That will require an analysis; if your will allow me to analyze those figures.

Senator KING. Answer the question.

Senator REED. Wait a minute. Tell me whether I am right.

Mr. URBAN. In round tons, that is true; yes.
Senator REED. In 1928 the imports——
Mr. URBAN. Of unmanufactured mica——
Senator REED. The imports of unmanufactured mica in 1928 below 15 cents a pound, were 29 tons?
Mr. URBAN. Yes, sir.
Senator REED. In the same year what was the domestic production? It is not given in this sheet.
Mr. URBAN. It is not given.
Senator REED. Do you know what it was?
Mr. URBAN. Not below 15 cents a pound; no, sir.
Senator REED. In the same year——
Mr. URBAN. I can tell you it was 1,300,000 pounds, but I have no figures in this book to confirm that. I can make that statement, however.
Senator REED. The imports of mica over 15 cents a pound last year were 242 tons; that is to say, the total imports were 271 tons, while the domestic production was about 8,000.
Mr. URBAN. That is all qualities of mica. There is no segregation, and no classification in that. It is eminently important that those figures should be analyzed.
Senator REED. That is unmanufactured mica.
Mr. URBAN. Yes, sir; of all kinds.
Senator REED. These figures given by the Tariff Commission indicate an increasing domestic production and a declining scale of imports. Why should you have to multiply your duty 250 per cent in order to protect you?
Mr. URBAN. I will be glad to explain that for you in detail.
Senator EDGE. Go ahead and explain why you need 300 per cent or 250 per cent increase, in view of the lessening of your imports.
Mr. URBAN. All right.
Senator EDGE. Stick to that for a moment.
Mr. URBAN. We will take the 1,512,000 pounds domestic production in 1927, as shown in this table on page 464. That is shown as sheet mica.
Senator REED. Yes.
Mr. URBAN. That consists of small punch mica and sheet. In other words, there is no division as to value or size or quality in the domestic production.

I have before me an exhibit made up of a representative North Carolina mine for the year 1927, an exhibit of production, showing the values and cost. This exhibit was made up more than a year ago, and the information set up was, of course, not for such use as we are making of it to-day. But we can draw from this certain figures which will give you inside information as to the character of the mica mining industry and give us an immediate method of interpreting that figure.

This particular mine produced, during 12 months operation, 316,000 pounds of block rough mica crystals, as they were taken out of the mine. Of that amount, 67 per cent was scrap, which, if you will pardon me a moment, went to produce this 3,600,000 pounds that was exported. That is worth 1 cent a pound or less to the miner; 28 per cent of that production was punch mica, small pieces suitable for

punching small washers up to 2 inches, of an inferior grade. Four and one-half per cent was sheet mica, representative of and comparable with the second section of your table on page 465, only.

Senator REED. What do you mean by the second section?

Mr. URBAN. I mean the second section, values above 15 cents a pound. That was sheet mica. Four and one-half per cent of all the mica produced is in the same class as that mica represented in that table of exports.

If we then consider the punch and sheet mica, which are the figures reported to the Bureau of Mines and assembled under this item, 1,512,000 pounds, of that amount, 86 per cent was punch, worth 5 cents a pound; 14 per cent was sheet, worth more than 15 cents a pound. As a matter of fact, the average value of that sheet from that mine was 98 cents a pound. The average value of the punch, 86 per cent of that material, was 5 cents a pound. That should at once show us how to analyze that figure and compare the quantities in these two tables, should it not?

If we accept those figures as being authority, and representative, which they are, then we turn to a particular analysis of that figure which you read; it is something like this: Starting with the 1,512,000 pounds of domestic production, known as sheet, which is sheet and punch, in 1927, I have just shown you the last figures available; 86 per cent is punch, or 1,300,000 pounds, the average price of which is 5 cents a pound. The value would then be $65,000. The value of the original amount, as shown, was $212,400. Therefore, subtracting those two, the value of the sheet, the class of mica on which we are asking protection, would be $147,482, and there would be 212,000 pounds of it.

In our brief filed with the Ways and Means Committee, on page 1216, there is a table which has been prepared and set up, which shows how to compare United States classification of the mica which is given in that table with India grading, as given on the imports. That table states that in preparing mica classed as American grade, to compare with India, it will lose from 20 to 40 per cent, which is true. If we assume that it will lose 30 per cent, which is still on the safe side, that 212,000 pounds of domestic sheet which we are now dealing with will represent 148,400 pounds of sheet mica trimmed and prepared exactly according to this classification on the imported side of this sheet. The value of it will still be $147,462. The value per pound will be 99.4 cents.

Senator EDGE. Let me get down to what I consider the practical aspects. Are there enough mica deposits in this country, known and being worked, to supply the demand for mica in this country of the quality necessary, without any importations?

Mr. URBAN. I would say yes. That is my personal opinion. You will have expert opinion on that later in the day, however, I will simply unhesitatingly give you my opinion that there are.

From that analysis and the prices we have developed, we can go further and draw another conclusion, which is eminently important.

It has been stated frequently, and a great many people believe, from the prices shown in these statistics, that American mica is extremely inferior when compared with imported mica. You would judge that from reading this. It is worth 14 cents a pound. Over here it is worth 67 cents a pound. I have just shown you how the

part of the mica in this 1,500,000 pounds comparable with that is worth 99 cents a pound. We can go further than to say that it is equal to it. We can say that the average——

Senator EDGE. Would you have a market for the cheaper grade which it is necessary to mine to get this good grade? You get only about 4 per cent out of your product.

Mr. URBAN. That is a matter on which the tariff has an effect. We will consider that for just a moment, if I can finish this one statement I am about to make.

Senator EDGE. You will have to conclude in 10 minutes.

Mr. URBAN. We can readily draw from the figures the conclusion that American mica is not only equal to foreign mica, according to these tables, but that it is superior, because it is selling at a higher price.

I will have to hasten along.

Senator EDGE. You will have to hasten along.

Senator REED. The House gave you an additional 2 cents specific?

Mr. URBAN. Yes.

Senator REED. On your high-class mica.

Senator EDGE. As I understand it, you have filed three briefs with the House, and you are filing those three here now.

Mr. URBAN. Yes, sir.

Senator KING. The committee did not do it. It was put on the floor of the House. The committee rejected all your pleas, did it not?

Mr. URBAN. I think so.

Let us make one other analysis of these same figures. A further analysis of these figures, which are indisputable when properly interpreted, shows that in 1927 the United States furnished only 16.2 per cent of its requirements of sheet mica, unmanufactured mica, falling in this class, which is the important item of import, and for which we are asking 15 cents a pound specific duty; 83.8 per cent of the mica we used was imported. In other words, if the production of the United States was increased three times, we would then be furnishing only one-half of the mica we use. It is our belief that if we were granted the protection asked for by this revised schedule of rates, in two years, or in a very short time, the United States would be producing at least one-half, and probably two-thirds, of the mica it uses. This would give employment to three or four times the number of people engaged in the industry at the present time, and would in some measure allow us to take care of the advance in wages which is gradually creeping over those sections where mica is produced.

Senator BARKLEY. Is not the industry as a whole prosperous?

Mr. URBAN. No, sir; it is not.

Senator KING. Who produces mica in the United States?

Mr. URBAN. North Carolina, Georgia, Alabama, and New Hampshire.

Senator KING. Take North Carolina. Which firm do you represent?

Mr. URBAN. The Spruce Pine Mica Co. is the one I operate.

Senator KING. Where is that?

Mr. URBAN. Spruce Pine, N. C. We have a group of mines in the mountain regions surrounding Spruce Pine.

Senator KING. How long has your company been in existence?

Mr. URBAN. Five years.

Senator KING. How much actual money was put into your company—not stock sold, but money put in.

Mr. URBAN. $200,000.

Senator KING. At what do you value your plant, your holdings? You put in $200,000. Now what have you?

Mr. URBAN. We have $200,000 worth of real assets, mica stocks and properties.

Senator KING. How much more?

Mr. URBAN. Practically no more.

Senator KING. That is all you have, then?

Mr. URBAN. Yes.

Senator KING. Your capital is $200,000?

Mr. URBAN. Yes.

Senator KING. What was your production for 1928, or what were your gross sales?

Mr. URBAN. $85,000.

Senator KING. On a $200,000 capital?

Mr. URBAN. Yes, sir.

Senator KING. Do you have machinery?

Mr. URBAN. Yes, sir.

Senator King. Modern machinery?

Mr. URBAN. Yes, sir.

Senator KING. With the use of modern machinery your labor cost is small.

Mr. URBAN. Oh, no; not in the mica business. In the mica business there is a minimum of 85 per cent labor.

Senator KING. Eighty-five per cent labor?

Mr. URBAN. Absolutely; and 15 per cent of supplies would more than cover it. It is mostly hand work. Pay rolls constitute 85 per cent of the cost, from the mines to the processed material.

Senator KING. Is that skilled and common labor?

Mr. URBAN. Yes.

Senator KING. What do you pay your laborers?

Mr. URBAN. From 15 cents an hour up to $3.75, $4.50, and $5 a day.

Senator KING. How many employees has your company?

Mr. URBAN. We will average from 60 to 100.

Senator KING. Is it 60?

Mr. URBAN. I say, it will fluctuate from time to time.

Senator KING. Below 60?

Mr. URBAN. No, sir.

Senator KING. Your gross sales for 1928 were $85,000.

Mr. URBAN. Yes, sir.

Senator KING. What proportion of that $85,000 would come in the classification of that which was sold—the 3,661,000 pounds that were sold?

Mr. URBAN. That was exported?

Senator KING. Yes.

Mr. URBAN. Not a pound.

Senator KING. Did you not export any?

Mr. URBAN. Not a pound. I sold my scrap to scrap grinders, and ultimately it may have been exported.

Senator KING. What proportion of it did you sell there that may have been exported?

Mr. URBAN. Sixty-seven per cent of everything I produced was sold as scrap; absolutely waste.

Senator KING. It was not waste.

Mr. URBAN. It was waste to me.

Senator KING. You got something for it.

Mr. URBAN. Oh, yes. I got something for it. It is classified as waste in the schedule.

Senator KING. Is that the character of product that would come under the sale here at 6.2 cents.

Mr. URBAN. After it is manufactured; after it is ground; yes.

Senator KING. Where was that sold?

Mr. URBAN. I sell mine locally, to local mills in that section.

Senator KING. And they export it?

Mr. URBAN. They export it.

Senator KING. You do not export it, but they do.

Mr. URBAN. They do.

Senator KING. In mining your superior quality you produce the inferior, or vice versa.

Mr. URBAN. You must do that; necessarily so.

Senator KING. Exactly. So that one is a by-product of the other, whichever way you want to put it.

Mr. URBAN. Yes.

Senator KING. The good is the by-product of the poor, or the poor of the good.

Mr. URBAN. Yes.

Senator KING. But you got something for all of it.

Mr. URBAN. Yes, sir.

Senator KING. Is it on the surface?

Mr. URBAN. Oh, no. Our mines go to a depth of 700 feet.

Senator KING. Do you have to hoist?

Mr. URBAN. It is all solid rock. It must be blasted and shot with dynamite. It is very slow, laborious work, very expensive and uncertain.

Senator EDGE. Your justification of what would seem to be a very unusual increase in the rate of duty for an article that does not sell above 15 cents a pound—in other words, you ask for a duty of 15 cents a pound——

Senator KING. And 40 per cent ad valorem too.

Senator EDGE. Not on that particular grade. That is over 50. As I say, your justification of this increase must be based, then, absolutely and alone upon the tremendous amount of work you do, and the loss you incur, to get 4 per cent, or thereabouts, of an article that is profitable. Is that your general answer to my question?

Mr. URBAN. That, of course, represents the cost of the domestic material; but the price——

Senator EDGE. I would like to get a "yes" or "no" on that. Why can you justify a 15-cent specific duty, and on other grades a rate of 40 per cent ad valorem——

Mr. URBAN. On account of the cost of production.

Senator EDGE. Does that represent the cost of production of those less expensive and more expensive products of mica, as compared to the Indian product?

Mr. URBAN. Yes, sir. That is exactly what it represents. Our wages are a little more than ten times as high as they are in India.

Senator BARKLEY. Will that not amount practically to an embargo?

Mr. URBAN. No, it will not. While 15 cents appears high on mica worth 15 cents a pound, the majority of the mica imported is shown to have been worth 67 cents a pound, or, when the duty is added, 80 cents a pound. So instead of two or three hundred per cent increase you are making a 20 per cent increase, on the average.

Senator BARKLEY. The imported mica is not competing with this mica below 15 cents a pound, is it? It is of a different quality.

Mr. URBAN. This is 15-cent mica here, and everything that is——

Senator BARKLEY. You are speaking about a specific duty of 15 cents a pound on a product that is worth 15 cents a pound, and you are comparing that with a product that is imported, that you say brings 67 cents. Is that a real comparison?

Mr. URBAN. The figures I have set up are real comparisons. With the production of the necessary low-grade mica—to get any kind of mica you produce a large amount of low-grade stuff, for which you must have a market. There is certainly no occasion to import any of that kind under any circumstances.

Senator BARKLEY. Is there any of that kind being imported?

Mr. URBAN. There is some of it being imported to-day, under the present tariff, considerable of it.

Senator BARKLEY. What does that bring in this country?

Mr. URBAN. It is quoted here at 8.1 cents, 13 cents, and so forth. There were 57,000 pounds in 1928, and 217,000 pounds in 1927.

Senator REED. It was 29 tons.

Mr. URBAN. Yes, sir.

Senator EDGE. As I understand it, in addition to your testimony you want to get into the record the answers to two or three questions from representatives of the Bureau of Mines.

Mr. URBAN. Yes, sir.

Senator EDGE. Are you through with your presentation?

Mr. URBAN. I am, with the following statement, that whatever tariff is written, the tariff on manufactured mica must be at least twice as much as it is on the crude. If that is not the case, then the manufacturing industry will immediately be moved abroad and we will be in worse shape than we are to-day. If you give us protection on crude mica and do not protect the finished product, the manufacturers will simply go across the water, and we will be worse off than we are to-day. There must be a balanced tariff.

Senator EDGE. Is not this a balanced tariff?

Mr. URBAN. As I have it set up.

Senator EDGE. Is it not a balanced tariff so far as paragraph 208 has now been prepared, except on a lower basis?

Mr. URBAN. By no means; no, sir. It is not a balanced tariff at all. There are manufactured articles coming in regularly and constantly.

Senator KING. Mr. Witness, Senator Reed has just called attention to the increase from 6,172 short tons in 1913 to 7,036 tons in 1927.

Mr. URBAN. Yes, sir.

Senator KING. Did you increase your product this year?
Mr. URBAN. Somewhat, yes, sir; a small amount.
Senator KING. In 1928 it was greater than in 1927.
Mr. URBAN. A small amount; yes, sir.
Senator KING. And 1927 was greater than 1926.
Mr. URBAN. About the same.
Senator King. And the other producers have likewise increased their output, as is shown here.
Mr. URBAN. I would not say that is the case, because——
Senator KING. The figures show——
Mr. URBAN. That is absolutely total production. That is all grades, waste, good, bad, and everything.
Senator KING. The total production has increased from 6,000 to 7,000.
Mr. URBAN. If those are the figures, they are indisputable.
Senator KING. You mentioned your firm, with a capital of $200,000. What other firm if there that is producing? Let us have some of them.
Mr. URBAN. There are a great many independent local miners.
Senator KING. What do you mean by "independent"?
Mr. URBAN. Individuals who are operating mines; not as a company, but simply as individuals. Ninety per cent of the mining, or a great deal of it, is done in that way. Also mica is produced as a by-product in feldspar operations.
Senator KING. Of course, they would get the benefit of this tariff, although it is a by-product from something else.
Mr. URBAN. It is a by-product, but it means that there is a question as to whether or not you can afford to operate the two.
Senator KING. It is a by-product.
Mr. URBAN. Yes.
Senator KING. What other company is there of any magnitude—because I suppose they picked out the best company, and the biggest company, to be the exponent of their needs here.
Mr. URBAN. By no means.
Senator KING. What other company is there?
Mr. URBAN. The Asheville Mica Co. are buyers and manufacturers. They are not miners at the present time. They are large manufacturers and buyers of mica. They will take anything that is offered them to supply an immediate market for the miner, without which the miner could not operate at all.
Senator KING. Do they sell?
Mr. URBAN. Yes, sir.
Senator KING. On these prices—the market prices?
Mr. URBAN. Yes, sir.
Senator KING. Were their sales greater in 1928 than they were in 1927?
Mr. URBAN. I could not answer that.
Senator KING. Are you not sufficiently in contact with them to determine whether their company is expanding or whether they are contracting?
Mr. URBAN. They have a representative here. I could not attempt to answer that. They have a witness in the room, if you care to hear him.

Senator BARKLEY. You stated a moment ago that unless this tariff were put on the manufacturers of mica would be likely to go abroad.

Mr. URBAN. I said that if you do not give us a balanced tariff, if you put too much of a duty on unmanufactured mica, without protecting the manufactured product, they will simply get the unmanufactured material abroad, manufacture it, and bring it in under the lower duty.

Senator KING. You have not been doing that.

Mr. URBAN. That is being done every day; yes, sir.

Senator KING. The amount of manufactured has increased, as well as the unmanufactured.

Mr. URBAN. The amount of manufactured has increased?

Senator KING. Yes.

Mr. URBAN. They have both increased. The consumption of mica has increased considerably.

Senator KING. Exactly.

STATEMENT OF F. W. HORTON, MINERAL ECONOMIST, UNITED STATES BUREAU OF MINES, WASHINGTON, D. C.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You are the mineral economist of the Bureau of Mines, are you not?

Mr. HORTON. Yes, sir.

Senator EDGE. Your testimony is, as I have indicated, a part of Mr. Urban's testimony, because you are not on the list. I do not want to go into any long details. I am just going to ask you these two questions.

Are our domestic mica resources of sufficient size and extent, if developed, to provide for domestic consumption? What does your investigation demonstrate?

Mr. HORTON. It demonstrates that they are. I have prepared here just a brief statement which it would take me only a few minutes to present.

Senator KING. I suppose there would be no impropriety in adopting the view expressed by the President, who recently said that we must not mine all oil, but keep a little for the future; and we must not exhaust all our forests, but keep a little for the future.

Mr. HORTON. There is no danger of that in the case of mica.

Senator EDGE. Have you prepared a brief statement in answer to this question?

Mr. HORTON. Yes, sir.

Senator EDGE. You have anticipated the question?

Mr. HORTON. Yes, sir.

Senator EDGE. One other question. How does the quality of domestic mica compare with that of foreign mica?

Mr. HORTON. I think the next witness, Doctor Silsby, from the Bureau of Standards, will be able to answer that better than I. I am not particularly well acquainted with foreign micas.

Senator EDGE. Proceed with your statement.

Mr. HORTON. May I preface may answer by saying that in November, 1928, I was engaged by the United States Bureau of Mines to make a survey of the mica deposits of this country. This work was

undertaken at the request of and in cooperation with the mica commodities committee of the War Department to ascertain the extent of our domestic deposits and to determine if possible whether the War Department could expect to obtain a sufficient supply of mica from our own mines in the event of a war emergency.

My investigation has so far been confined principally to a study of our domestic deposits. Mica occurrences are widespread in this country and deposits of at least potential commercial value are known to exist in 20 or more States. Within the past seven months I have examined perhaps 75 representative deposits in the following States: Maine, New Hampshire, Connecticut, Virginia, North and South Carolina, Alabama, Georgia, New Mexico, and South Dakota

I have not as yet seen any of the mica mines in Idaho, Montana, Colorado, Wyoming, and Nevada which have important deposits. I can, however, state that in my opinion our mica resources have as yet been hardly scratched, notwithstanding the fact that the mica industry began in this country as early as 1840 in New Hampshire and soon after 1868 in North Carolina. Many promising deposits in the States I have visited have been opened to only very shallow depths and are by no means thoroughly prospected, while other deposits have had no development work worth mentioning done on them. The extent of mica-bearing pegmatites is enormous and hundreds of deposits occur in the pegmatite-bearing areas of New Hampshire, the Carolinas, Georgia, Alabama, New Mexico, and South Dakota. These deposits as a whole are only partially developed. It is my opinion that with prices of mica that would induce capital to invest in mica mining, that a domestic production sufficient to meet the principle demands of this country for sheet mica could easily be met and maintained for years. Of course, it must be understood that it would take some time for the industry to develop to this point but it would probably do so within two or three years.

I am but little acquainted with foreign micas but with respect to quality I am told that our domestic micas compare favorably with them. Dielectric tests which I have had made through the cooperation of the Bureau of Standards on 36 samples of domestic micas as compared with foreign micas from India, Africa, Brazil, Argentina, and other countries, show no notable differences, and from a visual examination it is practically impossible to differentiate between Indian mica and domestic mica; this, of course, on comparable grades. For example, I am handing the committee four samples of mica, one from India, one from Georgia, one from North Carolina, and one from New Hampshire. It is difficult even for an expert to tell them apart.

Practically all grades of Indian mica can be matched almost exactly with our domestic micas both in regard to color and stain but it would seem that the average domestic mica is whiter than the average Indian mica and that the average Indian mica has more of a ruby tint than our average domestic mica.

In 1927 the production of domestic sheet mica including "punch" or small sheet reported by the United States Bureau of Mines amounted to 1,512,492 pounds, but of this all except about 198,000 pounds consisted of "punch." This 198,000 pounds of domestic sheet mica is comparable with the 558,595 pounds of imported unmanufactured mica valued above 15 cents per pound brought into

this country during the same year, with this exception, that the domestic article would lose from 20 to 30 per cent of its weight if brought to India grading. It must be understood that our domestic sheet is not prepared as closely as imported micas with reference to the removal of cracks and angular areas. Without any correction for grading these figures show that there was practically three times as much foreign sheet mica imported in 1927 as was produced from our own mines, or, in other words, foreign micas supplied about 75 per cent of our sheet mica market.

Senator KING. But, in producing the sheet mica, we were producing the other qualities, the export of which was 3,662,000 pounds in 1928.

Mr. HORTON. Certainly, sir.

If account is taken of the fact that the foreign sheet mica is more closely trimmed (and consequently yields less waste in manufacturing) it is evident that we are actually dependent upon foreign courses for considerably more than 75 per cent of our sheet mica. With regard to mica splitings which are used for the manufacture of mica board and built-up mica we have been wholly dependent upon imports. The imports of scrap mica are not shown separately in the Department of Commerce statistics, but I understand that even in this category about 4,000 tons were shipped in from abroad last year.

It is not within the province of the Bureau of Mines to make recommendations with regard to tariff policies and I have no opinions to express either for the bureau or for myself as to the proper duties on mica in any of its forms. I am making no study of foreign costs of production and as yet I have very little information with regard to domestic costs. I submit as my individual opinion that a few domestic mines can operate profitably at present prices and that higher prices would result in a substantially larger domestic output. As I have stated, my investigations have revealed no inherent differences in quality as between foreign and domestic mica of comparable grades.

This concludes my statement, but if I have failed to make myself clear or if the gentlemen of the committee have any questions with regard to my examination of domestic deposits, I shall do my best to answer them.

Senator KING. The electrical industry consumes a large part of this, does it not, Mr. Horton?

Mr. HORTON. Yes, sir.

Senator KING. And, of course, any increase in the price would be reflected in an increase in the costs of the companies which use it.

Mr. HORTON. It would, but to a very moderate extent, because the individual element in which the mica is used is usually low priced.

Senator KING. All right.

STATEMENT OF DR. FRANCIS B. SILSBEE, PHYSICIST, BUREAU OF STANDARDS, WASHINGTON, D. C.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Doctor, what position do you hold?

Doctor SILSBEE. I am a physicist in the Bureau of Standards.

Senator EDGE. I understand that you have made comparative tests as to foreign and domestic micas. Have you?

Doctor SILSBEE. Yes, sir.

Senator EDGE. What is the result of that inspection as to the quality of the domestic and foreign micas?

Doctor SILSBEE. In these tests we have found no measurable difference or appreciable difference between micas from the various sources. I should point out that the measurement only covered dielectric strength, and the ability to get clean and electrically good films from a given weight of material. Those are the two most important applications for electrical appliances, which are perhaps the most important applications. We can not say sweepingly that there is no difference in any respect between the micas, but in these two important properties we have found no differences.

Senator EDGE. These are professional witnesses as to the quality.

Senator KING. You do not say—I ought to have asked this question of the other witnesses—you do not say that the quality of the domestic production is the same as the quality of the foreign production?

Doctor SILSBEE. That the material, as a material, is the same. We have no data on the relative amounts of scrappings, punchings, and sheet.

Senator EDGE. On page 1243 of the House hearings I find this statement:

> We can not use domestic mica. During the year 1923 we bought several thousand pounds of domestic mica, and had to reject practically 50 per cent on account of defects, such as softness, hair lines, mineral stains, and low dielectric strength.

You mentioned dielectric strength.

> This mica can be purchased much lower, and it would be to our advantage to use it if it had properties suitable for electrical insulation. During the time we were buying domestic mica it was necessary for us to augment our supply with imported mica, as the domestic sources could not produce enough mica to take care of our needs.

Is that true?

Doctor SILSBEE. It was not true of the samples submitted to us for test.

Senator KING. Do you mean to say that this is not true? You only base your testimony upon some samples that were exhibited to you?

Doctor SILSBEE. Yes; that is all.

Senator KING. Who brought those samples to you?

Doctor SILSBEE. In 1918 some samples were sent by the War Industries Board and recently by the Bureau of Mines.

Senator EDGE. Are there any other questions?

Senator KING. I think that is all.

BRIEF OF THE NEW HAMPSHIRE MICA AND MINING CO., KEENE, N. H.

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

HONORABLE SIRS: We respectfully submit the following request for changes covering the tariff on importations of mica, under the present law, paragraph No. 208, and request the tariff act be changed as follows:

Mica, crude, knife or thumb trimmed, only.—Up to 26 cents per pound in value, 25 per cent ad valorem and 12½ cents per pound; from 26 cents to 52 cents per pound in value, 25 per cent ad valorem and 20 cents per pound; from 52 cents per pound and over in value, 25 per cent ad valorem and 25 cents per pound.

Mica, random thickness.—Cut to size, trimmed to any shape or pattern, stamped, punched to any shape or form, mica plate, and built-up manufactures of mica,

or as parts of machinery, and/or as parts of machines of which mica composes over 50 per cent in weight or value, 60 per cent ad valorem and 50 cents per pound.

Muscovite mica splittings, not cut to size.—Under 0.0012 inch thick, free; 0.0012 inch and over in thickness, 40 per cent ad valorem.

Phlogopite mica splittings, not cut to size.—Under 0.0016 inch thick, free; 0.0016 inch and over in thickness, 40 per cent ad valorem.

Mica films, or splittings cut to size or mica cut to size and split to an approximate thickness, 100 per cent ad valorem and $1 per pound.

Mica waste or refuse, 1 cent per pound.

Ground or pulverized mica, 2 cents per pound.

Our request for an increased tariff on mica and mica products is based primarily upon the difference in wage scale existing in India and that in the United States.

For the year 1928 we submit the following information as to the cost of mining and splitting of the rough block mica and preparing and bringing it to the thumb-trimmed state in our mining operations in New Hampshire:

	Per cent
Mine labor	61 1/10
Labor sheeting block mica	19
Supplies and repairs	15 1/10
Depreciation machinery, etc	4

The item of property depletion has not been taken into consideration as it is impossible to lay before the committee comparative charges for property depletion here and abroad.

New Hampshire wage scale.—Mine laborers, $4.50 per day (9 hours); mica sheeters, $2 to $2.50 per day.

India wage scale.—Mine laborers: Men miners, $0.12 to $0.15 per day; women miners, $0.05 to $0.09 per day. Mica shearers, $0.09 to $0.18 per day. (Reference: Ways and Means Committee, House of Representatives, vol. 11, Schedule 2.)

You will note from the foregoing that the cost of production of mine mica in the United States is, labor 82 1/10 per cent, and while the percentage is probably higher in India due to the fact that they are not equipped with modern mining machinery, it can readily be seen, with the wage scale that is in effect in India, that it places the Indian producer in a position of being able to undersell the American producer by several hundred per cent. The only mines that can be operated successfully in the United States at the present time are those which are unusually rich in mica and where mining conditions are ideal. The cost of production of mica is primarily one based on the cost of labor.

Production of mines.—The mine production in the United States is classified as sheet mica, punch mica, and scrap. In India the product is sheet mica. The equivalent of the punch mica is manufactured into the cheaper varieties of splittings, and the scrap in most instances is thrown away.

The miner in this country prepares his product for sale to the dealer usually in the state called "thumb trimmed." In India the miner "knife trims" his mica, cutting away from 30 to 50 per cent more of a piece of mica than does the American miner. The wastage varies generally according to the size of the sheet of mica.

We particularly wish to call your attention to the fact that a comparison of prices at which India sheet mica is sold and prices at which American sheet mica is sold is not available until the American product is brought to the same state of preparation as the product of the Indian miner.

We wish to take up the Summary of Tariff Information, 1929, on the tariff act of 1922, Schedule 2, as compiled by the United States Tariff Commission, and call particular attention to various statements as therein set forth. We quote from page 467, paragraph 1, beginning with line 3: "Under the tariff act of 1922 imports provided about one-third of the domestic supplies of sheet mica, one-fourth of domestic supplies of splittings, ground, and scrap mica taken together, and from this it would be deduced that one-third of the sheet mica used in the United States was imported and only one-fourth of the splittings, ground, and scrap mica were imported, and this is entirely incorrect and misleading. The last figures available of the production in value of Muscovite mica produced in the United States is in the year 1927. The figures given below are those taken from the Summary of Tariff Information, 1929, on pages 464, 465, and 466.

Page 464 gives the United States production of sheet and scrap miva:

Sheet mica	pounds	1,512,492
Value		$212,482
Unit value per pound		$0.14

The Tariff Commission has included with the sheet mica, the punch mica, the value of which is $0.04 to $0.10 per pound, depending on the quality. The average value, we should say, would be $0.07 per pound. The Bureau of Mines, Department of Commerce, states that approximately 198,000 pounds of this 1,512 492 pounds was sheet mica and the remaining 1,314,000 pounds was punch mica and that the value of approximately 198,000 pounds of sheet mica was approximately $117,000, while the remaining 1,314,000 pounds had a value of approximately $94,900.

The average value per unit of the sheet mica produced in this country was $0.59 per pound in the thumb trimmed state. A letter from the Bureau of Mines giving the figures on the preceding page is herewith attached.

From the above you will note that the Tariff Commission has failed to properly classify the domestic production and that the average value per pound of $0.14 for the year 1927 is entirely misleading.

Referring to tables on pages 464 and 465, Schedule 2 of the Summary of Tariff Information, 1929, by the Tariff Commission, together with the information contained in the letter from the Bureau of Mines dated June 26, 1929, we give the following table with explanations:

UNITED STATES PRODUCTION OF MUSCOVITE MICA FOR THE YEAR 1927

Sheet mica.—198,000 pounds (approximately); value, $117,000. Imports for the year 1927: (1) Value less than $0.15 per pound, 217,712 pounds; value, $24,381; duty collected, $8,708. (2) Value above $0.15 per pound, 558,595 pounds; value, $288,955; duty collected, $72,239.

Punch mica.—1,314,000 pounds (approximately); value, $94,900. Imports for the year 1927: None.

Mica splittings.—3,456 pounds; value, $155. Imports for the year 1927: 2,588,253 pounds; value, $1,123,808.

Scrap mica.—6,280 short tons; value, $110,139. Imports not listed by Tariff Commission, although we are quite positive that there were importations of scrap mica.

Imported mica:	
Total of sheet mica imported (pounds)	776,307
Value	$313,336
Average value c. i. f. duty not paid imported sheet mica (per pound)	.41⅒
Duty paid on 776,307 pounds	102,438
Average duty collected (per pound)	.13⅒
Total average cost of imported sheet mica per pound duty paid at seaport	.59⅒
Practically all imports of muscovite sheet mica are knife trimmed.	
Domestic mica:	
Average cost per pound of domestic sheet mica, thumb trimmed	$0.59
Approximate amount of wastage incurred in bringing the domestic thumb-trimmed sheet mica to the same stage of preparation as the imported muscovite mica, a low estimate of, per cent wastage is	33⅓
Cost of domestic mica, knife trimmed, in the same state of preparation as Indian mica (per pound)	$0.88½

(To this must be added approximately $0.20 per pound average for labor in trimming this mica.) Total, $1.08½ per pound unit value as against the imported average cost of $0.59⅒ per pound.

DEPARTMENT OF COMMERCE, BUREAU OF MINES,
Washington, June 26, 1929.

Mr. W. E. BLOOD,
The Willard, Washington, D. C.

DEAR MR. BLOOD: I have your letter dated Washington, D. C., June 25, regarding the quantity and value of sheet mica, exclusive of punch mica, and the quantity and value of punch mica produced in this country in 1927.

Figures covering this production are as follows:

	Pounds	Value	Average price per pound
Punch mica	1,311,286	$94,856	$0.0723
Sheet mica larger than punch	197,750	117,471	.5940
Uncut splittings	3,456	155	
Total	1,512,492	212,482	

Very truly yours,

O. P. HOOD, *Acting Director*
(For Scott Turner, Director).

Punch mica.—This type of mica is used principally for the manufacture of mica washers and small punched parts where the finished piece can contain some imperfections, cracks, etc., with the exception of the clear punch mica which is used in the manufacture of discs and such parts, but the bulk of the United States production of punch mica is used for washers and small punched parts where imperfections are allowed and there is very little mica imported to be manufactured into the cheaper grades of washers.

Mica splittings.—The bulk of the splittings imported comes from India and the type of mica which we know as punch mica is generally manufactured into the cheaper varieties of splittings in India. It is impossible to manufacture Muscovite Splittings in this country and compete with the Indian splittings due to the difference in labor cost. Splitting labor in India receives $0.04 to $0.09 per day and the same type of labor in the United States would receive from $2 to $2.50 per day. The average value of India mica splittings c. i. f. United States ports runs approximately from 4½ annas per pound ($0.10) to 4 rupees per pound ($1.44). By far the largest quanity (in weight) of splittings imported are those of the cheap variety which sell from 5 annas ($0.11¼) to 6 annas ($0.13½) per pound c. i. f. United States ports.

Scrap mica—Practically all of the production of scrap mica in the United States is manufactured into ground mica by either the wet or the dry process, the wet ground product going to the wallpaper trade for decorative purposes and the rubber trade for various manufacturing purposes, and the dry ground product going principally to the roofing manufacturers.

Referring again to the Summary of Tariff Information, 1929, page 467, paragraph 1, we do not understand why splittings, ground mica, and scrap mica are taken together as splittings are not competitive with either ground or scrap mica, the imported splittings being used mostly for the purpose of the manufacture of mica plates boards, moulded shapes, tubes, etc.

On page 466 of the Summary of Tariff Information, 1929, exports are given as 3,661,587 pounds; average value per pound $0.062. This value of $0.062 per pound would indicate that this is largely ground mica. Undoubtedly, included in this is mica and mica plate which has been exported as parts of machines. The exportation of sheet mica or as fabricated parts of mica in weight is negligible. Our principal product of exportation is what is termed wet ground mica and the principal reason that this product is an exportable one is due entirely to the fact that there are no wet grinding mills in Europe and that the Europeans have not as yet learned our method of wet grinding.

We understand that the Bureau of Standards has pronounced domestic mica as being the equal of the imported mica.

The figures as given above covering the difference in wages between the American and Indian standards (India being by far the largest producer of mica) will clearly substantiate our claim that the miner of mica in this country is entitled to all that we have asked for in the way of tariff protection, and, undoubtedly, more, and the figures taken from the Tariff Commission's summary would clearly indicate sales conditions as exist in the mica business.

It must be borne in mind that the European demand for mica and the prices paid in Europe have considerable bearing upon the sales price of foreign mica to this country.

From the briefs that we have seen and that have been submitted to the Ways and Means Committee, and one which we signed in conjunction with some of the

southern producers, we feel that it is not necessary for us to go into the question of available supplies, qualties, etc., as all of this information is contained in other briefs and also can be secured by the committee from the government records of the Department of Commerce, Bureau of Mines.

The position of some of our opponents, on the other hand, is that raw material should be placed on the free list with a tariff of 110 per cent placed on the partly manufactured and 200 per cent on the specially manufactured. See Hearings before Ways and Means Committee, House of Representatives, volume 11, Schedule 2, testimony of James F. Garneau, page 1226, as follows:

"Mr. GARNER. All you ask of this committee is to put the raw material of North Carolina, Vermont, and the Dakotas on the free list and give you 110 per cent on the partly manufactured and on the specially manufactured 200 per cent?

"Mr. GARNEAU. Yes, sir."

The distinction between our position and the importers position is that we request an adequate tariff for the protection of the producer of raw material in the United States while they request that raw mica be put on the free list. We agree that the manufactured product and fabricator of mica parts should receive adequate tariff protection.

We have dealt with the sales price using the last United States Government compiled figures for the year 1927 as a comparison between American and foreign mica. This also substantiates our claim to the tariff protection that we have requested. If granted the increased protection which we have requested, we feel sure it will enable a number of mines to be opened in this country on a profitable basis which, at the present time, it is impossible to operate, and should a future need arise in case of war this country will be in a position to produce large quantities of mica and we feel that the requested amount of tariff protection is a minimum of that which may start the mica mining industry again in this country.

We have also requested the same relative increase on fabricated and manufactured mica parts in order to insure a benefit to be provided by the increase on the duty of raw mica; otherwise, all the raw mica which is protected would have no market here as the manufacture of fabricated and manufactured parts would necessarily pass abroad.

We have not requested any duty on mica splittings as it is impossible, under present conditions, to produce them in competition with India and other countries.

We are hereto attaching samples as follows: Sample No. 1 being knife trimmed India mica, sample No. 2 being thumb-trimmed domestic mica.

When the sample of domestic mica is knife trimmed, it will produce approximately the same piece as the knife trimmed sample of India mica, as represented by sample No. 1.

Respectfully submitted.

NEW HAMPSHIRE MICA & MINING CO.,
By W. E. BLOOD.

STATEMENT OF ALLAN GERDAU, REPRESENTING THE OTTO GERDAU CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. GERDAU. I represent the Otto Gerdau Co., of New York City.

Senator EDGE. Did you appear before the House committee?

Mr. GERDAU. I did, sir.

Senator EDGE. Did you present a brief there?

Mr. GERDAU. I did, sir.

Senator EDGE. What is it you desire to present to this committee that you have not presented to the House committee?

Mr. GERDAU. We wish to refer for 10 minutes to paragraph 208—mica, unmanufactured, valued at not above 15 cents per pound, 4 cents per pound; valued above 15 cents per pound, 25 per cent ad valorem.

Senator REED. Plus 2 cents.

Mr. GERDAU. That is suggested in the House bill. That is not the present duty.

Senator EDGE. But that is the bill before us.

Senator REED. That is the bill before us.

Senator EDGE. Very well. Proceed in your own way to discuss your view of the bill before us.

Mr. GERDAU. Thank you. I shall try to be through in 10 minutes.

Senator KING. May I say, before you start, that if you care to make any comment upon the testimony of the witness who manufactures mica down in North Carolina, I should be glad to have you do so.

Mr. GERDAU. I am going to ask to make an exception. We generally never refer to competitors. I will refer to some of their statements afterwards.

Senator KING. All right.

Mr. GERDAU. Our company has been established since 1872. We specialize in the distribution of domestic and imported raw mica.

We have always understood that tariff legislation desired suitable duties on manufactured goods to adequately protect American factories and labor against cheaper foreign labor, and importations of raw materials not produced in this country duty free to enable our factories to compete in the world markets.

We have consistently supported this policy, even if it meant a loss to ourselves.

As one example, we were agents for one of the largest German cutlery houses, probably one of the largest cutlery factories in the world. When the present duty was proposed we did not come to Washington and oppose it, because we knew that our cutlery was selling below American cutlery because of cheaper German labor. That article has been completely wiped out. We would never appear before any committee arguing only for our pockets if it were at the sacrifice of American labor.

Mica is a name given to a group of minerals of different texture and different working qualities, but related in structure and physical properties.

Mica is found in the United States, India, Argentina, Brazil, Africa, Madagascar, and elsewhere. It varies in quality according to the different geological conditions in the different countries, and it is put to different uses according to its different qualities.

For instance, the Indian mica is used extensively for high-tension electrical work, as dynamos and radios. The Argentine mica generally contains a mineral stain, and very little of it will withstand more than 750 volts. The American mica contains hair-line cracks and wavy surfaces and splits unevenly.

Domestic mica and imported mica do not compete. The domestic mica is used for stove windows, washers, and where no great insulation is required. Very little foreign mica is used for this purpose, because it sells at half again the price of domestic mica. I do not believe that more than 10 per cent of the total imports are used for low-grade insulation.

That domestic mica is one thing and used for one purpose, and imported mica is used for another, we are in an excellent position to judge. We sell both. We would gladly sell only the domestic if we were able to, but it would be ridiculous to offer a domestic mica where the imported grade is necessary.

Senator EDGE. Right there, I do not want to interrupt you, but I am very much interested in what you are saying. What do you assign as the reason for such a large importation of the cheap mica, then?

Mr. GERDAU. May I come to that within 30 seconds?

Senator EDGE. I am very anxious to hear the answer to that.

Mr. GERDAU. This fact was brought out, substantiated in the hearings before you in 1921 by such large and nationally and reputably known houses as the Bosch Magneto, the Columbia Graphophone, and Charles P. Storrs, who was the Government administrator of mica during the war. This is in answer to your question, sir: Whereas the domestic mica and the foreign mica do not compete, what do compete are the low-grade articles with the high-grade articles.

For instance, I believe that 80 per cent of the domestic mica passes through four manufacturers who make low-grade mica articles. Mr. Urban is one of those four; the Asheville Mica Co. is another one; Schoonmaker is another. I do not know what their object is, but I believe that if they can exclude all high-grade mica they will have a clear field for their low-grade mica.

As an illustration, on an electric iron, if you use a good mica it may last a great number of years. If you use a low-grade mica it might last a month, it might last a year, but sooner or later you are sure to have a short-circuit and a blow-out.

I do not believe that the domestic miners number 200 men in the whole country. I know for a fact that one mine that produces one-seventh of the entire production does not employ more than 10 or 15 men.

Senator KING. Where is that mine?

Mr. GERDAU. That is the New Hampshire mine, Mr. Blood's mine.

Senator EDGE. Right there, what is your answer to the two experts, one of whom compared quality, and the other one of whom discussed the quantity?

Mr. GERDAU. May I bring that out later? I am going to come to that, too, in a moment.

Senator EDGE. All right. I just do not want you to forget it, because we would like to know about it.

Mr. GERDAU. You do me a favor in asking me, and I just want to to bring out one other point first. I do not want to forget it.

Whereas the domestic miners number, I believe, not over 200 men, the manufacturers of mica articles run into the thousands; and at the present time these manufacturers are having difficulties, not only because of the lower foreign labor, but because none of the countries that manufacture mica in a large way have a duty on their raw material.

In other words, the German manufacturers are beginning to send in their articles. They have the advantage of no duty on their raw material and cheaper labor. For that reason we should like to ask your committee to study whether or not the manufacturers of mica parts have adequate protection at the present time. We specifically wish to request that there should not be a duty on the raw material, because we consider it unnecessary and only a harmful burden on the manufacturers of mica articles.

Senator KING. How many employees are engaged in manufacturing products from mica?

Mr. GERDAU. It is a guess. I know it runs into the thousands; I do not know how many. I have been told—I do not like to give that, because it seems like such a terrific number.

Senator EDGE. In other words, so that I do not misunderstand you, in the latter part of paragraph 208, now carrying 30 per cent and 40 per cent ad valorem, you recommend an increase. That reads "mica plates, and built-up mica," and so forth. Is not that the manufactured mica?

Mr. GERDAU. Yes, sir. In the case of that particular item, I know that certain articles are being driven out of this market. I am not sure what the duty should be. We only ask that it be investigated.

Senator REED. Mr. Gerdau, may I interrupt you, or would you rather complete your statement first?

Mr. GERDAU. May I go on? I shall be through in two minutes.

Senator REED. Yes.

Mr. GERDAU. In conclusion I should like to make an exception and refer to certain statements that have been made by our competitors. That is something that our company hates to do. We have been trained never to talk about competitors. In this case, however, because I believe some deliberate attempts at misrepresentation have been made, I should like to quote definite statements.

For instance, one of the men before the Ways and Means Committee stated:

> The writer was born and reared in the mica section of North Carolina and has noted the effect of low tariff on mica, and since 1920 has seen the domestic industry, in which I am engaged, growing less and less, although the consumption of mica in the United States has greatly increased during the same interval.

If that were true, it would deserve sympathy; but it is not the truth. In 1922 the North Carolina production was 544,000 pounds. In 1926 it was 700,000 pounds—a healthy increase.

In 1922 the production in New Hampshire was 475,000 pounds. In 1926 it was 1,371,000 pounds, a tremendous increase.

Senator EDGE. Have you any figures for 1927 and 1928?

Mr. GERDAU. No; I have not, sir. I am going to try to find out if we have figures, and I will telegraph them to you if they are out. At the time we got these figures they were not out.

Another representative stated:

> Only 20 per cent of the mica used has been produced at home.

In other words, that the quantity of mica imported is four times the quantity of the domestic mica.

What is actually the case? This man is using dollar figures for quantity figures. Only one-quarter of the raw sheet mica which this man was talking of at the time is imported, but that one-quarter sells for three or four times the value of the domestic mica.

Senator KING. Because of its superior quality?

Mr. GERDAU. Because of its superior quality.

I want to mention that somebody believed that when this statement was made the man might have been referring to splittings. He made it under the heading of "raw mica." Splittings is something which I do not believe our company handles. Splittings is a

totally different article, and it is under a different heading there and has a different duty. If he includes that, then that figure of three or four times would be true; but he brought it in under the raw mica, and I believe he was really using the dollar figures.

The same representative made the statement that in India the price of mica was 5 cents per pound.

I have not been in India, although I have been around the world five times; but I do know that the customs figures show that the average price of Indian mica before paying duty is 85 cents per pound That means with a duty of 25 per cent, plus at least 20 per cent handling expenses. If we get a consignment of mica, we charge a 20 per cent commission for handling it. The expense is, at a minimum, 20 per cent. I believe it is higher. That would make the average selling price of Indian mica at least $1.50 a pound.

Senator EDGE. You are importers of mica. Is that your only business?

Mr. GERDAU. No, sir; it is a very specialized business. We have a separate department and separate experts to handle it.

Among other statements that were made again to-day was the fact that certain varieties of domestic mica are equal in quality to the India varieties, both for use in stoves and for all electrical insulations. That is the literal statement that was made in 1921. A similar statement, with the same meaning, was made to-day; also that prices govern use.

I want to particularly state under oath here, and emphasize again that I know I have taken an oath, that the imported mica is different. While it appears to be alike, I will also show you samples that look exactly alike but are totally different, and could not be used for high-tension work.

Senator EDGE. Then the experts here are mistaken?

Mr. GERDAU. I believe, sir, what has happened is—I am very glad you mentioned that——

Senator EDGE. I asked you that question before.

Mr. GERDAU. There is a certain percentage of high-grade mica produced in this country. I know one of the men who had the New Hampshire mine before Mr Blood owned it. It was such a small amount of high-grade mica that they did not even assort it. I believe it is being assorted to-day. The man to-day mentioned only 4 or 4½ per cent of the domestic mica being this high-grade mica. I believe he is underestimating it. I believe it is as high as 10 per cent; but I do not believe that more than 10 per cent is fit for that purpose. On the other hand, I am sure that very little of the mica that is imported is used for low-grade insulation. We can not compete. I am also sure that to our customers we can not sell the one for the other; but to make sure that we must be right, if the Government made a survey and went to houses that are well-known and established, beyond a doubt they will tell you that they could not use the domestic mica for the other.

Senator KING. To whom do you sell this superior grade of mica?

Mr. GERDAU. To manufacturers of various electrical appliances.

Senator KING. If they could get that cheaper at home, why would they not take it, if it was as good a quality?

Mr. GERDAU. They certainly would, sir.

May I mention the fact that the next witness, I believe, will be one of the four men who manufacture a low-grade insulation.

Senator KING. We will wait for the next witness.

Mr. GERDAU. I think he is going to mention that; and what I want to point out is that it is a competition between the articles.

May I, in closing, remind you that two articles may look alike and yet be very different. For instance, take these two grades of Indian mica: Those two grades are totally different, and you can not use them for the same purpose.

Senator KING. These are all Indian mica, are they? They look alike.

Mr GERDAU. Yes, sir. Now, I want to emphasize to you how I know this.

We deal in practically all micas. When we bought out a concern that had been importing exclusively Argentine mica, that man could not handle the Indian mica for us for years. We had to train the man so that he could handle it. Vice versa, a man who has been handling one mica can not change and handle the other.

Senator KING. Let me ask you a question right there: It requires experts, does it, to determine the different grades and qualities?

Mr. GERDAU. Yes.

Senator KING. Do you sometimes sell, perhaps by mistake or otherwise, or because the purchasers think that perhaps a different grade will be satisfactory, a grade of mica which you afterwards discover or the purchaser discovers is not suitable?

Mr. GERDAU. It should not happen. It does happen; but the thing is so technical that we almost always send it to a customer that we have had for years and years. We first send them a sample of the lot. It varies so tremendously that we ourselves can not just go and buy Indian mica by name and classification. We must see the sample to see the exact number of air inclusions. This is split into very fine parts.

I should like to mention and emphasize one thing as a reason why I think your committee should weigh this very, very carefully:

I think that mica, even without a duty, faces a very doubtful future. They are experimenting for substitutes, and most of the witnesses who appeared before you in 1921 are no longer using mica, but are using substitutes. I refer to the Columbia Graphophone people. I do not believe the Bosch Magneto people use it in spark plugs. They are using porcelain. For insulation they are beginning to use fiber. I am sure the article can not stand an additional burden.

Senator EDGE. You said a moment ago that you thought there was more than 4¼ per cent, probably 10 per cent, of high-grade mica produced of the total that is produced in this country.

Mr. GERDAU. Yes, sir.

Senator EDGE. If that is correct, do you mean to say that this 10 per cent, then, is of a sufficient texture and quality to be used in the highest-grade electrical work, just the same as the Indian mica?

Mr. GERDAU. Yes, sir; I believe that 10 per cent is.

Senator EDGE. Then, if it is 10 per cent rather that 4½ per cent, as the witness testified in his own behalf, would it not be possible, with protection, to secure enough in this country to provide the domestic demand?

Mr. GERDAU. I believe that our War Trade Board, during the war, said "no." I know that the very witness who claimed today that it would be possible mentioned before the Ways and Means Committee that he had no idea how much mica was below the earth, nor did anybody else. I do not believe that they could produce enough to take care of the requirements of this country.

Senator EDGE. Do you think that the specific and ad valorem duties that they suggested, representing the difference between the cost of your mica imports here and the mica produced domestically, are a fair estimate of the difference? You agreed at the outset that the protective-tariff policy was correct.

Mr. GERDAU. Yes; on a raw material, sir, if it competes with this. I do not believe, essentially, that the imported mica does compete. I am absolutely sure that if I should be wrong there I am benefiting thousands of people who are engaged in the manufacture.

Senator EDGE. But if the raw material is produced here just the same as any other raw material, then why should it not be protected?

Mr. GERDAU. I believe that, grade for grade, 10 per cent of the domestic mica might be used in place of the foreign mica; but I believe the foriegn mica will sell at a higher price. The witness witness testified to you 9 cents. That sheet cost $12 a pound, one of those sheets that you have before you.

Senator REED. This one [indicating]?

Mr. GERDAU. This one. This is some domestic mica, here.

Senator EDGE. You will admit that 10 per cent of the domestic mica is comparable to this high-grade foreign mica?

Mr. GERDAU. Yes, sir; but I am quite sure that the imported mica sells at a higher price than the domestic, even if it is the same; and I do not believe the domestic mica needs the price protection. I believe that one high-grade man testified before the Ways and Means Committee that his mine required no protection.

Senator EDGE. That would be up to the purchasers who use it for electrical purposes?

Mr. GERDAU. Your own miners confess that they have not got a great deal. I am giving him the benefit of the doubt when I raise the percentage from 4½ to 10.

Senator EDGE. I think that was very liberal of you; but the reason I have asked you that question is because, if it is 10 per cent, I can see some reason for protecting the raw material.

Mr. GERDAU. May I mention one thing—that they have admitted that they do not produce a great deal of this clear mica. When they asked for a reduction in splittings they stated that for splittings they did not have the mica in this country. For splittings you use the small sizes of clear mica; and if you have not got the small sizes, how in the world are you going to get the large sizes?

I will explain to you why I believe they admitted, that for splittings, they did not have the mica:

I believe that they and the manufacturers have come to a common understanding that if the one will ask for a duty on the manufactured article, the other man will come and ask for reductions in splittings. Why in the world should this man, who has no interest in splittings otherwise, ask for that reduction?

Senator REED. Do you believe in reducing the duty on splittings?

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Mr. GERDAU. I do not handle splittings except in a very small degree, and we are not expert on that. I do not know, sir.

Senator KING. "Mica, unmanufactured, valued at not above 15 cents per pound, 4 cents per pound"—the present law. Do you think that is satisfactory?

Mr. GERDAU. On the basis of the raw material, I think you are placing a hardship on the manufacturers. If you want to help the miners in that way—you are doing it. I do not believe the article needs that duty.

Senator KING. But, at any rate, it ought not to be increased?

Mr. GERDAU. It certainly should not be increased.

Senator KING. If it were increased, it would be disadvantageous to the consumers in the United States?

Mr. GERDAU. And absolutely unjustifiable.

Senator KING. And the manufacturers of the raw product preparing it for use in the electrical and other industries?

Mr. GERDAU. Yes, sir.

Senator King (reading):

Valued above 15 cents per pound, 25 per cent ad valorem.

Mr. GERDAU. Now they have suggested an increase of 2 cents more.

Senator KING. Yes; but I am reading the old law. What comment have you to make upon that?

Mr. GERDAU. I do not believe that the raw material should be taxed; or, if it is taxed, it should not be taxed so excessively. Twenty-five per cent is a tremendous duty. If you are doing it just because they have to use it, we will still import the mica. We will continue, I hope, importing about as much as we are now; but what will happen is that the manufacturer will find it harder to compete against the foreigner who has no duty.

Senator EDGE. But your theory is that raw materials should not have a duty even when they are furnished in this country.

Mr. GERDAU. No; I will tell you, sir, what the situation is. I do not believe, though I do not know for a definite fact, that the foreign competes with the domestic. I am not absolutely sure of that. It seems like a terrific duty on the thing.

Senator KING. The increased cost, of course, would be carried into the industry that would have to purchase it.

Mr. GERDAU. Do you know that our selling price for the mica we handle is about $2.50 a pound, sir? It is such an expensive article that I believe you will find substitutes used more and more. As I say, in eight years there has been a large change. I know that all the large electrical concerns to-day are continually experimenting, trying to find substitutes.

Senator KING. What large company of reputable standing is using your product? I do not want to inquire unnecessarily into your business.

Mr. GERDAU. May I send you a list of a lot of them? I do not want to select any particular one. We sell to some of the largest ones. I hate to give another man's name without his permission. May I send you a list after having asked permission?

Senator KING. I thought perhaps we might call some person who is a large user of your product, and is familiar with the local product, and get his testimony.

Senator BARKLEY. He said there was a witness here.

Senator KING. If there is a witness here, very well.

Mr. GERDAU. For instance, one of the largest electrical houses in the country uses it. I do not know whether I am justified in giving their name or not. I will send you a list of names, if I may, with their permission.

STATEMENT OF JAMES F. GARNEAU, REPRESENTING THE STORRS MICA CO., NEW YORK CITY, AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent, according to the record here, the Storrs Mica Co., of New York City.

Mr. GARNEAU. That is the concern by which I am employed as an officer; but I represent the consumers and manufacturers as listed in my brief before the Ways and Means Committee, namely, the Ford Radio & Mica Co.; the Colonial Mica Co.; Eugene Munsell & Co.; Hirsch Mica Co.; Mica Parts Manufacturing Co.; Flexible Shaft Co. of Chicago; Wireless Specialty Apparatus Co. of Boston; the Splitdorf Electrical Co. of Newark, N. J.; the Waters-Jetter Co. of Minneapolis; the L. F. Benton Co. of Vergennes, Vt.; and others.

Senator EDGE. In other words, you represent the consumers of mica?

Mr. GARNEAU. The consumers of mica. They have asked me to appear before you.

Senator EDGE. You say you filed a brief with the Ways and Means Committee?

Mr. GARNEAU. I filed a brief with the Ways and Means Committee.

Senator EDGE. Have you a brief to file before this committee?

Mr. GARNEAU. I have just returned from abroad last week, and I have not had time to prepare one. I would ask permission to file one within the next day or two.

Senator EDGE. If I may be permitted by the committee to make this suggestion to you, I think it would result in saving time.

You have heard the previous witnesses. You have heard the representative of the domestic mines. What we should like to know from a representative of all these industries that must buy mica is as to whether than can secure a proper type of mica from the domestic mines; or, if not, if it is necessary for them to have the imported mica.

Mr. GARNEAU. I believe, Mr. Chairman, that one of the members of your committee here read part of a letter from the Chicago Flexible Shaft Co. wherein they stated that they positively could not use and had to reject 50 per cent of it. I desire to take the opportunity here to read again a letter from the Wireless Specialty Apparatus Co., which is one of the largest manufacturers of radio condensers for transmission and reception in America. They are a subsidiary of one of the large electrical concerns. They state:

> In response to yours of January 2 I wish to say that we most vigorously oppose any increase in the present tariff on imported mica, both block and splittings. We can not see that an increase is justified from any point of view, because as far as our own consumption of mica is concerned the amount of domestic mica which is suitable for our work is negligible. We must depend almost wholly upon foreign mica. We consider the present tariff to be very substantial, and any increase in it would very materially affect us.

I could quote further, but that is enough to give the information.

Now, I should like to present this one case as to the possibility of the representatives or experts of the United States Government, with all due credit to them, passing upon samples submitted to them. You can not judge the type of a ton of mica from one sample. In the case of any mica that is produced, I can pick out a fine piece and claim that that is a sample, if I desire to show favor to the domestic producer. I dare say that one desiring an increase in the tariff would give an inferior type of mica in order to convince you of the necessity of an increase.

These manufacturers all consume mica. The final analysis of it is that to-day, or at least in the last seven months, our industry or our business has suffered from a scarcity of mica. There is a scarcity of it in India. There is a scarcity of it all over the world. The question is, if this mica is obtainable in this country, why have they not in the last seven months succeeded in producing some of this high type of mica that has increased almost a dollar to a dollar and a half per pound, whereas we have to go abroad and buy it?

Fortunately, I was connected with the United States Navy during the war as assistant to Mr. Storrs, who commandeered and supplied mica to the United States Government and to various branches of the service; and notwithstanding we did all in our power, with the help of the whole industry, we failed to get the results from the domestic mica; and they published a report on mineral resources for 1918 which positively states that at that time, no matter what they did, they could not encourage any further domestic production. What is below the ground they did not undertake to say. I would not venture to say that it is not there, nor will anybody else; but under the conditions, where we have had a diminishing demand and not even an adequate supply from India, why has not the material been produced in this country?

Senator KING. What do you say as to the difference between the domestic and the foreign mica?

Mr. GARNEAU. We produce in this country, as far as my experience goes, about 3 different types of mica. Mica from all countries outside of the United States is prepared to a certain classification, commencing with the figure 1 and going to the figure 6, which represents the smallest size of mica. The smallest size of mica which we can buy abroad to-day, which we classify as grade No. 6, which measures in surface area from 1 square inch to approximately 2¾ square inches, costs us abroad 1 shilling a pound. That is for a fairly good electrical-insulation mica—25 cents abroad, which I consider to-day a low price, because I paid for the same material, on my recent trip, 1 shilling and 6-pence.

Senator EDGE. What does it cost delivered in New York?

Mr. GARNEAU. That cost me, laid down in New York City, about 38 cents a pound for that one particular type of mica.

Senator EDGE. What is the price charged for domestic mica that you think is comparable to it?

Mr. GARNEAU. The domestic punch mica, as the domestic producer calls it—he classifies practically everything into a price and calls it "punch mica." Punch mica may be anything from one to three square inches or upward. If he can buy it at a price, he classifies that as punch mica. That mica, as has been testified, sells for about 5 cents a pound. They punch washers and disks out of it.

Senator EDGE. That is not comparable. You would naturally buy 5-cents-a-pound mica rather than 33-cents-a-pound mica if you could do it.

Mr. GARNEAU. I am telling you that if they can use it——

Senator EDGE. There are other types you can use. What are they?

Mr. GARNEAU. The types they can use?

Senator EDGE. The types you can use.

Mr. GARNEAU. I should say that if they produce in this country a quality comparable to that, I would pay the identical prices that we pay abroad, because I have no preference to buy abroad if I can get it in this country.

Senator EDGE. You say "if it is produced." Are we to understand that in your judgment it is not produced?

Mr. GARNEAU. In my judgment it is not produced. I am not a miner or a mining expert; I do not venture to go into that part of the subject; but I do know that my experience during the war was that they could not produce it.

Senator EDGE. Can you get it now in the American market, the domestic market?

Mr. GARNEAU. No, sir.

Senator EDGE. You can not buy it in the domestic market?

Mr. GARNEAU. We can not buy it in the domestic market in quantities. To cite an example, the condenser people to-day in wireless apparatus are buying and using an inferior grade—they formerly used a high-grade foreign mica—because they can not get a good mica in this country.

Senator KING. What are they paying for it?

Mr. GARNEAU. They are paying as high as—my last sale the other day was 2 tons at $3.75 a pound.

Senator KING. If you could have gotten anything that would have answered the purpose in this country, you would not have paid that price; would you?

Mr. GARNEAU. If it was obtainable in this country, and the demand was as it is to-day, if it was of equal quality they would pay the same price.

Senator BARKLEY. Was that domestic or foreign mica?

Mr. GARNEAU. That was foreign mica. When I say "$3.75 a pound," they consider it a high price.

Senator BARKLEY. That is the high-grade mica?

Mr. GARNEAU. That is a high-grade mica, used for a condenser filler. Mica runs, for a good quality, according to its size, up as high as 8 to 10 dollars per pound.

Senator EDGE. Do you use any domestic mica at all—these concerns that you represent?

Mr. GARNEAU. I do not, sir.

Senator EDGE. Do they not use any domestic mica—any of the 10 or 15 concerns you mentioned?

Mr. GARNEAU. One concern wrote me that they did not, and I was contradicted in my last statement before the Ways and Means Committee, and they did state that they used a small quantity of domestic mica. That was the Manning-Bowman Co.

Senator EDGE. I understand that your business is solely that of an importer of mica?

Mr. GARNEAU. An importer of mica. We formerly were in the manufacturing business, manufacturing chimneys, using imported mica; but we gave it up entirely because we could not compete with the domestic producers.

Senator EDGE. Then you are in the same business that Mr. Gerdau is in?

Mr. GARNEAU. We were manufacturers for 27 years, and then we discontinued the manufacturing business because we could not compete with the domestic producers and manufacturers.

TESTIMONY OF S. HERBERT BROWN, REPRESENTING THE ASHEVILLE MICA CO., ASHEVILLE, N. C.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the Asheville Mica Co.?

Mr. BROWN. The Asheville Mica Co.

Senator EDGE. Asheville, N. C.

Mr. BROWN. Yes, sir.

Senator EDGE. Is your company a producer of mica or purchaser of mica?

Mr. BROWN. We are a purchaser and a manufacturer only.

Senator EDGE. You do not own or administer mines?

Mr. BROWN. Not the Asheville Mica Co.; no, sir.

Senator EDGE. Do you deal solely in domestic mica?

Mr. BROWN. No, sir.

Senator EDGE. Both domestic and imported?

Mr. BROWN. I will give you the history of it.

Fifteen years ago I purchased 98 per cent of domestic mica and 2 per cent of foreign mica.

In 1928 I purchased 45 per cent domestic mica and 55 per cent foreign mica.

The first five months of this year I purchased 70 per cent foreign mica and 30 per cent domestic mica.

We are buyers and manufacturers. I do not care what the price is. I try to buy in the cheapest market. I will buy domestic mica if I can get it cheaper, or I will buy foreign mica if I can get it cheaper.

Senator EDGE. Why did you give up the domestic for the foreign mica? Tell us that in your own way.

Mr. BROWN. Yes, sir; I will. I think you ought to have a picture, possibly, of the whole mica situation, which you gentlemen have not got. I do not know whether you can get it in the way I will explain it. I am not a very good speaker.

At the mine, the mica is divided into three classes. One is the refuse or waste or scrap, whichever you call it, which is 70 to 75 per cent of the output of a mine. From 65 to 70 per cent of the balance of punch mica, small stuff that you cut into little washers and punchings and forms, etc. The balance, about 8 or 10 per cent—it may even run in some cases as low as 4 per cent—is sheet mica.

The miner has to get rid of all those three qualities. If he does not, he is down and out.

The scrap mica is used for ground mica. The punch is used for small washers.

Now, in India the miner is in the same situation. He has to get rid of his small punch mica—small sheets or punches, we call them.

The reason he can get rid of that is because he takes it and trims it and splits it with 5 and 10 cent a day labor, and exports it over here at the rate of five or six million pounds a year; and he gets rid of it in that way.

Senator EDGE. Let me ask you whether we should not protect our domestic producer against that 5-cent labor that you speak about?

Mr. BROWN. If you gave me 500 per cent protection I could not keep it out, because I could not afford to do it.

Senator EDGE. Why not?

Mr. BROWN. Because the labor in this country is too high.

Senator EDGE. I say, if the duty represented the difference between the cost in India and the cost in the United States, would you not use the mica produced in the United States?

Mr. BROWN. Yes, if I could; but I can not use it for that particular purpose. My labor cost is too high to use it for that particular purpose. If I had 400 per cent duty on splittings coming in to this country, I could not manufacture it in competition with the splittings of India.

Now, I do not ask that. I am willing to let it come in at whatever you gentlemen say—25 per cent, 30 per cent, whatever revenue you want to get for the Government—but all I ask you for the domestic producer is to give me protection on my 5, 7 and 10 cent punch, and my largest sheet, which is only 4 or 5 per cent, and then we can lift up this domestic production; but unless you do that we are going back.

Senator EDGE. Please say that again. How can you lift up the domestic production?

Mr. BROWN. By putting on a specific duty of, say, 15 cents a pound and 25 per cent ad valorem on punch and upward. Do not distinguish between 15 cents a pound and below and up. It is not fair.

Senator BARKLEY. You want 15 cents a pound duty on all of it?

Mr. BROWN. I want—I should like to see that. It does not make a penny's difference to me, gentlemen, whether you put no duty on it or a high duty on it. I am speaking for my neighbors and my friends, with whom I have dealt for 30 years.

Senator EDGE. Do you agree with Mr. Urban's position, then?

Mr. BROWN. In that respect I do.

Senator EDGE. In what respect? Do you agree that mica, unmanufactured, valued at not above 15 cents a pound, should have a specific duty of 15 cents? Do you agree with that?

Mr. BROWN. I think that all punch mica and sheet mica should have a specific duty of 15 cents a pound and 25 per cent ad valorem; make no distinction.

Senator EDGE. "Valued above 15 cents a pound"—is that what you call punch?

Mr. BROWN. No, sir.

Senator EDGE. Then you are simply speaking for the lower schedule under 15 cents per pound?

Mr. BROWN. No, sir; I am not.

Senator EDGE. Then I do not understand you.

Mr. BROWN. Give me 15—give them, not me; I do not care what you give—give them 15 cents a pound on all sheet mica of any value,

punch and sheet, whichever you want to call it—15 cents a pound, plus 25 per cent.

Senator BARKLEY. I thought you said a little while ago that if you got a tariff of 500 per cent you could not keep it out.

Mr. BROWN. No, sir; you have got it entirely wrong.

Senator EDGE. Have you a brief giving your views?

Mr. BROWN. No, sir; I have not.

Senator EDGE. Go on, then; let us see if we can get them.

Mr. BROWN. The splittings that I am speaking of, sir, are made from this very small sheet, or punch, as we call it. The labor is so high that we can not possibly manufacture those things; so if you put any duty on that it does not make any difference to the domestic miner, providing you put it on the raw material. The splittings is a manufactured article.

Senator BARKELY. It is?

Mr. BROWN. It should be what we call a manufactured article.

Senator BARKELY. That is all I want to ask.

Senator EDGE. I should like to get it a little clearer. We have had one producer here who asked us for specific duties that you probably heard. I tried to follow you, and I thought you agreed with him.

Mr. BROWN. Fifteen cents—I do, sir.

Senator EDGE. And I want to find out on which item you want the duty placed. Let me read them, and then you tell me.

Paragraph 208: Mica, unmanufactured, valued at not above 15 cents per pound, 4 cents a pound.

Mr. BROWN. Yes, sir.

Senator EDGE. What would you do with that?

Mr. BROWN. I would make that 15 cents per pound, plus 25 per cent ad valorem.

Senator EDGE. That is more than he asked.

Senator REED. No; that is just what he asked.

Senator EDGE. Oh, yes.

Senator REED. And in 1928 the value of that per unit was 9.1 cents per pound; so that would be a duty of 190 per cent ad valorem.

Mr. BROWN. Because 75 per cent of that whole value you have given, sir, is punch mica, very small stuff that we must protect to keep the manufactures of India out of here.

Senator REED. That is protecting them with a vengeance; is it not?

Senator EDGE. Now, coming to the higher grades, on the next grade, valued above 15 cents per pound, the House has fixed a duty of 2 cents per pound and 25 per cent ad valorem.

Mr. BROWN. Yes, sir.

Senator EDGE. What would you do with that?

Mr. BROWN. I would make it 15 cents a pound.

Senator EDGE. Then you practically agree with Mr. Urban?

Mr. BROWN. Yes, sir.

Senator BARKLEY. If you are so greatly interested in the welfare of the domestic producer, why have you increased your use of the foreign mica from less than 10 per cent to over 70 per cent?

Mr. BROWN. I will tell you that—because they are not producing it down in the South. The mines are going down.

Senator BARKLEY. As the mines have gone down your importations have increased?

Mr. BROWN. Yes, sir.

Senator BARKLEY. How long have you been in the business?
Mr. BROWN. Thirty years.
Senator BARKLEY. How long have these mines in North Carolina been open?
Mr. BROWN. Since about 1865.
Senator BARKLEY. When did they begin to go down?
Mr. BROWN. I should say they have gone down greatly in the last two or three years. Let me add this——
Senator BARKLEY. Before they started to go down, you were increasing your importations from abroad, because, you said——
Mr. BROWN. The business of the country is increasing, sir.
Senator BARKLEY. But I understood you to say, earlier in your testimony, that you could not use this domestic production to the same extent that you could use the foreign production.
Mr. BROWN. No, sir; I did not say that. If I did, I certainly gave you the wrong impression.
Senator KING. Did you not hear the witness from North Carolina say that he had started in his business with a capital of $200,000?
Mr. BROWN. I did.
Senator KING. And had increased the production every year?
Mr. BROWN. Yes, sir.
Senator KING. And it was greater last year than the year before?
Mr. BROWN. That is his own particular mine.
Senator KING. And did I not ask him about the production of others in the same vicinity?
Mr. BROWN. Yes, sir.
Senator KING. And his testimony was substantially the same?
Mr. BROWN. Yes, sir.
Senator KING. That is all.
Mr. BROWN. Now, let me say right there, because the importation has gone up, the mining of mica is becoming a by-product of feldspar.
Senator EDGE. Yes; but I can not understand the reason, as Senator Barkley has suggested, why you have bought 70 per cent of your mica to serve your customers from abroad, when a mine right near you in the same State has increased its product in the last few years. Why did you not buy it from him?
Mr. BROWN. Because I can buy it cheaper abroad, sir.
Senator EDGE. That is just what I wanted to find out. Then your whole reason for buying this mica from abroad is that the local mine is not protected?
Mr. BROWN. Because it does not produce enough for my business.
Senator BARKLEY. You want to help your neighbors if it does not cost you anything. We are all more or less that way.
Senator EDGE. Are there any questions?
Senator KING. I have none.

BUILT-UP MICA

[Par. 208]

BRIEF OF MANUFACTURERS OF BUILT-UP MICA

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

SIRS: The subscribers to this brief are manufacturers and sellers in the United States of built-up mica, mica board, or mica plate. Briefly, the raw material used in the manufacture of mica plate is, first, mica splitting not over .0012 inch in thickness. These splittings are imported chiefly from India, but also from Madagascar. They are there produced by a hand process by which the natural or block mica is split, largely by women and children (Mica in 1918, published May 24, 1920, by the United States Geological Survey, p. 659), into the very thin films known to the mica trade as mica splittings; secondly, shellac, and, in some instances, synthetic resins, which are used as a binder.

In manufacturing the raw material into the finished product, the splittings are laid irregularly so as to overlap the one over the other by specially devised machines, and sometimes by hand. The binder, generally shellac, is then thinly and evenly spread in dry or liquid form over the layer of splittings and alternate layers of splittings and binder applied until the required plate is brought to the required thickness. This is then dried and compressed under heat and cut generally to a standard size of plate 18 inches by 36 inches.

The finished plate is chiefly used for commutator segments and armature rings in dynamos and motors; also for tubes, washers, heating elements, transformers and other insulation, and for a variety of punched, cut or molded insulating parts.

The mica "splittings" used for segment work must conform as nearly as possible to copper in hardness, and for other work they must be flexible, fairly soft, and free of cracks. Mica of these types is not produced in this country, and even if deposits of such mica were discovered, the cost of splitting would prohibit its use.

ITEMS AND PARAGRAPHS IN WHICH SUBSCRIBERS ARE INTERESTED, CHANGES IN DUTIES RECOMMENDED, REASONS FOR SUCH RECOMMENDATIONS

The provisions in the tariff act of 1922, approved September 1, 1922, covering our raw material and products, are found in Schedule 2, paragraph 208; and changes made therein by H. R. 2667 are shown in italics as follows:

"PAR. 208. Mica, unmanufactured, valued at not above 15 cents per pound, 4 cents per pound; valued above 15 cents per pound, 25 per centum ad valorem; mica, cut or trimmed, and mica splittings, 30 per centum ad valorem; mica plates, and built-up mica, and all manufactures of mica or of which mica is the component material of chief value, *by whatever name known, and to whatever use applied, and whether or not named, described, or provided for elsewhere in this act*, 40 per centum ad valorem; *waste, scrap, and* ground mica, 20 per centum ad valorem."

Briefly, our raw material is subject to a duty of 30 per cent ad valorem. In order to manufacture a pound of our finished mica plate, approximately 1½ pounds of mica splittings, our raw material, is required, and where our finished product consists of punched segments or mica rings, the wastage is such that as much as 4 pounds of mica splittings are used in the production of 1 pound of such finished product. On our finished product when imported there is only a duty of 40 per cent ad valorem, which is obviously inadequate. We respectfully suggest that the mica paragraph, now numbered 208, be changed to read as follows:

"Mica, manufactured, valued at not above 15 cents per pound, 4 cents per pound; valued above 15 cents per pound, 25 per centum ad valorem; mica splittings above 0.0012 inch in thickness, 30 per centum ad valorem; mica, cut, punched or trimmed to size or pattern, mica plates, built-up mica and all manufactures of mica or of which mica is the component material of chief value, by whatever name known, and to whatever use applied, and whether or not named, described, or provided for elsewhere in this act, 50 cents per pound and 40 per centum ad valorem; waste, scrap, and ground mica, 20 per centum ad valorem."

Mica splittings under 0.0012 inch in thickness should pay no duty, and therefore there should be added to Title II, free list, Schedule 15, additional paragraph in proper alphabetical order, as follows:

"PAR. —. Mica splittings less than 0.0012 inch in thickness."

The manufacturers of mica plate and built-up mica should not be required to pay a duty on the mica splittings which form the principal part of their raw material and which must, in order to be used in the manufacture of their product, be of a thickness less than 0.0012 inch, because all our foreign competitors, manufacturing in Germany, England, Czechoslovakia, Japan, and Switzerland, obtain their raw material (mica splittings) without paying any duty thereon, so that, even if other conditions were equal, we would be unable to export our finished product in competition with mica manufactured in foreign countries. In other words, we must be given a chance to obtain our raw material on equal basis with our foreign competitors, in order to engage in foreign trade. The expense of keeping track of the raw material used in individual cases and through the factory processes makes it impracticable for us to attempt to obtain this advantage through rebate, which might be obtainable on reexport of the material when in the manufactured form. The domestic market is from all appearances at present developed to very nearly its fullest extent. For many years no new uses have been discovered for mica plate or manufactures made thereform, so that, in order to give the mica manufacturing business a chance to grow, it must be given an opportunity to engage in export. No domestic producers of mica can be in any way injured or affected by allowing us to import free of duty mica splittings of less than 0.0012 inch in thickness, as no such splittings of the kind and nature required in the manufacture of plate are or can be produced in this country.

Our manufactured products in the form of rings and segments form essential parts of all direct-current motors, commutators, and dynamos, and we are willing to pass any saving that we may obtain from having our raw product placed on the free list along to these manufacturers who are our customers, in order to help build up the export trade in these finished products, being content for our part with the chance which we will obtain of entering the foreign field.

We also request an increase in the duty on our finished product under the description of "mica plates, and built-up mica, and all manufactures of mica or of which mica is the component material of chief value," from 40 per cent ad valorem to 50 cents per pound and 40 per cent ad valorem. While we have not proposed any other specific changes in the paragraph, we do not wish to be understood as opposing any re[illegible] relief or protection which the domestic miners may [illegible] mica in which they are peculiarly interested.

The reason why we [illegible] built-up mica and all manufactures of [illegible] ca is th[illegible] material of chief value should be in[illegible] nt ad valo[illegible] nts per pound and 40 per cent a[illegible] becaus[illegible] a duty i[illegible] rnish us with adequate protec[illegible] our foreig[illegible] etitor[illegible] years after the passage of t[illegible] ct of 1922 [illegible] wa[illegible] ppreciably in the United S[illegible] the [illegible] ars. It is only lately tha[illegible] their [illegible] that lower prices were be[illegible] principal[illegible] any. In one typical in[illegible] tures off[illegible] segments at an average[illegible] abou[illegible] were [illegible] that there was a German[illegible] $1.95. [illegible] a million segments was [illegible] an Am[illegible] country with a Germa[illegible] turer.

Since the he[illegible] nted t[illegible] his petit[illegible] the Committee on Way[illegible] ns, [illegible] rs of built-[illegible] having its plant at Toledo, [illegible] the purch[illegible] mica from manufacturers in [illegible] and i[illegible] ning it[illegible] ents from a foreign source at [illegible] ne. In ot[illegible] rds, [illegible] g the period following 1922 fore[illegible] cturers could [illegible] ed the United States market, they [illegible] pportunity until very lately. Possibly [illegible] urers did not have the many ingenious machi[illegible] United States in the manufacture of mica. We a[illegible] ormed that comparable machines, if not in fact copies, ar[illegible] d abroad. We ask, therefore that the manufacturers in this country and the labor employed by them be not asked to wait until their business and employment have suffered disastrously from insurmountable foreign competition, but that adequate, fair protection be accorded at once.

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Paragraph 1541 (b), H. R. 2667, provides:

"Laminated products (whether or not provided for elsewhere in this act) of which any synthetic resin or resinlike substance provided for in paragraph 28 is the chief binding agent, in sheets or plates 25 cents per pound and 30 per centum ad valorem; in rods, tubes, blocks, or other forms, 50 cents per pound and 40 per centum ad valorem; manufactures wholly or in chief value of any of the foregoing, 50 cents per pound and 40 per centum ad valorem."

Built-up mica is essentially a laminated product. Certain manufacturers of built-up mica in the United States use as the binding agent a synthetic resin, a composition of glycerine and phthalic anhydride, one of the articles provided for in paragraph 28. The process of binding together the mica laminations with this material is patented.

The manufacturers who use synthetic resin in their product are therefore given greater protection by H. R. 2667 than those who employ the more commonly used binder, shellac. The increased protection is urgently needed by the whole industry and not alone by the manufacturers holding or licensed under the above-mentioned patent, and built-up mica of any type should be subject to the same uniform duty, which certainly should not be less than that afforded by paragraph 1541 (*b*) of H. R. 2667 to other laminated products of a similar nature.

II. IMPORTANCE OF INDUSTRY, DEVELOPMENT, AND FUTURE PROSPECT, NUMBER OF EMPLOYEES AFFECTED

It is estimated that there are approximately 3,000 persons engaged directly in the manufacture of mica plate and the products into which it is manufactured in the United States. A much larger number of course is indirectly engaged in the use of these products. The industry has been developed from a hand process, which was quite general 10 or 15 years ago, to a highly developed machine process. During the same time, the quantity produced has increased to such an extent that the actual number of persons employed in the industry has, if anything, increased rather than decreased, in spite of the change from the hand to the machine process. For the last three or four years there has not been much growth of the industry in America. The market depends very largely upon the automobile manufacturers, manufacturers of starting and lighting equipment, motors, commutators and generators, and electrical heating devices. There has also been some development of the use of mica plate for decorative lamp shades. This is probably of a more or less temporary nature, depending upon fashion.

III. DOMESTIC PRODUCTION COSTS AND WAGES, COMPARABLE COSTS AND WAGES IN FOREIGN COUNTRIES AND PRACTICES AIMED TO IMPAIR DOMESTIC INDUSTRY

On an average the percentage of labor, material, and overhead expended in the manufacture and production of our product is as follows:

For the manufacture of mica plate, rings, tubes, and segments, etc.

	Per cent
Labor	41
Material	43
Overhead	16

In obtaining these percentages the following method has been used:

The labor items include all the wages and salaries of both direct labor and the indirect and supervision labor in the factory, as well as the selling, purchasing, developing, and administrative departments.

The material item includes the cost of all raw materials delivered at the factory, and includes coal, gas, electricity, paper, and office supplies.

The overhead item is the balance, and includes, of course, depreciation, interest, taxes and insurance, and all other items which can not be properly entered as labor items in the gross cost of manufacture.

The average wage paid in our factories is $29.35 per week. Included in making up this average were all salaries and wages, exclusive of salaries paid to executive officers.

In computing foreign costs, it must first be noticed that the foreign manufacturer has no duty to pay on his imported raw material. In England and Germany the methods of production are to-day practically equivalent to ours in the machine processes used. The foreign labor is paid only one-third to one-half the amount paid to the employees in our American factories.

The average comparative wages per hour paid here and abroad to factory workers, exclusive of foremen, are as follows:

	Male	Female
	Cents	*Cents*
England	28	14
Germany	30	16
France	18	10
United States	60	35

The foreign overhead expense is an item which we have no way of ascertaining. Owing to the highly developed machine processes used in the manufacture of our products, only a skilled type of labor is available.

In Germany a cartel is in force and effect, by the terms of which prices for the material in Germany are maintained at a relatively high level, enabling the German manufacturers to dump the product here in competition with ours at a very low figure, whereas our prices are purely competitive.

IV. SOURCE OF IMPORTS, VOLUME AND PRICES AT WHICH OFFERED

Mica plate and manufactures therefrom are made in Germany, England, Czechoslovakia, Switzerland, Japan, and to some extent in India. The manufacture of mica plate has not been developed to any great extent in India, although this is a prospective source of competition, as both the binder and mica splittings are produced in India, and the labor costs are so low there that the plate could be manufactured without the use of the costly machinery necessary in this country so as to compete upon terms unfavorable to us. Mica plate is offered abroad in comparison with typical prices here in accordance with the following schedule:

Approximate comparative selling prices for mica plate

	England	Germany	France	United States
	Cents	*Cents*	*Cents*	*Per pound*
Molding mica, 0.020 inches thick	60	50	44	$1.44
Molding mica, 0.030 inches thick	46	46	38	1.00
Communtator mica, 0.020 inches thick	74	68	64	1.27
Commutator mica, 0.030 inches thick	62	56	48	1.06
Flexible mica, 0.010 inches thick	50	50	44	.90
Flexible mica, 0.020 inches thick	48	46	42	.79

It is not possible to obtain comparative prices for tubes, rings and segments, owing to the fact that customers' specifications vary to such a large extent, but it would be reasonable to assume that they would be in the approximate ratio as shown above.

As we have already stated, on an item having an average competitively based price here of $3.20 per thousand pieces, a German-made segment has lately been offered at $1.95 for the same quality.

V. SUGGESTIONS AS TO CHANGES OF PHRASEOLOGY OR CLASSIFICATION IN THE EXISTING LAW

We are asking, first, to have splittings used for the manufacture of mica plate identified by inserting the thickness limit of 0.0012 inch; mica splittings of a thickness less than 0.0012 inch are useless for any other purpose than for the manufacture of mica plate, and as no domestic splittings available for use in the manufacture of mica plate or built-up mica are or can be produced in this country, we are requesting that mica less than 0.0012 inch in thickness be free of duty.

We also ask for an additional specific duty on the product which we manufacture rather than a straight ad valorem duty, which has been in effect under

the tariff act of 1922. One of the principal reasons for this is that a very large part of the trade demand is for material built to special order or requirement, and not under any fixed standard or description, so that it is very difficult in many instances for the customs inspectors to obtain correct valuation at time of import, there being no similar articles available for comparison or fixed values that they can use as a basis.

Respectfully submitted.

National Electrical Manufacturers Association (Manufactured Electrical Mica Section, 420 Lexington Avenue, New York City, N. Y. Members: Chicago Mica Co., Valparaiso, Ind.; The Macallen Co., Boston, Mass.; Mica Insulator Co., New York City, N. Y.; New England Mica Co., Waltham, Mass.; Westinghouse Electric & Manufacturing Co., East Pittsburgh, Pa. The following joins in this brief: Keene Mica Products Co., Keene, N. H.

THOMAS ALLEN.

Thomas Allen personally appeared before me, a notary public, in and for the District of Columbia, this 19th day of June, 1929, and made oath that the facts stated in the foregoing brief are true to the best of his knowledge, information, and belief.

[SEAL.] CHAS. E. ALDEN, *Notary Public.*

My commission expires October 13, 1932.

TALC AND SOAPSTONE

[Par. 209]

STATEMENT OF MICHAEL DOYLE, REPRESENTING THE INTERNATIONAL PULP CO., NEW YORK CITY, AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Doyle, did you appear before the House Ways and Means Committee?

Mr. DOYLE. I did.

Senator EDGE. Did you file a brief?

Mr. DOYLE. I filed a brief.

Senator EDGE. Do you propose to file a different brief with us?

Mr. DOYLE. Yes, sir; only a small memorandum, just a slight memorandum in addition to and supplemental to what I may say. It will be very short, if any.

Senator EDGE. All right; go ahead.

Mr. DOYLE. The paragraph is 209, talc and soapstone.

Senator EDGE. Before you start on that, what do you propose? The House bill as it has reached us makes only one change in existing law, and that is in line 19, where it proposes three-eighths of one cent a pound for talc, ground, washed, powdered, or pulverized, except toilet preparations. It changes "25 per centum ad valorem" to "three-eighths of one cent per pound." That is the only change.

Mr. DOYLE. I appear, Mr. Chairman, in behalf and in support of the change.

Senator KING. Do you want to increase the rate?

Mr. DOYLE. Only the change from an ad valorem basis of 25 per cent to three-eights of a cent per pound specific.

Senator KING. That is a great increase; is it not?

Mr. DOYLE. Not such a material increase, when I tell you——

Senator EDGE. Let us get the increase. What is the average cost at the port, so that we can get what the 25 per cent would be?

Mr. DOYLE. In 1922, when this matter was discussed, I was before the Committee on Ways and Means. It was then agreed and recommended, and became the law, that a rate of one-quarter cent per pound should be placed upon the crude material—the crude talc or soapstone. The Committee on Ways and Means recommended at that time one-half cent per pound on the manufactured material. Through a misunderstanding, it being felt that there was a great variation in the costs of the manufactured product, and also in values, when it came up for later hearings, and particularly before the Senate committee, it was thought that a rate of 25 per centum ad valorem would bring a greater revenue to the Government, and at the same time give satisfactory protection to the industry in this country.

Unfortunately, that did not happen. The rate of 25 per cent did not bring as much as the duty on the crude material; and when the matter was presented at the recent hearings we asked, in fact, what was asked originally—that is, one-half of 1 cent per pound, which is proportionate to the duty on the crude, both as to the cost of it and the value.

That was very fully considered. Now it has come before your committee in the form of three-eighths of a cent per pound ad valorem. That is not exactly what we felt is the correct parity.

Senator EDGE. You asked for 1 cent a pound?

Mr. DOYLE. No; we asked for one-half of 1 cent, and now the committee has made it three-eighths.

Senator EDGE. In other words, they cut an eighth off of it?

Mr. DOYLE. Yes. We are satisfied with that, although I say now that a proper parity—the corporation I represent produces over one-third of the talc consumed in America. Out of 192,000 tons made in America in 1924 we made over one-third. We are the largest producers of this mineral in the world. We have no outside interests. All of our operations, our mills and our deposits, are in America. We are 100 per cent American; and in so far as production is concerned in this article, we neither import it in any shape nor do we sell the imported product. We confine our operations entirely to the domestic American talc.

Senator EDGE. Can you not give us this one bit of information that I have twice asked for?

Mr. DOYLE. Yes; I can.

Senator EDGE. What does 25 per cent ad valorem represent in a fraction of a cent on the average price?

Mr. DOYLE. On the average price, it would mean—do you mean in dollars and cents?

Senator EDGE. Yes; exactly. I want to compare the three-eighths of 1 cent per pound with what you have been getting.

Mr. DOYLE. About $4 a ton.

Senator BARKLEY. What is three-eighths of a cent a pound if it were translated into ad valorem?

Senator EDGE. Well, put it that way.

Mr. DOYLE. About $4 a ton—that is, on the manufactured product.

Senator BARKLEY. You do not understand what we want. What is the equivalent in ad valorem duty? You say the duty now is 25 per cent ad valorem.

Mr. DOYLE. I see what you mean now. It would be almost 50 per cent.

Senator KING. The tariff expert who is here has just handed me a statement that it is 60 per cent increase on the Canadian talc.

Senator EDGE. In other words, three-eighths of 1 cent per pound is equivalent to 60 per cent ad valorem? That is what we are trying to find out.

Mr. DOYLE. From Canada; but it would be 40 per cent upon the Italian talc.

Senator KING. Forty per cent on the Italian and 60 per cent on the Canadian.

Mr. DOYLE. Now, the trouble that we ran into, the Government as well as ourselves, was this: There was such a great difference in the valuations. This imported talc comes from Italy, it comes from France, it comes from Spain, and it also comes from Belgium. The Belgian talc comes in at a valuation of about $6 a ton—the lowest of any country.

Now, in recent years, particularly last year, China and Japan have appeared in the field. We have had, in the past two years, letters from foreign manufacturers endeavoring to interest us in talc and soapstone in the American markets. These letters have come from South Africa, they have come from Japan, from China, from Norway, from Finland, and other countries.

The situation resolves itself into this—that when that duty of 25 per cent went into effect, the importations commenced to increase immediately; and in 1923 the importations of the powdered, pulverized, and washed talc amounted to 38,083,011 pounds. In 1928 that quantity had increased to 52,799,733 pounds, or an increase of 39 per cent.

Senator EDGE. That is very interesting. We have that; but just explain, if you can, the reason. You had 15 per cent ad valorem prior to the act of 1922. The minute you increased it to 25 per cent the next year the imports increased, and they have continually increased from year to year up to this 52,000,000 pounds you have just mentioned. In other words, you got a 10 per cent increase in ad valorem, and the imports continued to increase.

Mr. DOYLE. There was a natural demand in the increased use in this country. I might say to you that so far as the production in America is concerned, for that whole period the business remained just at a standstill, from 1923 to 1929. As a matter of fact, instead of going ahead it went behind 2¼ per cent—a decrease.

Senator REED. Where does most of this go? Into toilet preparations?

Mr. DOYLE. The principal use is in the manufacture of paper. Also in paints, rubber and such articles. But the leading uses of it are in paper and paint.

Senator REED. They use more of this article than the toilet people do?

Mr. DOYLE. Yes, sir. The toilet industry uses really a very moderate percentage of the goods that are used. Our business is principally industrial. That is, we seek the large trade. The amount consumed for toilet purposes is relatively small.

Senator BARKLEY. I see here in the tariff report that 69 per cent of the total imports of crude, unground talc is from Italy.

Mr. DOYLE. Yes.

Senator BARKLEY. And that the talc produced in Italy is in the greatest demand and is of particular use in the manufacture of toilet powder and toilet preparations.

Mr. DOYLE. I think that is true. But in the last years the mills in California are producing a quality equal to that which comes from Italy. Also in North Carolina and Georgia we have two or three mills and deposits that are producing just as soft and just as white a quality as that which comes from abroad. That is also true of certain mills in New England. There are one or two places there making a very fine quality, suitable for toilet purposes.

Senator KING. I would like to ask you one question. What is the entire production in the United States, from all sources, if you know?

Mr. DOYLE. In 1927 it was 192,316 tons.

Senator KING. As against in 1927, 49,000,000 pounds?

Mr. DOYLE. Yes; that is in pounds.

Senator KING. What was the entire American production in 1928?

Mr. DOYLE. I haven't got that, but it was just about the same.

Senator KING. What was the American production in 1918? Give it to me for every year since that.

Mr. DOYLE. I haven't the production of 1918 before me.

Senator KING. It is here on page 469 of the Summary of Tariff Information.

Senator EDGE. Your business has gone ahead slightly I notice by the reports of domestic production.

Mr. DOYLE. Yes, sir; slightly.

Senator EDGE. I mean it has not gone behind?

Mr. DOYLE. No; it has not gone behind. The principal thing is that we have in America here deposits that are sufficiently valuable and of such good quality that we can compete successfully with the foreign material. We started this in America something over 50 years ago. It has spread to all over the world. The deposits of this talc, which is a cheap mineral, are found almost every place.

Senator KING. Do you mine the talc, or do you take the crude product and manufacture it for paper use?

Mr. DOYLE. No; we actually go down into the earth, a distance of about a thousand feet.

Senator KING. Where?

Mr. DOYLE. In northern New York. In St. Lawrence County, near the St. Lawrence River. The Gouverneur territory is the largest producing section of talc and talc products in the world. We have been in there about 50 years, and we have seen the business grow from a few tons per year to its present volume.

Senator KING. Increasing right along?

Mr. DOYLE. Yes. New York State stands first in the quantity produced, Vermont next, then comes California, then North Carolina, and then Georgia, and the next Virginia.

Senator BARKLEY. What percentage of the total production do you produce?

Mr. DOYLE. My firm produces a little over one-third of the total quantity. That would be something over 70,000 tons.

Senator BARKLEY. Are you interested in these other deposits outside of New York?

Mr. DOYLE. Only in a friendly way. I appeared before the Committee on Ways and Means representing substantially every American producer.

Senator KING. Do you fix the prices about the same?

Mr. DOYLE. No; there is no control, there is no understanding. They cover a large territory, and the prices range from about $6.50 to $7 a ton up to $20 a ton. It is a matter of quality and skill in manufacture. I wish to say this, that we, with improved machinery, are making a better quality every year. Another thing, we are able to pay better wages. We are paying at the present time from $3.50 to $5 a day to our labor. That is against as in former pre-war days about $2.50 to $3 a day.

Senator KING. And you have introduced more efficient mechanical appliances?

Mr. DOYLE. We have done that. Now the foreign import is about——

Senator KING. Wait a moment. I want to continue to ask you about that. You have introduced more efficient appliances?

Mr. DOYLE. Yes, sir; quite true.

Senator KING. How much is your investment now?

Mr. DOYLE. A little over two millions of dollars.

Senator KING. You are adding to it?

Mr. DOYLE. We are increasing it slightly.

Senator KING. By more capital or from your earnings and surplus?

Mr. DOYLE. From the earnings.

Senator KING. From the earnings?

Mr. DOYLE. Leaving the earnings in there.

Senator KING. What surplus have you got on hand now?

Mr. DOYLE. Do you mean——

Senator KING. Undivided profits and surplus.

Mr. DOYLE. Well, it is represented by equipment and machinery and all of that, about something like $220,000.

Senator KING. How long since you introduced any new capital into your concern?

Mr. DOYLE. We have not introduced any, and it is the original capitalization.

Senator KING. What was the original capitalization?

Mr. DOYLE. It was about two millions of dollars.

Senator KING. $2,000,000?

Mr. DOYLE. Yes.

Senator KING. In cash? $2,000,000 in cash put in?

Mr. DOYLE. That was about one and a half million dollars in cash and the other in property.

Senator KING. And you have introduced no new capital?

Mr. DOYLE. We have introduced no new capital at all.

Senator KING. But you have added to it right along from year to year?

Mr. DOYLE. We have simply increased its producing power.

Senator KING. And you increased the production?

Mr. DOYLE. We have increased the production. I might say this, that this talc is somewhat refractory.

Senator KING. Pardon me. You produced more in 1928 than in 1927?

Mr. DOYLE. That is true.

Senator KING. More in 1927 than in 1926?

Mr. DOYLE. That is also true.

Senator KING. More in 1926 than in 1925?

Mr. DOYLE. I think it was about the same, Senator.

Senator KING. Just about the same?

Mr. DOYLE. Just about the same.

Senator KING. And you have a diminishing cost by reason of improved conditions?

Mr. DOYLE. No, I would not say that the cost is diminishing. We are holding our costs about the same. We are selling perhaps a little bit better and more closely. We are covering more of the country.

Senator KING. Extending your markets?

Mr. DOYLE. Extending our markets, and therefore we get perhaps a little better profits because of the larger tonnage. Now there is one thing that I think I should mention here. Talc is quite refrectory. It is of a fibrous nature. On this river we own some great water-powers. We have about 35,000 horsepower, of which 15,000 is developed. Of that 15,000, 10,000 horsepower is used for this business. Consequently, by using hydraulic power we are able to reduce the cost. I believe that we are producing in that section at as low a cost as in any part of America because of these natural facilities that we have there in the way of hydraulic power.

Senator BARKLEY. Are there any other concerns in that section engaged in this industry?

Mr. DOYLE. There are three or four other firms in that section that are equally as well situated as we are.

Senator KING. And those that are situated there together with yourself, produce what proportion of the entire production? You, yourselves produce one-third, as I understood it. Now what do these concerns that are situated in the same section, together with yourselves, produce?

Mr. DOYLE. About one-half.

Senator KING. That is, right in that small section?

Mr. DOYLE. Right in that territory there. There is an area of about, I should say, 50 square miles.

Senator EDGE. Any further questions? Then in summing up, you are satisfied with the increase given in the House of three-eighths of 1 cent?

Mr. DOYLE. Yes, we are satisfied with that. As I said, I represent substantially all of the American producers. And the briefs were very full and very thorough. The whole matter was threshed out, and we are satisfied with that. Anything that I might add would be a slight memorandum to help you.

Senator EDGE. If you care to file a memorandum with the clerk we will be glad to have it.

Mr. DOYLE. Thank you very much.

(Mr. Doyle submitted the following memorandum:)

STATEMENT OF MICHAEL DOYLE, REPRESENTING THE INTERNATIONAL PULP CO.; THE UNITED STATES TALC CO.; THE UNION TALC CO. OF GOUVERNEUR, N. Y., AND NEW YORK CITY, AND THE EASTERN MAGNESIA TALC CO., BURLINGTON, VT.; THE COHUTTA TALC CO., OF DALTON, GA., AND SEVERAL OTHER PRODUCERS OF TALC AND SOAPSTONE IN THE UNITED STATES

Mr. Chairman and gentlemen of the committee—

1. I live in Rochester, N. Y., and am president and general manager of the International Pulp Co. and the Union Talc Co. of Gouverneur, St. Lawrence County, N. Y., and New York City. I have been such for 25 years and connected actively with the Talc Industry since 1885. We are the largest producers of

talc in the United States. All of our operations and properties are in this country. We have no outside interests of any kind. I represent at this hearing also the Eastern Magnesia Talc Co. of Vermont, and the Cohutta Talc Co. of Georgia, all large and important producers.

2. This business had its inception in the United States in a small way in northern New York in 1876–77. The industry has spread to many foreign countries. Of a total world production of 350,000 tons, the United States produced in 1927, 192,316 tons of a value of $2,234,000. During the past 8 or 10 years valuable deposits of high grade white talc have been discovered in the United States, especially in New England, California, and North Carolina and other Southern States, and we are now able to produce the equal in quality of any produced abroad. We can produce all that is wanted in the United States at the present time. Wages run from $4 to $5 a day, about 70 per cent of cost, against pre-war wages of $2.50 to $3 a day. Foreign wages about 50 per cent of those in the United States. Invested in industry over $8,000,000 by some 50 producers.

3. The production in the United States was:

	Tons	Value
1923	196,692	$3,012,253
1927	192,316	2,234,724

A decrease in tonnage of 4,376 tons, equal to 2¼ per cent, and a decrease in value of $777,529, or 25 per cent.

4. Importations of pulverized and powdered talc:

	Pounds
1923	38,083,011
1924	34,804,693
1925	41,541,397
1926	46,852,733
1927	49,286,222
1928	52,799,733

An increase from 1923 of 14,716,722 pounds, equal to 39 per cent. The decreased production in the United States during the same period was 2¼ per cent.

5. Statements by the importers that the values of imported powdered talc range from $20 per ton to $60 a ton are not in accord with the official governmental reports which show for the imports in 1928 of 27,008 tons the following values:

	Per ton
Canada, 9,761 tons	$12.00
Belgium, 430 tons	6.00
France, 7,604 tons	13.22
Italy, 8,186 tons	33.00

These values are widely apart from $20 to $60 as given by the importers.

6. The producers in the United States are making finer qualties each year. California produced in 1927, 15,760 tons, equal to any in the world. Deposits now being worked in North Carolina and Georgia and Vermont are equally of fine quality. All they require is a recognition of their value. In New York State, which produced, in 1927, 94,553 tons, not more than 30 per cent of this is of a strictly fibrous nature; the remaining 70 per cent is competitive with any in the market, whether domestic or foreign. There is no monopoly in the talc industry in the United States.

7. The rate as passed by the House, H. R. 2667, on powdered, washed, and pulverized talc and soapstone of three-eighths of 1 cent per pound will be helpful and increase the volume of the talc industry in the United States.

MICHAEL DOYLE, *President.*

STATEMENT OF LEVI COOKE, WASHINGTON, D. C., REPRESENTING THE MINERAL PRODUCTS ASSOCIATION OF AMERICA

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. COOKE. If the committee please, talc is a product of the soapstone clays, and it is found in America and Europe in a great number of varieties. Talc is produced in France, Italy, and several States in the United States, and elsewhere. But there are a large number of varieties of this particular soapstone mineral. Probably 30 several varieties are mined which are used for various purposes. Talc is largely used in the paint and paper industry, but possibly its largest use is a textile filler. It is also used in the rubber industry, and it is used in the cosmetics industry.

Senator KING. Would you object if I asked you about the use as a textile filler? Just how is it used for that?

Mr. COOKE. It is used for making body in certain textiles. For instance, in making salt bags it is used to close up the pores in the cloth in order to hold the salt. It is also used in shirting and other textiles to give weight and body to the fabric.

Senator KING. So that its price affects many industries then?

Mr. COOKE. Well, it is used in many industries and the price of the product, of course, affects the raw material cost in these several industries where it appears.

Senator KING. So any dislocation of the present tariff, whether up or down, would necessitate readjustment of rates in many, many industries?

Mr. COOKE. Well, it would cause disturbance in existing price arrangements in ratio to materials appearing therein.

There is a great spread in price in the talcs of different qualities, kinds, textures, and varieties. The highest priced talc in the world comes from the foothills of the Alps and Italy. The French production comes from the Pyrenees. Those two talcs are very high-grade talcs. Possibly the French talc is the nearest thing to the geologist's ideal of steatite, but it happens to be a little off in color.

The Italian talc is a very high quality in texture, but it happens to be very white, and that characteristic of color gives it a great value.

In the United States—New York State, Vermont, California, slightly in Pennsylvania and Georgia, and in the Carolinas—a number of varieties of geological products called talc appear, but they are as different one from the other, and in their peculiar adaptability for usage as well can be in the line of articles all called by the same name.

The gentleman who has just addressed the committee is an officer of three companies, or at least represents three companies working as a unit, with one competitor near Watertown, N. Y., at a place called Gouverneur, and they produce a peculiar talc that is not produced any place else in the world. That talc is a fibrous talc. It is so very fibrous that some of their product is sold under the trade name Asbestine, and that talc geologically has a monopoly, and it happens that it is located only in that part of New York State. It has practically no competition in the world, and as talc goes to the paint and paper industry.

Over in Vermont, not far away, they produce another talc. But it does not compete with this talc, because it is not of the fibrous

character. It is more of the soapstone appearance. The pencils that we used to write on a slate with were made of that kind of talc. Its color is bad. It is used in a granulated form for roofing. Some of the residue is used for other uses to which that particular kind of talc is applicable.

Some talcs are gritty and have a particular use for which that grittiness is not objectionable. But the greasy, oily, fine, amorphous talc is the thing that we usually know as talc from using it in cosmetics.

These foreign talcs come in in various grades and qualities due to their grade and character. And they are used for various purposes for which no American talc is fitted. The price range on this foreign talc runs from $16 to as high as $70 a ton sold in New York. And the domestic talcs sell from $6 to $20 a ton, according to their uses and qualities.

There is no mystery about talc. It is just one of those geological lines many articles of which carry the same general name.

This matter was presented before the House Ways and Means Committee. The gentleman who has addressed this committee now addressed the committee there and filed a brief. The Association which I represent filed a brief but did not appear. And the House Ways and Means Committee recommended 30 per cent ad valorem in place of the 25 per cent rate. There was a floor amendment in the House of Representatives which placed this three-eighths of 1 cent per pound duty upon all talc.

Senator EDGE. Do you agree with the estimate made by the previous witness that that would mean 40 to 60 per cent ad valorem?

Mr. COOKE. Forty to seventy per cent, I would compute it.

Senator REED. What are these foreign talcs used for?

Mr. COOKE. They are used in various lines. The better qualities of cosmetics require these very greasy, amorphous nongritty talcs.

Senator REED. But the Tariff Commission tells us that similar talcs are produced in California.

Mr. COOKE. The California talc is, I understand and am informed, of the highest quality found in the United States. There is some Canadian talc that may be somewhat similar to that. But I think the trade all agree that the Italian talc, on account of its peculiar whiteness, is better than the French because of its slight off-color, and that both of those are the best quality in the world.

Senator EDGE. Your position is that the imported foreign talc does not in effect compete with the production from Watertown, is that your position?

Mr. COOKE. No more than eggs in China compete with steel in Pennsylvania. They are not useful for the same purposes. They are just not useful for the same purposes. One is a large commercial article sold in great quantity, as stated by the previous witness, commanding possibly half the production in the United States, and is a peculiar, special kind of talc which is almost not talc, being so fibrous, though it is geologically of that order.

Now, it happens that there is no protest from any American producer of talc except as represented by Mr. Doyle, and, as I understand, he represents his own Gouverneur, N. Y., operation, and one competitor there, and the Vermont operation, which is in this very low grade, off-color material which is used for roofing in part.

So far as I know no California protestant appears, or any other protestant.

My clients consist of the members of this association, six in number, and they are merchants in talc and sell both domestic and imported, and they advise me, and it is a fact, that they have to furnish the foreign to the people who have to have the foreign, and they are glad to furnish the domestic to the people who use the domestic. They are well established and old-time firms, and sell this product as required.

Senator KING. So that this tariff would be advantageous to Mr. Doyle and those whom he represents?

Mr. COOKE. On the contrary, I do not think it would be of any advantage to him, for there is no competition whatever between the imported product and his product. I think it is more of a fetish than a fact. I think he is concerned more with seeing the duty up.

The truth of the matter is that the increase of the duty by the imposition of this House amendment specific provision will throw out of complete kelter the range of duty on all foreign, imported talc. Some of them come in at a lower price and others at a higher price, and there can be no uniformity of application of duty to various foreign products. It also puts on domestic users unnecessary poundage duty on the necessitous talc in the United States, and it is a sheer burden. We urge that the specific duty be abandoned. It is artificial, unscientific and quite inapplicable to this field. We further say that even the raise of 5 per cent in the ad valorem duty proposed by the House Ways and Means Committee from 25 per cent to 30 per cent is difficult of justification.

Senator EDGE. You feel that the old 1922 tariff of 25 per cent would not be onerous?

Mr. COOKE. On the contrary, it would continue the existing condition against which no one protests, no users protest against, and we know of no talc industry outside of this peculiar industry in New York and Vermont that is attempting to change either the structure or the amount of the existing rate. Certainly the specific duty at three-eighths of 1 cent is a greater increase of the rate and an absolutely unscientific treatment of the whole subject.

Senator BARKLEY. At whose instance, if you know, was the amendment offered on the floor of the House changing it from 30 per cent to this three-eighths of 1 cent?

Mr. COOKE. Senator Barkley, I am compelled to confess that I did not take the trouble to examine the record to ascertain who made the proposal. Possibly Mr. Doyle can answer the question.

Senator EDGE. Thank you.

(Mr. Cooke submitted the following brief:)

BRIEF OF THE MINERAL PRODUCTS ASSOCIATION OF AMERICA

Prior to the tariff act of 1922, talc took the rate of 15 per cent ad valorem. In the 1922 tariff revision the duty was placed on crude talc at one-fourth cent per pound, while the "ground, washed, powdered or pulverized (except toilet preparations)" was made dutiable at 25 per cent ad valorem.

The House Ways and Means Committee in preparing the present tariff bill left this paragraph undisturbed, except to increase the duty to 30 per cent on the ground product.

In the House, however, a floor amendment was adopted which substituted a rate of three-eighths cent per pound for the 25 per cent ad valorem on ground talc.

This association filed a brief with the House Ways and Means Committee in which it discussed fully the domestic production and the relationship thereof to the imported product, which comes chiefly from France, Italy, and Canada.

Quickly stated, the production in the United States is in the neighborhood of 180,000 tons, and the importation in the neighborhood of 25,000 tons, the exact figures for the year 1926 as reported by the Bureau of Mines showing domestic production of 181,568 tons, valued at $2,110,994, and total importations of 24,346 tons, valued at $563,799.

It will be noted that the importation in tonnage is less than 15 per cent of the domestic production, but the value of the imported commodity is much higher in ratio and reaches approximately 25 per cent in terms of value.

The trade situation is illustrated by the fact that about 10,000 tons of talc are imported from Canada, and about 6,000 tons of New York and Vermont talc are exported to Canada. The Canadian duty is 17.5 per cent ad valorem. Thus Canada imports types of talc from the United States which it can not produce, and Canadian talc is imported into the United States to meet requirements here for which it is fitted.

NATURE OF TALC

Talc is a mineral product of the soapstone class but varies widely in color, quality—particularly with reference to texture—utility for various applications, and there is a wide range of price based upon various commercial factors inherent in the product. Talc produced in the neighborhood of Gouverneur, N. Y., where the largest domestic tonnage originates, is of the fibrous quality and in its texture is of the asbestos character and is even sold by the largest producer under the trade name "Asbestine." This talc, while it lacks the slippery or greasy quality of other types of talc, is useful and has a practically exclusive utility in paint and paper manufacture. This asbestos type of talc produced in New York enjoys substantially an exclusive field in the industries where it is employed and is exported to foreign countries for similar use abroad.

Production of other qualities and types of talc occurs in Vermont, Georgia, North Carolina, Pennsylvania, and California, with small and immaterial production in other localities. The principal producing States are New York, Vermont, and California, in the order stated.

Foreign production occurs chiefly in France, Italy, and Canada.

Talc is used, aside from paint and paper manufacture, as above stated, in rubber operations, insulation materials, very largely as a textile filler, and the very high grades in toilet preparations.

RELATIONSHIP OF FOREIGN AND DOMESTIC TALCS

The consuming trade in the United States has long recognized the distinct characteristics of the several types of talc available for the various industrial uses and applications to which talc may be put. Even during the war, when the War Trade Board embargoed the foreign talcs, in order to save ship space, their first order was withdrawn to make available necessitous foreign talcs for various domestic requirements.

French and Italian talcs approximate the geological ideal of steatite, which is true talc. Such a talc presents a greasy, slippery, and amorphous character and is freer from carbonates and iron, which distinguishes them from the grades largely produced in America.

STATE OF THE TRADE IN TALC PRODUCTS

The members of this association are: Chas. B. Chrystal Co., New York, N. Y.; Stanley Doggett (Inc.), New York, N. Y.; Hammill & Gillespie (Inc.), New York, N. Y.; L. A. Salomon & Bros., New York, N. Y.; Whittaker, Clark & Daniels, New York, N. Y.; and Chas. A. Wagner Co., Philadelphia, Pa.

These houses all deal in foreign and domestic talcs, acting as merchants between producers and consumers. It is essential that they be prepared to furnish, based upon quality and utility, the various and several types of talc available. Domestic consumers realize that for certain requirements the imported talcs are necessary, whereas for other uses the domestic production in its several varieties is equally required or useful; and many consumers require both domestic and imported talcs in their operations. The consuming trade fixes the consumption both in the foreign and domestic product by virtue of their knowledge of the different qualities and their particular requirements based upon their experience.

Many consumers have communicated with Members of the Senate, individually expressing their position in this regard.

The prices for the domestic talcs range from $6 to $20 per ton. The imported talcs range from $16 to $70 per ton. Those classes of imported talc selling beyond $25 constitute the major portion of the imported talcs. In other words, the finer qualities of imported talcs necessary for domestic uses constitute the principal importation. This is particularly true of the French and Italian talcs. There is thus shown in the talc trade a very broad range of price for different kinds and qualities.

As American merchants dealing in both domestic and imported talcs, the members of the association protest against the application of a specific duty to imported ground talc, because the imposition of the specific duty per pound places a serious discrimination upon the lower priced talcs, amounting to an increase in duty of over 300 per cent with respect to some grades, while reducing the ratio of dutiability on the more costly types. This is illustrated by showing that a duty of three-eighths cent per pound equals $7.50 per short ton, and when this rate is applied to all the grades of imported talc, the inevitable discrimination of the specific rate becomes apparent. This to say nothing of the additional burden on American users.

The rate of three-eighths cent per pound on ground talc is an enormous increase of duty with respect to the lower grades of talc and in view of the wide variety of talcs to which it is applicable is a haphazard method of assessing duty upon this line of commodities.

The House Ways and Means Committee after having heard argument by proponents of a higher tariff and after having received briefs from such proponents and from this association preserved the ad valorem method of duty assessment upon talc and only recommended the increase of the ad valorem rate from 25 per cent to 30 per cent ad valorem. The shift to the specific rate and an increase of the duty thereby of more than 300 per cent over the existing ad valorem rate with respect to some grades of talc presents a case of haphazard tariff alteration which in this particular instance is unjustifiable from any standpoint.

The chief proponent of the proposed higher duty as shown by the argument and brief presented in the House is the farthest removed from danger of foreign competition, even if under the peculiar conditions existing in the talc industry the foreign importation could in grades and qualities be said to compete with domestic production. His companies at Gouverneur, N. Y., International Pulp Co., Union Talc Co., and the U. S. Talc Co., allied institutions, produce the asbestos type of talc in which the Gouverneur field has a natural and complete monopoly. They have but one competitor within that field, the W. H. Loomis Talc Corporation. As before stated, this type of asbestos talc is exported to foreign countries in substantia amounts.

The imposition of an arbitrary specific duty upon all talc of whatever kind and whether produced in the United States or not, and regardless of price, results in grievous burdens upon domestic consumers of foreign talcs who can not find their necessary supplies of the types of talc they require from domestic sources; and the arbitrary and unequal operation of a specific duty upon all ground talc is bound to result if enacted into law in a dislocation of the domestic talc trade generally injurious to American consumers and without benefit to producers of domestic talc of kinds not imported.

This case presents no situation in which domestic production has been injured, or in which losses have occurred in recent years to American producers. There is no showing that any part of the domestic production will be depressed in the absence of a large increase or any increase in the duty. New domestic producers are coming into existence and existing establishments are increasing production. Contrasting the facts last stated with the fact that foreign talcs are deemed to be a necessity in American industry, it is obvious that the existing rate of 25 per cent is adequate for any proper treatment of the foreign and domestic talc position. The proposed increase to 30 per cent ad valorem found in the House Ways and Means Committee report, even though it is but a 5 per cent increase is difficult of justification and a fortiori the proposed three-eighths cent duty as found in the House floor amendment is wrong both from the standpoint of economics in its large elevation of the rate and from the standpoint of proper tariff construction as addressed to the peculiar facts of the talc industry.

It is respectfully submitted that paragraph 209 should not be structurally altered; that an ad valorem duty should be the only kind of duty applied to imported ground talcs; and that the existing rate of 25 per cent ad valorem

being applied as it is only to those kinds of talc necessary to be imported should not be increased unless it is deemed wise by Congress to impose additonal burden upon American users of such essential imported talcs.

This association has approached this subject and dealt with it herein from the standpoint of domestic merchants dealing both in foreign and in domestic talcs, intimately acquainted with the requirements of the country and disposed only to see domestic operators secure the supplies of talc to which their operations have been adjusted on the soundest economic basis possible to be secured.

We referred above to the exchange of talcs between the United States and Canada, Canada imposing 17.5 per cent ad valorem on American talc while we have imposed 25 per cent ad valorem on the Canadian talc. If the specific duty of three-eighths cent per pound were enacted in law, our duty against Canadian talc would reach as high as 70 per cent ad valorem on a substantial part of the Canadian talc imported according to varying prices for grades.

The last illustration silhouettes the objection against increasing the duty on talcs that domestic users require. It is obvious that domestic talcs are needed in Canada and Canadian talcs are required here. The same may be said as to European and American exchange of talc. For this country to raise its duty to a high point in the end can only dislocate trade, without benefit to domestic producing interests and with certain burden on domestic consuming interests.

Respectfully submitted.

MINERAL PRODUCTS ASSOCIATION OF AMERICA.

Samuel H. Clark, being first duly sworn, deposes and says that he is an officer of Whitaker, Clark & Daniels (Inc.), a member of the Mineral Products Association of America; that he is president of that association, has read its brief foregoing; that the facts stated are true, and those stated on information and belief he believes to be true.

SAMUEL H. CLARK.

Subscribed and sworn to before me, a notary public in and for the District of Columbia, this 20th day of June, 1929.

[SEAL.]

MARGARET S. JARVIS,
Notary Public, District of Columbia.

EARTHENWARE AND CHINA

[Pars. 211 and 212]

STATEMENT OF JULIUS ROSENFELD, REPRESENTING THE CHINA AND EARTHENWARE GROUP, NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.), NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. ROSENFELD. I represent the china and earthenware group of the National Council.

Senator EDGE. You represent then the National Council of American Importers and Traders?

Mr. ROSENFELD. Yes, I am representing the German china and earthenware and the Czechoslovak earthenware group.

Senator EDGE. What is your firm?

Mr. ROSENFELD. Lazarus & Rosenfeld (Inc.).

Senator EDGE. Did you appear before the House Ways and Means Committee, Mr. Rosenfeld?

Mr ROSENFELD. No, Mr. Straub appeared before the House Ways and Means Committee representing the same group, but he is abroad, so I am appearing in his place.

Senator EDGE. Have you additional information to file with this committee, or is that the same brief?

Mr. ROSENFELD. I want to file the same brief, with the exception that we make the changes covering the 10 cents a dozen additional. And two or three remarks that I want to make besides.

Senator EDGE. Can you not start at the 10 cents a dozen additional without filing the same brief, because that is already in the record?

Mr. ROSENFELD. The brief in the record covers 15 cents on earthenware and 25 cents on chinaware, because that was the request of the American manufacturers at that time. Se we had to change the brief to cover the 10 cents additional.

Senator EDGE. File that brief.

Mr. ROSENFELD. I also wish to present the following letter:

JUNE 18, 1929.

Hon. REED SMOOT,
Chairman Committee on Finance, United States Senate,
Washington, D. C.:

The importers and distributors of German and Czechoslovak china appeared before the Ways and Means Committee and filed a brief and supplemental brief. The brief stressed the desirability of the Ways and Means Committee considering a report, about completed, made by the Tariff Commission on the subject of earthenware and chinaware. In the brief field we stated the following:

In the course of the hearings, Mr. Wells, appearing for The Pottery Association, made certain statements which were answered in the supplemental brief filed by the china group representing The National Council of American Importers and Traders. We append a copy of this brief.

The main argument of Mr. Wells was the necessity for higher duty. He states (p. 892) that the Japanese importations for 10 months in 1928 averaged 63 cents a dozen pieces as against the lowest-priced American cup and saucer made by Homer Laughlin of $1.35 a dozen. It is clear from this statement that the Mr. Wells compared the average price of all classes of imported Japanese china with a definite class of domestic articles, namely, cups and saucers. Mr. Wells should have stated the character of the articles included in this average. It is well known that the imports from Japan include large quantities of salts and peppers, incense burners, novelty figures, ornaments and very small toy tea sets, which are not competitive with anything made in the United States. If the average price of imports arrived at included a large portion of these small articles of low cost, all classifiable under paragraph 211 and paragraph 212, the comparison with cups and saucers was certainly not fair. In order to show your committee the relation between imports and United States cost, Mr. Wells should have selected any particular item and made a direct comparison, so that your committee could have seen what protection is needed.

Mr. Wells gives the price for the cheapest cup and saucer by Homer Laughlin as $1.35 a dozen cups and saucers, which is equivalent to 62½ cents a dozen pieces. The domestic manufacturers sell run of kiln and assorted lots of the various items they make, including in these lots firsts, seconds, and thirds. It would be interesting to know what quality Homer Laughlin sells at $1.35 per dozen, whether this excludes seconds and thirds, because in arriving at the import average it should be borne in mind that all qualities imported are included in the total, whether they be firsts, seconds, or even if they be broken and mended goods.

The tables in the attached brief have been corrected to show the effect of the proposed rate of duty as now written in the House bill, and tabulation No. 3 covering china tea sets has been eliminated entirely, as the House bill excludes this character of merchandise in the provisions of paragraph 211 and paragraph 212.

We also attach earthenware brief amended to meet the proposed rates in the House bills, urging upon your committee the revision of the present rates of duty.

The investigations conducted by the Tariff Commission covered both subjects of chinaware and earthenware, and while this statement, as far as we know, has not become a public document, we deem it proper that in the consideration of rates in the new bill, attention be given to the mass of evidence and costs collated by the Tariff Commission.

Respectfully submitted.

J. ROSENFELD,
Acting for Paul A. Straub,
Chairman of the China and Earthenware Group of the National Council of American Importers and Traders (Inc.).

Senator EDGE. Do you wish to discuss it orally as well?

Mr. ROSENFELD. I want to discuss this. The present tariff is 45 and 50 per cent on earthenware and 60 and 70 per cent on china, and then there is the additional specific of 10 cents a dozen pieces.

Senator EDGE. The only change is the additional specific 10 cents per dozen pieces.

Mr. ROSENFELD. The 10 cents a dozen pieces applies on both schedules, on both the earthenware and china.

Senator KING. Of course that affects only the cheap articles.

Mr. ROSENFELD. It affects all articles, but it affects the cheap articles more.

Senator KING. A little bottle with a little cork in the bottom of it represents two parts or two pieces?

Mr. ROSENFELD. I want to show you this as an illustration. Here is what they call a condiment set.

Senator REED. Do people actually buy those?

Mr. ROSENFELD. They buy them in thousands. There is a thing that cost 15 cents abroad [exhibiting]. It consists of 8 pieces. That is a bottle and a cork. That counts as two pieces.

Senator KING. Supposing you could unscrew the top?

Mr. ROSENFELD. It would be the same thing. It would be two pieces. Anything with a cover is two pieces. There is a cork in the bottom.

Senator KING. And the cork in the bottom makes the second piece?

Mr. ROSENFELD. Yes.

Senator KING. Supposing you could unscrew the top, that would make three pieces?

Mr. ROSENFELD. Yes.

Senator BARKLEY. You would not need the cork if you could unscrew the top.

Senator KING. That would add to the duty.

Mr. ROSENFELD. There is a mustard bottle, a cover, and a spoon. There are three pieces there.

Senator REED. It takes time for Democrats to learn those tricks.

Senator KING. This is three pieces?

Mr. ROSENFELD. Yes; that is three pieces.

Senator KING. This little spoon?

Mr. ROSENFELD. That is a piece. So the whole thing is eight pieces.

Senator EDGE. What is the significance of it being eight pieces?

Mr. ROSENFELD. Because it says 10 cents a dozen pieces.

Senator REED. And that is invoiced at 15 cents?

Mr. ROSENFELD. That is invoiced at 15 cents.

Senator REED. So that on that article there would be how much?

Mr. ROSENFELD. There would be practically 6¾ cents additional duty on that besides the 70 per cent ad valorem.

Senator REED. Six and three-fourths cents?

Mr. ROSENFELD. Specific. That is additional rate.

Senator EDGE. Then I understand that you take two-thirds of 10 cents on that number of pieces, eh?

Mr. ROSENFELD. This happens to be china that comes at 70 per cent.

Senator REED. The duty is 110 per cent.

Mr. ROSENFELD. In our brief we have shown the comparison to show the duties worked up to over 100 per cent on small items, especially items with covers. And another thing is that it is going to be wholly unworkable with the appraisers, because there will be an argument every five minutes as to whether it is one piece or two pieces. What is a small article with a cover? Is that one or two pieces? It is going to lead to all kinds of difficulties with the appraisers in assessing the duties.

Senator EDGE. Let us see the other side. What is that in competition with on our side particularly?

Mr. ROSENFELD. Excuse me.

Senator EDGE. Go ahead.

Mr. ROSENFELD. The only thing else that I wanted to point out was this. This is just an article that is sold in the 5 and 10 cent stores [exhibiting another article]. This is made in Czechoslovakia, and it is the type of article that is not manufactured in this country at all.

Senator KING. Is that china?

Mr. ROSENFELD. No; this is earthenware. There is no object in increasing the duty on this article at all.

Senator KING. Why?

Mr. ROSENFELD. Because it is not made here. None of this stuff is made here. Americans would not bother with it. They make tableware. They make useful goods. They do not make any of the fancy goods, which are a very great proportion of the imports coming in. On those imports coming in they decreased the value of a dozen pieces that have been mentioned, I think, in the hearings.

Senator KING. Those are articles that are sold largely, I imagine, from what you state, in the big department stores like Woolworth's, and so on?

Mr. ROSENFELD. Yes; as a matter of fact, that is sold by the chain stores.

Senator KING. Chain stores.

Mr. ROSENFELD. That sold for 40 cents.

Senator REED. What is it invoiced at?

Mr. ROSENFELD. I do not know. We do not purchase this article, that is this particular article. (Exhibiting). But it costs 15 cents abroad. This happens to be a Japanese article.

There is one other point I want to bring out, and we stressed before the Ways and Means Committee that they should get the Report of the Tariff Commission. The Tariff Commission made an investigation either two or three years ago abroad, in Czechoslovakia, Germany, England and in the United States. And we stress again the importance of your committee getting this report.

Senator KING. Has it not been published?

Mr. ROSENFELD. No; it was never published. You can ask the Tariff Commission.

Senator EDGE. You have brought a couple of articles here, using them for illustration, in which no doubt you are correct in your statement that they are not produced in this country. I do not know why they would be. They look just like so much truck to me. I do not know why they should be produced in this country. But on the other hand, there are no doubt covered by this duty of ten cents per dozen pieces many products that are produced in this

country, and no doubt this additional specific duty was inserted to protect them, that you likewise import. Discuss something of that kind. Cheap plates and things that would be made here, rather than a lot of junk.

Mr. ROSENFELD. I admit that, Senator, but I say this, that you can not make a 10 cents a dozen duty applicable to both articles.

Senator EDGE. All right; is it not possible to have some qualifying note that would, perhaps, if we deemed it wise, exclude the 10-cent specific applying to that kind of—whatever you call it?

Senator BARKLEY. You might have a proviso that this tariff shall not apply to junk.

Senator EDGE. I would be entirely agreeable to that.

Senator KING. And you would never get an interpretation of the court as to what junk means.

Senator EDGE. I want to say frankly that exhibits of that kind as a reason to exclude this specific duty do not appeal to me as a very good argument. This was not entered for any other reason in the world, I can not imagine, than to apply to a competitive class of merchandise.

Mr. ROSENFELD. I admit all that, but it applies to a whole lot of merchandise that is not competitive, and it is going to increase the cost to the people that can not afford to pay it.

Senator EDGE. Yes; but I just wanted to give you the other thought as well.

Senator BARKLEY. To what extent are these fancy combinations such as this, and many others that you see if you walk through an ordinary chain store, purchased by the people of the United States and used?

Mr. ROSENFELD. It is impossible to get the figures. The Government records will show so many dozen pieces from a country.

Now I am going to say this, that in Mr. Wells's testimony before the Ways and Means Committee he compared the average cost per dozen pieces. He mentions Czechoslovakia as $1.35 a dozen and Germany $1.24. I may be 1 cent wrong in my figures. But the German rate is cheaper than the Czechoslovakian rate. At the same time it is common knowledge, everybody knows, that the German labor price is much higher than the Czechoslovakian. It is simply because the Germans are exporting a lot of this stuff and the Czechoslovakian only export useful goods.

Senator BARKLEY. I thought that was made in Czechoslovakia.

Mr. ROSENFELD. But the Germans make a lot of all this kind of stuff too. Small stuff. Nobody can tell you what the figures are because the Government records can not give them.

Senator KING. One other question. What do you say as to this tariff on earthenware and crockeryware, and so forth carrying a 45 per cent ad valorem?

Mr. ROSENFELD. Forty-five per cent on the plain and 50 per cent on the other.

Senator KING. Well, on that which I read.

Mr. ROSENFELD. Do you mean as to the present rate?

Senator KING. Yes.

Mr. ROSENFELD. We are satisfied to let it stay.

Senator KING. And then painted, colored, tinted, stained, and so forth, 50 per cent, plus the 10 cents per dozen pieces, and so on. Is there any reason for the differentiation and for the additional tariff?

Mr. ROSENFELD. Do you mean between the white and the decorated?

Senator KING. Yes.

Mr. ROSENFELD. Well, it does not mean anything. It has always been done, and there is very little white imported. It is practically all decorated.

Senator KING. It is practically, then, a 50 per cent tariff?

Mr. ROSENFELD. Yes. The white importations are small.

Senator KING. Then so far as results are concerned we might make it 50 per cent instead of 45?

Mr. ROSENFELD. Well personally we would not care. We do not import any white.

Senator KING. Is the 50 per cent an increase over existing?

Mr. ROSENFELD. No, the 50 per cent is the existing tariff. The new bill includes the same rates as the old.

(Mr. Rosenfeld submitted the following briefs:)

BRIEF OF THE EARTHENWARE GROUP OF THE NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)

The United States Potters' Association has petitioned the committee for an additional specific rate at 15 cents a dozen pieces on earthenware, both decorated and plain, under the plea that the American producers can not compete with the foreign product imported from Germany, Czechoslovakia, and Japan.

We strongly protest against this proposal: (1) The rate will act as embargo against the importation of this ware; (2) the imports of table, toilet, and kitchen earthenware from the countries mentioned are but a small percentage of the American production of such wares; (3) a large proportion of the total importations is not in competition with wares made in the United States; (4) certain American-made tableware is now sold in 10-cent stores to the complete exclusion of similar foreign tableware; (5) imported tableware has been copied from foreign shapes and decorations and sold at prices lower than the imported originals.

Earthenware is the principal manufacture of American potters, ranging from very cheap pottery to the better grades. There is some little chinaware manufactured in the United States, consisting of hotel china, the well-known "Lenox" ware, and a very little that the Onandagua factory manufactures.

A description of the method of manufacture of china and earthenware in Europe, Japan, and the United States may be set forth briefly. In Europe and Japan, the bisquet or body for earthenware is merely fired to the extent of hardening, but not vitrified. The ware is then dipped in the glaze and fired again, but not at a temperature that vitrifies. Until vitrification occurs, china or porcelain is not produced. The bisquet or body of china or porcelain, differing somewhat from the body of the earthenware, is dipped in glaze and fired at a very high temperature, vitrifying the ware.

American earthenware is manufactured in the same manner as European, but the so-called American "china," while it is hardened to a greater extent than the cheaper earthenware, is not vitrified. It merely takes a little harder firing. American hotel china and "Lenox" ware are fired to the extent of vitrification.

The brief of the potters' association (R., p. 904), makes the following statement:

"As indicated before in this brief, there are two distinct classes of American potteries making dishes—those producing hotel china and those producing what is known in the trade as earthenware. The latter name is somewhat misleading as it applies to dishes that the public calls china, pure in color and in decoration differing from true china only in a structural or technical way."

The brief further states (R., p. 899):

"The two commodities may be readily distinguished by experts, but not so easily by the purchasing public."

The reason the American public calls certain eartherware dishes "china" is because they are sold as china and often marked "china." When the name "china" appears on an American earthenware dish, the mark is deceptive and it is believed that the American public would not call this ware "china" if properly labeled in all instances and sold as earthenware. When American earthenware is labeled "china" and sold as such, it is quite apparent why it is not readily

distinguished by the purchasing public. Imported earthenware, no matter how fine, is rarely, if ever, branded as "china."

Some foreign earthenware competes with the American earthenware, but with a grade usually referred to as "seconds or thirds," with soft body and defects sometimes covered by a decoration and not true in shape. A great deal of the cheaper German and Czechoslovakian earthenware is soft and in many instances the decorations are made with a stencil and brush under glaze. No such decorations are being manufactured in this country.

The better class of imported earthenware is not injuring the sale of American earthenware. As a rule, the prices of the American ware are lower and the fact that it is usually represented to be china gives it an added preference over the foreign ware.

The effect of the specific duty of 15 cents a dozen pieces.—This additional specific rate would prove prohibitory on practically all classes of foreign earthenware. We present the following illustrations (Tabulations 1 and 2), together with samples transmitted under separate cover, showing the effect of the proposed rate of 10 cents a dozen, in addition to the present ad valorem rates.

Decorated earthenware (Tabulation No. 1)

[V. From Villeroy & Boch, Mettlach, Germany. E. From various, Geo. Borgfeldt & Co., New York]

No. of article	Article	Foreign factory price, including packing	Duty at 50 per cent	Number of pieces	Proposed additional specific duty of 10 cents per dozen	Total amount of compound duty	Equivalent ad valorem duty
				Dozen			*Per cent*
VB 2	Dinner set, 100 pieces	$7.12	$3.56	8⅓	$0.83	$4.39	53
	Teacups and saucers, bread and butter plates, fruit saucers Geo. Schmieder, Zell-Harmersbach, Germany.	1.48	.74	4	.40	1.14	77
E 2	Cake plates G. Bihl, Ladowitz, Czechoslovakia.	1.40	.70	1	.10	.80	57
E 5	Cereal sets Schmelzer & Gerike, Althaldensleben, Germany.	1.62	.81	2½	.25	1.06	65
E 6	Nappy sets, 5 pieces Geo. Schmieder, Zell-Harmersbach, Germany.	.23	.115	5/12	.0417	.1567	68
E 9	Plates, 16½ cm Societe Ceramique, Maastricht, Holland.	.40	.20	1	.10	.30	75
E 10	Cups and saucers, white	.49	.22	2	.20	.42	86

Decorated and plain earthenware (Tabulation No. 2)

[FF. Small articles imported by Geo. Borgfeldt & Co. No samples, white ware from Schmelzer and Gerike, Althaldensleben, Germany. No samples, small Japanese articles]

No. of article	Article	Foreign factory price, including packing	Duty at 50 per cent	Number of pieces	Proposed additional specific duty of 10 cents per dozen	Total amount of compound duty	Equivalent ad valorem duty
				Dozen			*Per cent*
FF 1	Oval frog spill	$0.46	$0.23	1	$0.10	$0.33	72
FF 2	Decorated bird vase	.45	.225	1	.10	.225	72
FF 3	White flower holders	.32	.144	1	.10	.244	76
	Whiteware:						
	Dinner plate, 8¾-inch	.363	.163	1	.10	.263	70
	Bread and butter plate, 6-inch	.25	.112	1	.10	.212	85
	Teacups and saucers	.44	.20	2	.20	.40	90
	Fruit saucers, 5-inch	.21	.095	1	.10	.195	93
	Oval meat, 11-inch	1.01	.45	1	.10	.55	55
	Condiment set	.06¼	.031	3	.02½	.056	90

NOTE.—Duty on white ware is 45 per cent.

It will be noted that the application of this per dozen rate results in equivalent ad valorems ranging from 53 to 93 per cent. It is customary in the china and earthernware trade to count all separate pieces, and the rate applied on actual count consequently brings the duty out of all proportion to the value of the wares. Cups and saucers, covers to sugars, covered jugs and mustard pots, covered butter dishes, and many other articles are counted as two or more pieces, while they are sold by the dozen or gross in single units. Ten cents a dozen appears to be a small and innocent-appearing rate, but when assessed in addition to the present ad valorem rates, brings about duty results far in excess of any needed protection to the manufacturers of American earthenware.

Attention is drawn to Tabulation No. 2, oval frog spill, bird vase and flower-holder. These articles are representative of a large class of various novelty articles that are not made in the United States. The additional specific rate would prohibit their importation withour serving any protective needs. The equivalent rates would be nearly double the present rates of 50 per cent for decorated earthernware and 45 per cent for plain.

We are submitting, among the samples, articles sold in 10-cent stores that can not be imported and samples of several imported articles, together with domestic copies showing the selling prices of the American articles to be below the imported originals. The samples are as follows:

W1. A series of domestic samples, ivory glaze with colored flowers, consisting of meat and vegetable dishes, salad, gravy boat, sugar and cream and plates.

W2. Samples of the same collection in yellow glaze with flower decoration.

W3. The same, ivory glaze with gold band.

These articles are all sold at retail at 10 cents each and represent values given the American retail buyer that can not be duplicated in similar imported ware.

Imported	Copy in domestic ware
VB1 (plates submitted)	VB1A.
32 piece dinner set	Same.
Landed price including	Wholesale.
Duty at 50 per cent $3.88	Price $3.15.
VB3 (trays submitted)	VB3A.
Landed price	Wholesale.
Including duty $13.20	Price $7.50.

When the American manufacturer can copy an imported dinner set and tray as the above items indicate and sell the copies below the landed prices of the originals with no additions for the importer's overhead and profit, the claim of increased protection is unwarranted. These illustrations clearly show that the present rate of 50 per cent is too high.

IMPORT STATISTICS

The Department of Commerce reports for 1928 importations of earthenware as follows:

Plain table toilet and kitchen ware	$339,374
Decorated table, toilet, and kitchen ware	4,258,899
Common earthenware, stone and Rockingham	148,771
Other earthenware	1,838,971
Total	6,586,015

We have no figures of the American production of earthenware except those in the statement of the American manufacturers. Page 899 of the record gives the American production of earthenware at $33,000,000, excluding hotel ware and possibly the small quantity of "Lenox" ware reported by the Tariff Commission at $1,300,000.

The imports of common earthen, stone and Rockingham ware and other earthenware not included in the imports of table, toilet, and kitchen ware are not in competition with any American earthenware. Subtracting the values of these wares, $1,977,742 from the total imports of $6,586,015, leaves only $4,608,273. This represents a small amount to compare with the American production consisting principally of table, toilet, and kitchen wares.

The brief of the pottery association, beyond the bare proposal of 10 cents a dozen on earthenware, sets forth no reasons or arguments for this increased rate. The entire brief is devoted to the cheaper imported china and the only serious

foreign competition mentioned is from Germany, Czechoslovakia, and Japan; countries importing both china and earthenware. England is not included.

Eliminating English imports, the earthenware importations of decorated table, toilet, and kitchen ware from Germany, Czechoslovakia, and Japan are as follows:

Germany	$809,767
Czechoslovakia	294,051
Japan	579,204
Total	1,683,022

Comparing this small total with the large American production of similar earthenware does not indicate the demoralizing flood of German or Japan ware referred to in the brief of the pottery association. The small amounts of imports furnish no sound reasons for a prohibitory rate. In fact, the figures prove conclusively that no extra rate is needed, and, further, that the present ad valorem rate should be reduced. The present rate was placed in the act of 1922 on account of the depreciated currencies of Europe. The currencies have now been stabilized and the necessity for a high rate on earthenware does not exist.

CONCLUSION

The brief of the pottery association ably paints the demoralization of at least 36 of the American potters, having earned, as the brief states, but an average of six-tenths of 1 per cent on their investments for the years 1925, 1926, and 1927. But this demoralization is not due to foreign competition. It is due entirely to the fact that the two largest potters have over 30 per cent of the American business, with net earnings of 10½ per cent, because of the installation of the modern tunnel kiln, permitting mass production at a much cheaper manufacturing cost. Page 905 of the record recites the condition of the 36 potters referred to, constituting 80 per cent of the pottery industry, including the two large firms, making 38 in all.

It is quite evident that 10 cents a dozen on earthenware would not remedy this situation. If this rate eliminates earthenware importations, as it surely will, most of the benefits would be enjoyed by the two well organized, efficiently managed, and modernly equipped factories.

We earnestly petition the committee to disregard the proposal of the American Pottery Association for this additional specific rate and suggest that in view of all the facts presented and further facts available in connection with the American industry and foreign importations in possession of the Tariff Commission, the present ad valorem rates be reduced.

Respectfully,

PAUL A. STRAUB, *Chairman.*

BRIEF OF THE CHINA GROUP OF THE NATIONAL COUNCIL OF AMERICAN IMPORTERS AND TRADERS (INC.)

This brief is filed by the china group of the National Council of American Importers and Traders (Inc.) in regard to table, toilet, and kitchen ware, provided for under paragraph 212 of the tariff act of 1922, in protest against the representations of the United States Potters Association, proposing a specific rate of 25 cents per dozen in addition to the present ad valorem rates of 70 per cent for decorated and 60 per cent for white china.

Mr. W. E. Wells, appearing for the potters association, contends in his brief that the American manufacturers of the better grade earthenware can not successfully compete with what he terms the low grade china imported principally from Germany, Czechoslovakia, and Japan, and the brief recited the very meager profits of 80 per cent of the American factories in proof of their failure to compete successfully with foreign imports of the cheaper grade of china.

The brief of the potters association states (record, p. 904) that the profits of 36 potters averaged 3.28 per cent for the years 1925, 1926, and 1927. The total sales for these years amounted to $96,448,945. Two of the firms were then eliminated from the genreal average (record, p. 905), whose total sales for the same period were $26,870,000, showing net earnings of 10.20 per cent. In other words, two firms out of 38 did nearly 30 per cent of the business and reaped profits of $2,750,926 of the net earnings of all, or over 80 per cent of the total gains of $3,164,078.

It is stated (record, p. 903) that:

"The business of American potters has been demoralized by the flood of importations from Germany and Japan."

The earnings of two of the factories doing 30 per cent of the business indicate that foreign competition has not been so demoralizing after all. Net factory profits of over 10 per cent do not indicate an inadequate return on investment. Quite the contrary, as two factories, at least, doing nearly a third of the domestic business, have had no difficulty in successfully competing with foreign imports at the present duty rates.

In regard to the other 36, it is difficult to see how an additional specific rate would alter their situation, for it is quite evident that the serious competition they face is not from foreign imports but from the competition of the two large factories in the United States. The increase in the duty requested would result in prohibiting most of the importations of the cheaper chinaware, and in this event it is logical to assume that the manufacturers now able to supply 30 per cent of the demand would acquire the greater portion of the business the foreign manufacturers are now doing in the United States, and thereby add to their already fair return of 10 per cent. Certainly only a very small proportion of the foreign business would be acquired by the other 36 domestic manufacturers who, apparently, can not now compete successfully against the two who are doing a third of the business.

The reason why two manufacturers are able to conduct their plants at an adequate profit and to secure so large a portion of the American business, is due to modern equipment, consisting principally of the tunnel kilns with firing ovens 300 feet or more in length. These large kilns permit the ware for baking to be run in continuously on cars, resulting in a large production at a much cheaper cost than the antiquated kilns still in use in the other domestic plants and in Europe. Tunnel kilns are very rare in foreign countries. There are a few in Germany but none in England, France, Czechoslovakia or Japan. The domestic potters without modern equipment are certainly at a competitive disadvantage, but their situation can only be remedied by improved manufacturing methods and not by increased tariff rates.

As an illustration of what is accomplished in a modern, well equipped and up-to-date factory operating with tunnel kilns, Mr. Wells of Homer & Laughlin, in an address before the Manufacturers Association of New Jersey, that appeared on page 53 of the Pottery, Glass, and Brass Salesmen, July 31, 1924, stated:

"An idea of the extent of the business may be conveyed by reference to the one establishment I represent, if you will pardon something so personal. Our daily production is 70,000 cups and saucers and about 300,000 other pieces. We furnish the dishes to serve the meals to more than 10,000 people."

Daily production would then amount to 440,000 pieces or 36,666 dozen. Assuming 300 working days, this would equal a production of 10,999,800 dozen per year.

This mass production in 1924 in one factory, approximately 11,000,000 dozen, exceeded the imports of 9,542,720 dozen decorated and plain white china from all countries in 1928, and it is believed that this great American output has been larger in later years.

It is admitted in the brief of the potters association that very little better class china is manufactured in the Uuited States. There is some hotel wares falling in this class and a very limited quantity manufactured in Trenton known as "Lenox" or "Beleek ware." The Tariff Commission reports the American production of high-grade chinaware to be valued at about $1,300,000. There is apparently no complaint against the higher priced and better grades of imported china from any of the exporting countries, including Germany, Czechoslovakia, and Japan. The efforts of the United States Potters Association are directed against cheaper imported grades of china, and the application of the proposed specific rate of 25 cents per dozen will drive a large proportion, if not all, of these wares, from the American market.

The American potters not only fear Germany, but they are extremely fearful of Japan. Mr. Wells states (record, p. 892) that the Japanese importations averaged for 10 months in 1928, $0.63 a dozen, as against the lowest-priced American-made cup and saucer by Homer & Laughlin, sold at $1.35 a dozen. This statement is not only inaccurate but is extremely misleading and does not bear analysis. First, the statement that the lowest priced American-made decorated cup and saucer is $1.35 per dozen is not a fact. One of the largest chain stores in this country we understand buys an American-made decorated cup and saucer in large quantities below this price. Second, Mr. Wells, in his comparison of $0.63 a dozen with the alleged $1.35 for the American-made cup and saucer, has

taken the entire quantity of Japanese articles and divided the number into the total dutiable value, irrespective of the size of the articles and without deducting the large quantity of better-grade china. which he admitted is not made in this country. Further, in including the numerous very small and cheap pieces, he has failed to state that they are not made in the United States at all. Eliminating these small non-competitive articles, a very great number, the price comparison would tell an entirely different story. Innumerable small pieces, such as, salts and peppers, incense burners, novelty figures and ornaments, and very small toy tea sets, are not made in this country, and Mr. Wells must be aware that their inclusion in the total quantity brings about a very unfair and entirely misleading result and price comparison.

There are, unfortunately, no import statistics available separating the small pieces, not made in the United States, from the table, toilet and kitchen ware, that may be compared with American articles, at least from a utilitarian standpoint, but there is no doubt that if proper separation was made, the average price would be much higher than $0.63. It is certainly unfair to bulk all imported pieces of Japanese ware, including thousands of small, cheap pieces not made in this country, with the American ware that includes very few small pieces.

The effect of the proposal specific rate of 25 cents a dozen pieces.—Mr. Wells (R., p. 897) gave the foreign price of a Japanese cup and saucer with a blue decoration, at 30 cents and estimated the landed cost in the United States at 62 cents. Mr. Wells's statements are inaccurate in regard to this illustration. In stating the foreign cost of 30 cents, he failed to add 9 cents for packing, which is part of the dutiable market value. The true landed cost of these cups and saucers on the Pacific coast is as follows:

Japanese factory price	$0.30
Packing	.09
Freight	.12
Duty, 70 per cent of 39 cents	.27
Total	[1].78

Freight across the continent is $2.20 per 100 pounds, or about 15 cents per dozen on this cup and saucer, bringing the article into the eastern market at 93 cents. If a 25 cents a dozen specific duty is placed on these cheap foreign cups and saucers, the result will raise the landed price at the western seacoast to $1.28 (the specific duty on a cup and saucer would be 50 cents), and in the eastern market to $1.43. The equivalent ad valorem rate to 70 per cent plus 50 cents per dozen on these cups and saucers would be 200 per cent. Mr. Wells failed to set forth these comparisons and bring to the attention of the committee the enormous increase of duty expressed in the innocent looking figure of 25 cents a dozen.

The result of the additional specific rate developes an equally outrageous ad valorem equivalent on the lower grade china coming from Germany, Czechoslovakia, and Japan. We set forth the following illustrative tabulations, 1, 2, and 3, with samples transmitted under another cover, showing landed prices, present duty at 70 per cent, new duty at 70 per cent and 25 cents a dozen and the equivalent ad valorem rates including the new specific rate.

[1] And not 62 cents.

Decorated china dinner ware, Bavaria (Tabulation No. 1)

[TIR. From Porzellanfabrik Tirschenreuth. R. From Ph. Rosenthal & Co., Selb. W. From Henrich Winterling, Markt Leuthen]

No. of article	Article	Present House bill			Proposed additional specific duty of 10 cents per dozen	Total amount of compound duty	Equivalent ad valorem duty
		Foreign factory price, including packing	Duty at 70 per cent	Number of pieces			
	Class 00½			*Dozen*			*Per cent*
TIR 1	Dinner set, 100 pieces	$8.73	$6.11	8½	$0.83	$6.94	80
	Tea cups and saucers, bread and butter plates, fruit saucers	2.41	1.69	4	.40	2.09	87
	Class 2B						
TIR 2	Dinner set, 100 pieces	13.33	9.33	8½	.83	10.16	76½
	Teacups and saucers, bread and butter plates, fruit saucers	2.76	1.93	4	.40	2.33	84
R 1	Dinner set, 100 pieces	31.02	21.70	8½	.83	22.53	73
	Orelay scale 18						
W 1	Sugar covered	.98	.69	2	.20	.89	91
W 2	Sirup and plate	1.67	1.17	3	.30	1.47	88
W 3	Covered mustard and spoon	.80	.56	3	.30	.86	119
W 4	Tea set, 23 pieces	1.37	.96	2	.20	1.16	86
W 5	Cup and saucer	.74	.52	2	.20	.72	102
W 6	Salad, 21 cm	1.19	.83	1	.10	.93	78

Decorated china dinner ware (Tabulation No. 2)

[V. From Porzellanfabrik Victoria, Lazarus & Rosenfeld, Czechoslovakia. C. Samples submitted by Geo. Borgfeldt & Co., Czechoslovakia and Germany]

No. of article	Article	Present House bill			Proposed additional specific duty of 10 cents per dozen	Total amount of compound duty	Equivalent ad valorem duty
		Factory price including packing	Duty at 70 per cent	Number of pieces			
	Scale 00½			*Dozen*			*Per cent*
V 1	100-piece dinner set	$7.12	$4.98	8½	$0.83	$5.81	82
	Tea cups and saucers, 1 dozen; bread and butter plates, 1 dozen; fruit saucers, 1 dozen	1.73	1.21	4	.40	1.61	88
	Scale 02						
V 2	100-piece dinner set	9.73	6.81	8½	.83	7.64	79
	Tea cups and saucers, 1 dozen; bread and butter plates, 1 dozen; fruit saucers, 1 dozen	1.97	1.38	4	.40	1.78	91
	Scale 2A						
V 3	100-piece dinner set	11.27	7.89	8½	.83	8.72	77
	Tea cups and saucers, 1 dozen; bread and butter plates, 1 dozen; fruit saucers, 1 dozen	2.23	1.56	4	.40	1.96	88
C 1	Porzellanfabrik Kahla (Germany): Decorated mugs gold band	.72	.51	1	.10	.61	85
C 2	Altrohlauer Porzellanfabrik A. G. Altrohlau (Czechoslovakia): Cereal sets, 15 pieces	1.67	1.17	2½	.25	1.42	85
C 4	Triptis A. G. china manufacturers, Triptis (Germany): Decorated cups and saucers	.82	.58	2	.20	.78	95
C 7	G. Greiner & Co., Schauberg (Germany): Decorated cups and saucers	.56	.39	2	.20	.59	106

Tabulation No. 3

[Small Japanese china articles]

Article	Factory price, including packing	Present duty, 70 per cent	Number of pieces	Proposed additional specific duty of 10 cents per dozen	Total amount of compound duty	Equivalent ad valorem duty
						Per cent
Condiment set	$0.695	$0.486	9	$0.075	$0.561	80
Sugar and cream set	.25	.175	3	.025	.20	80
Salt shaker and pepper (dozen)	.84	.588	24	.20	.788	94
Condiment set	.27	.189	6	.05	.239	89
Spice set	.45	.315	11	.092	.407	90

The foregoing illustrations forcibly call attention to the effect the 10 cents per dozen pieces will have upon the imports of low-priced china. The figures show the equivalent ad valorem rates will range from 73 to 110 per cent.

Tabulation No. 1. Dinner ware from Bavaria, 73 to 110 per cent.

Tabulation No. 2. Dinner ware from Czechoslovakia and Germany, 77 to 106 per cent.

Tabulation No. 3. Miscellaneous small articles from Japan, 80 to 94 per cent.

These illustrations have been taken at random and for the convenience of the committee have not been unnecessarily multiplied. They are not exaggerated instances and are representative of a large class of china imports. Attention is called to the result of applying the rate of 10 cents per dozen pieces to cups and saucers, cereal sets, dinner sets, and the many small articles like the sugar bowl, spice jar, and covered jug sets of two pieces, as the tops would be counted as extra pieces. The mustard jar of two pieces, a jar and a spoon, a spice set of 11 pieces, clearly shows the disastrous effect of this rate.

It is the intention of the potters' association to totally prohibit the importation of the cheaper grades of china, it has selected a dutiable method that will certainly accomplish this end.

STATISTICS

The brief of the Potters' Association (R., p. 899) states: "Thus far, in 1928 the foreign value of dishes imported is running close to $20,000,000 per year."

On page 63 of the Department of Commerce, Monthly Summary of Foreign Commerce, the complete importations for 1928 of china and earthenware table, toilet, and kitchen ware, decorated and plain, are given as follows:

	Dozen	Value
China:		
Plain, white or brown	530,540	$341,071
Decorated, including hotel ware	9,012,180	9,137,863
Total	9,542,720	9,478,934
Earthenware:		
Plain, white or yellow	603,206	339,374
Decorated	3,935,761	4,258,899
Hotel ware	453,081	690,635
Total	14,534,768	14,767,842

The figure of Mr. Wells of close to $20,000,000 is over $5,000,000 out of the way. Possibly in his broad term of dishes he included various other china and earthenware articles that have no relation to table, toilet, and kitchen ware, such as vases, lamps, figures, placques, ornaments and other fancy articles that are not in competition with any ware made in the United States.

The Monthly Summary of the Department of Commerce sets forth other than table, toilet, and kitchen ware, as follows:

Bisque and Parean ware	$828, 131
Other china and porcelain ware	363, 387
Common earthenware, stone and Rockingham ware	148, 771
Other earthenware	1, 838, 971
Total	3, 179, 261

Adding these amounts to the values of table, toilet, and kitchen ware brings the total to $17,947,103, the figures given by the Department of Commerce for all importations of pottery in 1928.

The brief (record, p. 899) in stating that importations in 1928 amounted to $20,000,000, adds $24,000,000 for duty, freight and incidental expenses, equalling $44,000,000, and then to this exaggerated estimate adds another $6,000,000, supplemented by the following statement:

"It is, therefore, conservative to assume that the cost upon the retailers' counters is about as follows: American dishes, $43,000,000; imported dishes, $50,000,000."

Going through the American Potters' computations starting with the true foreign figures of all pottery of $17,947,103, and adding in the same proportions for freight, duty, expenses and importers' profits, the cost upon the retailers' counters would be about $43,000,000, or just the figures stated for the American ware upon the retailers' counters.

On page 904 of the record, the total sales for three years (1925, 1926, and 1927) are given for 38 pottery firms as $96,448,945. These 38 firms, it is stated, represent more than 80 per cent of the industry, and the total number of firms would then be approximately 48. On page 899 of the record, it is stated that there are 66 producers, with annual sales of $43,000,000. These are inaccuracies of statement that, if even inadvertent, are unnecessary and consequently mean but little.

CONCLUSION

The present condition of 36 American potters out of 38 representing 80 per cent of the industry, averaged but 1.6 per cent profits for the years 1925, 1926, and 1927 (record, p. 905), and the two others averaged over 10 per cent net earnings, which conclusively shows that the poor showing of the 36 potters was due to domestic competition and not foreign.

In regard to the two efficiently managed and well organized large potteries, equipped with modern tunnel kilns and admittedly doing 30 per cent of the American business, it does not appear that any further protection is needed, and in regard to the remaining number of potters, it is difficult to comprehend just how increased rates would assist them in overcoming their great handicap due to their antiquated manufacturing methods. Applying the specific rate of 10 cents a dozen will certainly curtail foreign importations, but the gain would not accrue to the poorly organized and badly equipped factories. The two larger factories would continue to undersell the others and would undoubtedly increase their present share of the American trade.

One of the largest chain stores in the United States is now buying fully 70 per cent of their earthenware from the two largest American potters. The additional specific duty would not alter the situation. Their purchases are based on price and the well-equipped factories would still be in a position to offer them their price inducements. The application of the suggested specific rate would be prohibitory, enabling the larger factories to increase their business to a proportionate extent that would not permit the other factories to gain any appreciable percentage of the new business that would be available by shutting off imports. Many items of china that are now available to consumers of small means would be eliminated without benefit to anyone.

When the china and earthen ware rates were increased in 1922, such increases were made on the ground that the depreciated currencies in Europe necessitated the changes. Bone china was excepted and the rate placed at 55 per cent, for the reason that any higher rate would have prohibited the importation of this ware; an accepted principle at least at that time that rates should not be prohibitory. Senator Frelinghuysen, of New Jersey, presented these arguments when the tariff act of 1922 was before the Senate for passage. To-day the currency conditions have entirely changed. European currencies are now stabilized and Germany is on a gold basis.

There is no actual necessity to-day for a 70 per cent rate on decorated china or a 60 per cent rate on plain china. Only $341,071 worth of the latter ware was imported in 1928. An extra specific rate of 10 cents a dozen, as we have shown in our presentation of actual figures, would be entirely unwarranted under present conditions, would prohibit the importation of the cheaper grades of china, and would materially increase the cost of the better goods, again not to the advantage of anyone.

Mr. Gilman, in his testimony before the committee, stated that he represented a large group of the so-called jobbers and wholesalers of china and earthen ware. He did not state the names of the American jobbing and wholesale firms he represented, but he certainly did not represent them all. We append a list of American jobbers and wholesalers who are strongly opposed to any increase in the rates of china or earthen ware and have authorized us to use their names in this connection, which we append.

Respectfully,

PAUL A. STRAUB, *Chairman.*

Appended: Mutual China Co., Indianapolis, Ind.; Wild & Koch Co., Milwaukee, Wis.; Pitkin & Brooks, Chicago, Ill.; Lewis & Neblett Co., Cincinnati, Ohio; Omaha Crockery Co., Omaha, Nebr.; Ebeling & Reuss (Inc.), Philadelphia, Pa.; G. Sommers & Co., St. Paul, Minn.; John McClellan & Co., Houston, Tex.; H. P. Chandee Sons Co., Baltimore, Md.; Butler Bros., New York, N. Y., St. Louis, Mo., Chicago, Ill., Dallas, Tex.; H. G. Mellon & Co., Los Angeles, Calif.; Merrill Greer & Chapman, St. Paul, Minn.; St. Louis Glass & Queensware Co., St. Louis, Mo.; Arthur Schiller & Co., Chicago, Ill.; Kinney & Levan, Cleveland, Ohio.

STATEMENT OF W. E. WELLS, NEWELL, W. VA., REPRESENTING THE UNITED STATES POTTERS' ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Wells, you represent the United States Potters Association?

Mr. WELLS. Yes, sir.

Senator EDGE. Did you appear before the House committee?

Mr. WELLS. I did.

Senator EDGE. You filed a brief with the House committee?

Mr. WELLS. Yes, sir.

Senator EDGE. What is your purpose in appearing before our committee? To file a supplementary brief?

Mr. WELLS. I am filing a supplementary brief with you trying to condense the rather lengthy brief that was submitted before the Ways and Means Committee.

Senator EDGE. We do not want to reprint the same brief.

Mr. WELLS. No, I understand. I just wanted to call your attention to it, because the subject is more thoroughly analyzed and the statistics are brought out much more in detail in support of our case in the House brief.

Senator KING. You are appearing to discuss which paragraphs?

Mr. WELLS. 211 and 212.

Senator KING. You represent Homer-Laughlin China Co. of East Liverpool, Ohio and Newell, W. Va?

Mr. WELLS. Yes.

Senator KING. Are you the same Mr. Wells who wrote this article [exhibiting article in a magazine]?

Mr. WELLS. Let me see it. That is a ghost——

Senator KING. Are you the same Mr. Wells who wrote that article?

Mr. WELLS. I am the Mr. Wells whose name is there, but that is what you call ghost writing. It was written by another man.

Senator KING. But you sponsored it?

Mr. WELLS. Practically; yes.

Senator EDGE. Mr. Wells, if you will, go on in your own way to advise the committee your objection or support, whichever it is, of paragraphs 211 and 212.

Mr. WELLS. I want to give you first a certified copy of the brief that is to be submitted to your committee. I heard you say yesterday, Senator King, that you had not received a brief so far.

There are, or there were until recently, substantially 55 potteries making earthenware under paragraph 211. Some of those have since been eliminated, either through financial troubles or through voluntary liquidation.

Senator KING. Or through mergers.

Mr. WELLS. I am counting all those that are in that merger.

Senator KING. For instance, the American Chinaware Corporation that has just been formed merged the Knowles, Taylor & Knowles Co., Smith, Philipps & Co., the Sebring Co., the National China Co., Pope-Gosser China Co., and the Carrolton Pottery Co. That is the combination, is it not?

Mr. WELLS. They have not completed their arrangement yet and they are not functioning in all details, but in my estimate here of 55 potteries that were in operation, I am counting each of those eight or nine as a separate unit.

Under paragraph 212 there are, I believe, 11 factories making what is known as china, mostly hotel china.

Senator BARKLEY. Would it interrupt you there to ask you if you can explain, in a word, the difference between the process of manufacturing earthenware dishes and china?

Mr. WELLS. The processes, Senator Barkley, are almost identical, but the combination of raw materials is different. The method of firing is somewhat different. I do not mean the method exactly, but the temperature of firing must be higher in hotel china, making a more dense or vitreous body. The earthenware is not fired to quite such an extreme heat as china, and the combination of materials is slightly different. In other words, the manufacture of earthenware is the cheaper process of the two.

Senator BARKLEY. I do not want to take up any time on that, but it is just a matter for my own information.

Mr. WELLS. The processes are so intricate that it would be difficult to describe them in a few words.

Senator BARKLEY. I always have noticed that food tastes better out of real china than it does out of coarse earthenware.

Mr. WELLS. I have brought some samples of the earthenware we are making to-day, and I defy any of you to put a piece of earthenware and a piece of china, with the same decoration, and same shape, side by side and tell them apart.

Senator EDGE. You want to file this supplementary brief, telling your reasons for proposing an addition to the 10 cents per dozen pieces. As I understand it, you ask for 25 cents per dozen specific.

Mr. WELLS. Under paragraph 212; and under paragraph 211, 15 cents. That is merely in support of our Ways and Means brief.

The production of American earthenware and china under both paragraphs has been running, for the last few years, approximately

$43,000,000; about $33,000,000 in earthenware and $10,000,000 in china. That can be supported by the government statistics.

In our presentation before the Ways and Means Committee we asked, as I said awhile ago, 25 cents per dozen under paragraph 212 and 15 cents under 211. The Ways and Means Committee did not grant the entire request, but they added 10 cents to each.

Senator KING. Each piece?

Mr. WELLS. 10 cents per dozen.

Senator KING. But indicating each part of a set, for instance, a cup as a piece, and a saucer as a piece.

Mr. WELLS. Yes.

Senator KING. And a mustard dish with a cover would consist of two pieces; and if it had a little stirrer in it that would be a third piece.

Mr. WELLS. I have never seen a piece of that kind.

Senator KING. We had one here the other day.

Mr. WELLS. I was not near enough to see it.

Senator KING. While we are about it, there are three pieces in that set, are there not [indicating]?

Mr. WELLS. I presume there would be.

Senator KING. And this one [indicating] would be two pieces, with the cork in the bottom, would it not?

Senator EDGE. That is what we call a trick set.

Senator KING. I do not know what you call it. I do not know who is trying to perpetrate the trick. It seems to me some of these domestic manufacturers are.

Mr. WELLS. Senator, the addition of 10 cents, or 25 cents to articles of that kind is positively excessive; but there is only 10 cents, or 25 cents a dozen, on a meat dish 18 inches long, and that would probably sell in this country for——

Senator EDGE. Could you suggest language for paragraphs 211 and 212 that would not be confusing, but would settle the controversy so far as these specialties are concerned, in the application of this duty by an appraiser? I do not mean to do it now, but if you can do it, I think the committee would be glad to consider it, whatever they would do with it. Of course, I do not think anyone would contend that a thing of that kind is within the purview of the question whether this duty is right or wrong.

Mr. WELLS. It is absolutely of no importance. There is no American factory making anything to compete with that, and if there were no ad valorem or specific duty on that particular item it would make no difference at all to any American potter, because it is not made here.

Senator KING. Is it not a fact that Woolworth & Co., and Kresge, and these 5, 10, and 15 cent stores, sell enormous quantities of small articles at a small price, 5 cents apiece, or less?

Mr. WELLS. There is no doubt about that. That is a matter of common knowledge.

Senator KING. As a matter of fact, the Woolworth Co. is one of your customers, and they purchase from you at a very fair figure to both of you, enormous quantities of these small articles, do they not?

Mr. WELLS. Not of the specialties of that kind, Senator—cups, saucers, plates, sauce dishes, and oatmeal dishes, and that sort of

thing. They are very important and large customers of my firm, but I am here to talk about the situation of the United States Potters Association, and not representing the Homer-Laughlin China Co. in this discussion.

Senator KING. They are the beneficiaries of the tariff. You are appearing for all of them.

Mr. WELLS. I am appearing for the United States Potters Association. I would have a very poor case, indeed, if I stood for the Homer-Laughlin China Co.

Senator KING. Are you appearing for that part of the potters' organization which was recently convicted of violating the Sherman law?

Mr. WELLS. I never heard of it.

Senator KING. You never heard of the potters' case?

Mr. WELLS. That was the sanitary industry. We have no connection with them whatever. This is nothing but dishes; not specialties of that kind; not sanitary ware nor terra cotta nor any other branch of the American industry. I am representing just that branch making dishes.

The public mind is often confused by the statistics showing pottery production by confusing these many other branches of the pottery industry. We make nothing but dishes. The importations of dishes that are competitive with ours for the last few years have been ranging from $18,000,000 to $20,000,000 factory-door value abroad.

Senator EDGE. How does that compare with the value of the domestic output of the same or comparable articles?

Mr. WELLS. I am just about to bring that out, Senator Edge. The competitive value is the laid-down value at our port. The laid-down value is the foreign factory-door value plus the duty, plus the freight and expenses.

Speaking of the competitive values, they have been running just about even. It has been a 50–50 deal.

Senator EDGE. That is what I thought it was. I just wanted to get it substantiated for the record. It is about 50–50.

Mr. WELLS. It is about 50–50. There has never been a time, excepting during the war period, when the American potter had more than 50 per cent of the business. Usually the competitive value is larger on imported goods than it is upon American.

Senator EDGE. Along the same line—I do not want to interrupt you, but I think these are the facts the committee wanted to get. You heard our questions of the previous witness, who admitted that the imports had been gradually and steadily increasing. What is the situation with respect to your gross business, in total, for the past few years? Have you a table of that for the entire potters' association?

Mr. WELLS. Here are the figures for 1924, 1925, and 1926. The total American production was substantially $46,000,000 in 1924 on both schedules; in 1925 it was $42,000,000; in 1926 it was $44,000,000; and in 1927, as nearly as we can get it, it is $44,000,000. In 1918 the total was something like $54,000,000. It has steadily gone down.

Senator EDGE. The $18,000,000 to $20,000,000 that you speak of as the value of the foreign production is, of course, without adding the duty.

Mr. WELLS. That is without adding duty; yes. Duty added and transportation expenses, and so forth——

Senator EDGE. Would bring it fairly close to the $40,000,000.

Mr. WELLS. Yes; possibly a little more than ours. That is the way we have always regarded it.

Senator BARKLEY. Let me ask you this. This 10 cents per dozen pieces is not intended to apply simply to sets that have a dozen pieces in them, but the effect is to assess a tariff specific of five-sixths of a cent on each piece of china brought in.

Mr. WELLS. That is it.

Senator BARKLEY. It might as well have been stated in terms of a single piece, as well as a dozen. That is what it amounts to.

Mr. WELLS. Yes.

Senator BARKLEY. Five-sixths of a cent for each piece, regardless of its character.

Mr. WELLS. Yes.

Senator BARKLEY. Your request for 25 cents would be 2½ cents for each piece.

Mr. WELLS. Two and one-twelfth, is it not?

Senator BARKLEY. Yes. A little over 2 cents.

Senator KING. Mr. Wells, were you not in error in stating that the imports were $40,000,000 or $50,000,000? I find, under the head of table, toilet, and kitchen ware, not including bone china, $8,000,000 for 1928; earthenware, $5,000,000; and tableware china, $8,000,000. That would be $13,00,000.

Mr. WELLS. The monthly summary of foreign commerce——

Senator KING. I read from pages 477 and 483 of the Tariff Information, Schedule No. 2. Table, toilet, and kitchen ware imports for 1928 were $5.035,000, less than the preceding year and less than the year before that. On page 483, kitchen ware, and so forth, not including bone china, $8,144,000. The preceding year was $9,711,000; the year before that, $9,454,000; the year before that, $8,631,000; the year before that, $8,564,000; representing a diminution for the last two years. The total for 1928 was $13,000,000.

Mr. WELLS. You are speaking of decorated china, under paragraph 212 alone.

Senator EDGE. Yes. That is not the bone.

Senator KING. No. I am not speaking of bone china.

Mr. WELLS. Nor is he speaking of earthenware.

Senator KING. The imports of the china tableware, plus the white ware and the earthenware.

Mr. WELLS. Yes.

Senator KING. That comprises what you have been testifying about, does it not?

Mr. WELLS. Yes; but here is the monthly summary of foreign commerce, showing that in the year 1928 the total value at the factory door of all those elements was $17,947,102.

Senator EDGE. As compared to what the year before?

Mr. WELLS. The year before it was $20,197,790. It happened to drop that year. The highest year was 1927. From 1917 the imports on that basis, factory door, have increased from $5,989,000 to $17,947,000, or practically $18,000,000. In 1924 it was $18,000,000; in 1925, $16,490,000.

Senator EDGE. I think it is generally admitted by both sides, without putting those figures in the record, that the imports have gradually increased.

Mr. WELLS. Yes.

Senator KING. It is not admitted so far as I am concerned, because it is quite the reverse. I have shown that there was a decrease.

Senator EDGE. In one year.

Senator KING. No; I mentioned three years.

Senator EDGE. I think there is no question that there was an increase.

Senator KING. I mentioned three years, Senator.

Mr. WELLS. There are certain situations that cause a variation between one year and the next year.

Senator KING. All right. From 1924 down it showed an increase each year.

Mr. WELLS. These figures I have here are absolutely official. They represent the assembling of all competitive products, not simply one.

Senator EDGE. That shows what—an increase or a decrease? I do not want the figures.

Mr. WELLS. It has shown a steady increase from 1917, of $6,000,000, to 1928, of $18,000,000. In 1921, the year after all the war readjustment was over and the foreign producers had entered the market again, the total was $13,000,000. It went down to $12,000,000 in 1922, and from that it has increased to an average of $18,000,000 or $20,000,000 per year.

Senator KING. In order that the record may be accurate, here is the man who makes the compilation for the Tariff Commission. I will ask him if the figures I have read are correct.

Mr. KOCH. Yes, sir. This is tableware.

Senator KING. Those two would comprise the entire amount?

Mr. KOCH. Yes.

Senator KING. And 1928 was less than 1927, to the extent of $2,341,427 in value?

Mr. KOCH. Yes.

Senator KING. Your name is what?

Mr. KOCH. Koch.

Senator KING. You represent the Tariff Commission, helping the committee?

Mr. KOCH. Yes.

Senator KING. Did you help to assemble these figures in the tariff schedule?

Mr. KOCH. They are copied from the same source.

Senator KING. And they are correct?

Mr. KOCH. Yes.

Senator EDGE. Let me add to that, if you are through——

Senator KING. I am not through.

Senator EDGE. You have taken, as I understand, three or four years.

Senator KING. I called attention to these figures, Senator [indicating].

Senator EDGE. Table, toilet, or kitchen ware, not including bone china. That certainly demonstrates, with these same figures, that

there has been an increase from something over $3,000,000 in 1919 to something over $8,000,000 in 1928.

Senator KING. That is right.

Senator EDGE. Then, you take the next table, bone china; 1923 shows $647,000, as compared with $947,000 in 1928. They are the two classifications you are discussing, principally.

Mr. WELLS. No. There is a third classification, earthenware, paragraph 211.

Senator EDGE. I just wanted to put that in the record. Table, toilet, and kitchen ware increased from $2,342,000 in 1919, when there was a 40 per cent ad valorem duty, to $5,000,000 odd in 1928, with a 50 per cent ad valorem duty.

Mr. WELLS. The combination is the competition.

Senator EDGE. I just wanted to get that all in the record.

Mr. WELLS. It is so perfectly clear that there has been a steady increase in importation and a steady decrease in domestic manufacture, and it stands to-day as it has usually, from my experience of 40 years. It is 50–50, or a little to the advantage of the foreigner.

Senator EDGE. Is there anything further?

Senator KING. Yes. I want to ask him a number of questions. Mr. Wells, in a speech which you delivered, and which is featured in "Factory and industrial management," of April, 1929, you gave a very optimistic report and statement, did you not, in regard to the pottery business?

Mr. WELLS. I do not recall having made any speech on that subject. Where was it?

Senator KING. "From an address by W. E. Wells, delivered before the Manufacturers Association of New Jersey." Part of it is quoted here in this article.

Mr. WELLS. I made that speech at least four or five years ago.

Senator KING. It took you a long time to get it to the public, apparently.

Mr. WELLS. I did not make any effort to get it to the public.

Senator KING. Here it is in this article, "As told to Louis K. Urqhart, associate editor," of this paper, by you. You told him, didn't you?

Mr. WELLS. He wrote the story, and I read it over and handed it back to him. I never have read it since it was published.

Senator KING. He did not write it until you told him, did he?

Mr. WELLS. He did, absolutely. He brought it to me after he had written it.

Senator KING (reading):

Foolhardy. That is what they called us. "It can not be done," was the verdict of the pottery manufacturers when we installed our first tunnel kilns a scant half dozen years ago. But we thought it could be done, and we are backing our judgment—

And so forth. He got that from you, didn't he?

Mr. WELLS. I indorsed that, which is true.

Senator KING. Didn't you state that—

I have witnessed in our plants a steady growth from a small pottery with only four periodic kilns to seven plants employing 2,500 people, having a daily capacity of 25,000 dozens of pieces, and at the present time sold up months in advance.

Mr. WELLS. That was absolutely true at that time.

Senator KING. That was in April of this year?

Mr. WELLS. "Many months"—of course, that was exaggerated We were sold up to about the middle of June.

Senator KING. You said "many months."

Senator BARKLEY. How far are you sold up now?

Mr. WELLS. When I left last Saturady, 10 or 12 days. This is our dull season, I will admit.

Senator BARKLEY. You have them every year, regardless?

Mr. WELLS. Every year, in June and July, and again in November They are always dull.

Senator EDGE. There has not been any claim made on your part at all that business has been particularly bad, has there? As I understand it, your application for duty is to have it continue good.

Mr. WELLS. I tried to make clear in the beginning that I am not representing the Homer-Laughlin China Co. If I did I would not have a case. But I am representing the United States Potters Association, with over 50 potteries.

Senator KING. The fact is, Mr. Wells, that your corporation has adopted the tunnel system.

Mr. WELLS. Yes.

Senator KING. As a result of which pottery can be made much cheaper. That is true, is it not?

Mr. WELLS. We think so.

Senator King. Under the old system you had your beehive ovens?

Mr. WELLS. Yes.

Senator KING. Your coal consumption, or gas, or whatever you used, was very much greater under the old system than under the present system. You would heat and cool, and then heat and cool, and the loss of heat was enormous. In addition, there was not that uniformity of heat, and that uniformity of product that exists adopted the tunnel system?

Mr. WELLS. You have a very clear conception.

Senator KING. Now you have your long tunnels, and you put your product upon plates and pass it through at a proper rate of speed.

Mr. WELLS. We put them on cars.

Senator KING. You put them on cars, and subject them to the increasing heat, as desired, according to experiments, so that the finished product comes out much cheaper than by the other system?

Mr. WELLS. The principal saving, and almost the exclusive saving, is in the amount of gas to be used.

Senator EDGE. What is the difference in the wholesale price to-day, per dozen, or whatever quantity you figure on, as compared to four or five years ago?

Mr. WELLS. There has been a slight decrease in the last four or five years, and a very material decrease since 1922 in the selling prices. The important thing, I think, is the price that the consumer, or the woman pays for a set now compared with what she did.

Senator EDGE. What is the decrease on ordinary ware today, as compared with 1922, because of these new methods of production?

Mr. WELLS. It is not for that reason.

Senator EDGE. Whatever the reason may be—competition or anything you want to say.

Mr. WELLS. Competition, and especially foreign competition, brought the price down so that one of our sets which was selling to the woman at $50 or $52 in 1922, is now selling to her at $25 or $27.50.

Senator EDGE. When you speak of sets, you mean complete dinner sets of 100 odd pieces?

Mr. WELLS. That is right. Our manufacturing sales prices have not decreased to that extent, but they have been decreased from 10 to 25 per cent since 1922.

Senator EDGE. I think that is interesting testimony.

Senator BARKLEY. Have you reduced the cost to the public by reason of these economies you brought about through the change in methods?

Mr. WELLS. We would not be making one red cent today if we had not gone into the tunnel kilns. We still operate three factories with the old-fashioned beehive kilns. We keep the records separately, and we have not made any money at all in those three factories for two years. All the money we make is what we save by the operation of tunnel kilns. That is in my company. I am saying too much about my company.

Senator KING. You sell to the Woolworth Co. and to other 5 and 10 cent stores—these chain stores—a large quantity annually of your products to be sold at the 5 and 10 cent stores, do you not?

Mr. WELLS. Yes, sir.

Senator KING. Your sale to the Woolworth Co. amounts to a good many millions of dollars a year, does it not?

Mr. WELLS. Well, I am not going to testify on that subject. I am not going to expose my business relations with any customer. I should not be required to, but the sales are millions—not a good many millions.

Senator KING. Those sales, or the prices of the products, would be affected by this high duty you demand of 25 cents per dozen.

Mr. WELLS. I have assured all our important customers that, regardless of what Congress may do in the readjustment of tariff rates, our prices will not be increased to any customer.

Senator KING. Do you mean to say you would not be benefited by that 25 cents?

Mr. WELLS. Certainly. We will get more business. It would not make much difference to the Homer-Laughlin China Co., because we have been running to capacity anyway, generally.

Senator EDGE. You mean you would benefit from decreased imports?

Mr. WELLS. Decreased imports, and an increased demand on these suffering American potters who have been so hard up for the last few years.

Senator EDGE. Is it not true that the prices have gone down, notwithstanding the fact that your ad valorem duty in the last 10 years has gone up?

Mr. WELLS. Absolutely; very distinctly.

Senator EDGE. That is a matter of record.

Mr. WELLS. It is a matter of record.

Senator EDGE. You have already testified under oath that the prices have gone down from 20 to 40 per cent.

Mr. WELLS. I realize I am under oath. That statement is entirely true.

Senator EDGE. I did not mean to call attention particularly to the fact that you were under oath.

Mr. WELLS. In every branch of trade, in every class of goods we make, the selling prices are materially lower than they were before the ad valorem was increased under the Fordney-McCumber bill.

Senator KING. You would expect, would you not, that improved appliances and mechanical devices, with the research that is going on, and with the great boast—a justifiable boast—of America because of its efficiency, that there would be a decrease in prices as compared with the days following the war?

Mr. WELLS. It saved our profits.

Senator KING. I say, you would expect that, would you not, with all this efficiency, improved machinery, and so forth?

Mr. WELLS. Naturally.

Senator EDGE. Are there any more questions?

Senator KING. That is all.

Senator EDGE. You may leave any matter you wish with the reporter, to be included in the record.

Mr. WELLS. May I finish this? I am going to omit a good bit of it. This is what I wanted to bring out, particularly.

Senator EDGE. We have had you on for three-quarters of an hour. We have taken up a lot of your time asking questions, I know. If you have something else, put it in.

Mr. WELL. Last January I asked for statistics of sales, capital stock or invested capital, and profits, from 38 potteries in the United States, practically all the important potteries. They gave me the story for three years.

Senator EDGE. Do you want to put that in the record?

Mr. WELLS. I just want to brief it. I am not going to take much of your time.

Senator KING. Mr. Witness, I should say here now that if you claim any property value for that, I shall want those representatives to come here with their books so that we may examine them.

Mr. WELLS. I want to tell you the summary, anyway, and if you want them to do that, of course, they would be willing to do it.

In three years the sales were $96,448,000 and the profits were 3¼ per cent per year.

Senator KING. Of course, the profits depend upon the capital which you say is invested?

Mr. WELLS. No. That is on sales; 3¼ per cent on sales. It is very close to the same thing as invested capital. The turnover in the potteries is about once per year. The sales are usually equal to the investments. That has been my experience for many years.

In the year 1927, 22 firms of the 38 lost money; 16 firms of the 38 made a little money. The actual difference was $3,000,000.

Senator EDGE. Why not brief that and give it to the reporter later? It will be in much better shape. We will be glad to insert it for you, but it would be much more intelligible if you prepared it and submitted it later.

Mr. WELLS. It is embodied in this brief.

Senator BARKLEY. Mr. Wells, has there been any recession in the prosperity we have been hearing so much about in the last two or three years, judged by the pottery business?

Mr. WELLS. In the pottery business the conditions have been deplorable. Eleven firms have either quit business or broken up in the last two and a half years. The pottery business has been extremely bad. There are only probably three or four firms that have made a decent profit in that time.

Senator BARKLEY. We heard testimony here a day or so ago about the falling off in the building trades, construction operations, and so forth, which affected brick and cement goods, due to a recession in building. I wondered if there had been any recession in the prosperous condition of the people that caused them to reduce their purchases of dishes and things of that sort, that might have affected the situation to which you have referred.

Mr. WELLS. I think, as a whole, that change has not taken place. I think the prosperity of the country is about on a level with what it was a year ago, and at a pretty high point. I get my information largely from such publications as the Babson reports and others of that type. They all appear to agree that while there is a recession in the building trade, and in some others, such as the textile industry, I believe, the general level is holding along a line comparable with the experience of the last two or three years.

Senator KING. I would like to go into some of the causes of the alleged prosperity, but I shall not.

(Mr. Wells submitted the following brief:)

BRIEF OF THE UNITED STATES POTTERS ASSOCIATION

The United States Potters Association is an organization that has functioned for more than 50 years, dealing with all subjects of common interest to American potters, with the exception of selling prices.

There are in the United States approximately 55 potteries manufacturing earthenware dishes, and 11 potteries manufacturing china dishes.

Earthenware and china are much the same in appearance.

Most households use earthenware.

Most hotels use china.

The annual production has been running of recent years about as follows: $33,000,000 in earthenware, $10,000,000 in china; total, $43,000,000.

In tariff act of 1922 earthenware is dealt with under paragraph 211, and china, under paragraph 212.

In our presentation before the Ways and Means Committee, we asked for a specific duty of 15 cents per dozen in paragraph 211, in addition to the ad valorem rates specified under the present law.

In paragraph 212 we ask for a specific duty of 25 cents per dozen to be added to the ad valorem rates specified under the present law.

The Ways and Means Committee added a specific duty of 10 cents per dozen to both paragraphs, to the present ad valorem duties, and this was adopted by the House.

We believe that the existing situation warrants the imposition of the full amount of specific duty asked by us, for reasons that will be presented below.

The importations of dishes for the past few years have been running from $18,000,000 to $20,000,000 per annum at the factory doors abroad. With the ad valorem duties added, with incidental expenses, importer's profits, etc., the competitive value of goods imported is about equal with the value of American sales, with possibly a little in favor of imported wares.

Except during the war period and the readjustment years following, American retail sales in dishes have always been as large, or larger, in imported wares than in domestic wares.

LABOR COST

The labor cost of American dishes has been running almost exactly 50 per cent of the selling price for a series of years. This is an abnormal percentage of labor cost as compared with manufactured products for the country at large, on which statistics of the Department of Commerce show that the average labor cost is not more than one-sixth of the average selling price.

The census of manufactures for the year 1927 shows that there were 17,780 employees in the American potteries making dishes. These employees received $20,043,000 in wages, or the equivalent of $21.68 per week. This average applies to all employees, including skilled and unskilled men and women.

Bulletin No. 412, of the United States Department of Labor, shows that in 1925 the wages were as follows in the American potteries: Female wages averaged 33½ cents per hour; male wages averaged 70½ cents per hour.

The male wages ran from 42 cents to $1.27 per hour in various departments.

It may not be out of order to state that the wages in the Homer-Laughlin China Co., the largest producer of dishes in America, were 48 cents per hour for the lowest priced male common labor up to $2 per hour in certain skilled departments. A careful analysis, based upon the most accurate information that can be obtained from abroad, indicates conservatively the following: American pottery wages two and one-fourth times British pottery wages; three and one-half times German pottery wages; eight times Japanese pottery wages.

Sales in any line inevitably follow the lowest labor cost, and as the Japanese labor is by a long margin the lowest in any competitive country in pottery production, the American and, to some extent, the international trade in dishes is drifting to that country.

Japan is a comparatively new competitor. In 1903 only 5 per cent in dollar value of importations of dishes came from Japan.

In 1928, 60 per cent in dozens of all the decorated china dishes brought into this country came from Japan.

"Last year we imported 9,012,000 dozens of decorated china dishes from all the countries of the world, including Great Britain, France, Germany, Italy, Czechoslovakia, and Japan. Of this great volume 5,409,000 dozens came from Japan, or more from there than from all of the other countries combined."

The above refers to decorated china alone, but an amazing thing has happened in importations of decorated earthenware. Up until a few years ago the importations from Japan in earthenware were negligible. But it increased gradually until in 1927 we imported 500,000 dozens of earthenware from that country in one year, and in 1928 we imported 1,000,000 dozens, or an increase of 100 per cent in one year. These are round figures, but very close to correct.

In this same period the factory price of decorated earthenware from Japan dropped from 66 cents per dozen in 1927 to 55 cents per dozen in 1928.

This only parallels the more important fact that the factory price of decorated china from Japan has decreased from 86 cents per dozen in 1926 to 63 cents per dozen in 1928.

The duty upon decorated china in paragraph 212 is 70 per cent. Consequently the duty of 86 cents in 1926 and 63 cents in 1928 has dropped from 60 cents to 44 cents per dozen, and when this duty is added to factory price, it means a total of $1.46 in 1926 and $1.07 per dozen in 1928. This means that our handicap of competition is 39 cents per dozen greater to-day than it was in 1926. Therefore, our request for an added specific duty of 25 cents per dozen does not cover the change in the situation that has occurred in the past three years.

This situation has created a havoc with the American pottery industry. During the last two and one-half years 11 plants, out of a total of about 55 making earthenware, have closed their doors permanently, either through financial failure or voluntary liquidation. Three of this number have closed already this year. In actual number of plants, about 20 per cent of the total have been forced out of business, and many others are operated on short time and losing money, resulting in widespread unemployment.

The three most prosperous years for the American industry were 1918, 1919, and 1920, during the war readjustment period. During those years the American potteries earned from 12½ to 18 per cent per year on sales, and about the same amount upon capital invested.

Early in January of this year, for the purpose of assembling reliable information as to the experience of the potters for the years 1925, 1926, and 1927, I asked 38 leading pottery plants of this country to submit to me figures rep-

resenting capital invested, sales, and profits or losses. The itemized details are tabulated in my brief submitted to the Ways and Means Committee on January 11, but important results shown are that taken as a whole, deducting the losses of some firms from the profits of others—the total net earnings were approximately 3¼ per cent per year on sales and upon capital invested.

Also, that in the year 1927, 16 firms showed a profit, and 21 firms, out of the total of 38, showed a loss.

It was also shown that after eliminating the earnings of 2 successful firms out of the 38, the net earnings of the other 36 firms for three years was six-tenths of 1 per cent per year.

In this situation neither a specific nor an ad valorem duty will solve the question. It will require a compound duty, the reasons for which are developed in the brief submitted to the Ways and Means Committee.

The pottery industry in Britain and France is suffering from Japanese competition in their business with America almost as much as the American potters.

Consequently the British and French interests are joined with us in our request respectfully submitted that there shall be a specific duty of 15 cents per dozen added to both sections of paragraph 211, and a specific duty of 25 cents per dozen added to both sections of paragraph 212.

Respectfully submitted.

W. E. WELLS.

CITY OF WASHINGTON,
District of Columbia, ss:

Personally appeared before me W. E. Wells, who upon oath declares that the statistics set forth in the foregoing brief were obtained largely from governmental publications and are accurate according to his best knowledge and belief.

W. E. WELLS.

Subscribed and sworn to in my presence this 20th day of June, 1929.
My commission expires April 10, 1934.

[SEAL.] GENEVIEVE C. CALVERT,
Notary Public.

STATEMENT OF JAMES M. DUFFY, EAST LIVERPOOL, OHIO, REPRESENTING THE BROTHERHOOD OF OPERATIVE POTTERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Duffy, you represent, as I understand it, the Brotherhood of Operative Potters; is that correct?

Mr. DUFFY. Yes. I am national president of the National Brotherhood of Operative Potters. That is the national union of potters.

Senator EDGE. Did you appear before the House committee?

Mr. DUFFY. I did.

Senator EDGE. Did you file a brief there?

Mr. DUFFY. I did.

Senator EDGE. What do you propose to file with us—an additional brief?

Mr. DUFFY. I would like to reserve that right. I am not sure whether I will do that or not.

Senator EDGE. You wish to speak orally to the committee?

Mr. DUFFY. Yes.

Senator EDGE. Proceed.

Senator KING. Is that any different from what you stated in your brief?

Mr. DUFFY. Yes.

In addition to being here in behalf of the working people, working in the pottery trade, I am here as the representative also of the American Wage Earners Protective Conference. They, as well as the National Brotherhood, are affiliated with the American Federa-

tion of Labor. My one and only object in being here—and I believe it is an object that I do not need to feel ashamed of—is in the interest of the bread and butter of the people working in the pottery industry.

Senator EDGE. Are you in favor of the increased duty provided in the bill, in paragraphs 212 and 211, of 10 cents a dozen specific duty?

Mr. DUFFY. I, personally, do not think it is sufficient. I believe that our request for 15 cents per dozen pieces on paragraph 211, and 25 cents per dozen pieces on paragraph 212 is fair, in view of the experience which we have had.

Senator EDGE. What is that experience?

Mr. DUFFY. The experience is that our people are not steadily employed and have not been for the last four or five years. The latest statistics we gathered showed that they were employed about 60 per cent of their time. I think that should speak for itself.

The United States Department of Labor conducted a survey in 1925 of the pottery industry, and the statistics which they gathered there indicate that the American wage earner, the skilled potter, averages 86 cents per hour. Comparing that with figures furnished by the same Department of Labor, it is shown that in England the average hourly earnings are only 34 cents an hour.

Senator EDGE. What are they in Japan?

Mr. DUFFY. In Germany they are 28 cents an hour, and in Japan they will run from 8 to 10 cents an hour.

Senator EDGE. I understand a large percentage of these importations now are from Japan.

Mr. DUFFY. According to the latest statistics from the United States Department of Labor, which the Senator here and Mr. Koch seem to want to question, about 60 per cent of the imports come from Japan.

Senator KING. If you are referring to me, you are entirely mistaken. I did not question them at all. I relied upon them. You are making the same statement you made in your brief, are you not? I am just asking for information.

Mr. DUFFY. I am not only making that statement, but I wanted to say other things.

Senator KING. The figures you gave——

Mr. DUFFY. I did not bring any statistics——

Senator KING. Please answer my question. The statements you give are the ones you refer to in your brief.

Mr. DUFFY. In part, yes; but not all of them.

Senator EDGE. Proceed.

Mr. DUFFY. I did not bring any import statistics with me.

Senator EDGE. We have the import statistics.

Mr. DUFFY. From all the import statistics we have been able to gather through the United States Department of Labor and other Government bureaus, there has been shown a gradual increase in the importations. There have been men who have made a study of it, and they have so often spoken of that in public that I concluded that there was no question that there was an increase.

Senator EDGE. We have those figures.

Mr. DUFFY. Let me touch upon some things said here yesterday, while I was waiting my turn to testify.

For instance, Mr. Brown, of the Lenox Company, spoke of their inability to get potters of sufficient skill to enable them to manufacture high grade Belleek china dinnerware.

Realizing fully that I am under oath, I want to deny that, because there are three other firms in the United States to-day endeavoring to make Belleek china. There is one which no one who has preceded me has mentioned, and that is the one just recently started in East Palestine, Ohio. There is another in Wooster, Ohio, and one in Canton, Ohio. Those shops are being manned entirely by native-born potters. I am personally acquainted with the man who is in charge of the work at one of the factories. Mr. Brown, or Mr. Lenox said we did not have men in this country of sufficient skill to fill that job. The man I refer to was born and raised in this country.

Senator EDGE. As a matter of fact, did he not say that when they originally started business they did not have them?

Mr. DUFFY. Let us go into that—when they originally started business.

Senator EDGE. I do not want to interrupt you, but, frankly, what application does that have to the question of duty we are considering? I do not blame you for defending and protecting your men, but that is not in issue here. I think that is only incidental.

Mr. DUFFY. I make the statement for the reason, Senator, that it has often been said that America can not produce goods of quality, and so forth. We can.

Senator KING. Let me interrupt you there. I understood Mr. Brown, or whoever testified, to say that they produced the finest china in the world, and I thought he was complimenting the workmen. I got that idea.

Senator EDGE. Everybody else has that idea of the Lenox china.

Mr. DUFFY. I just wanted to correct the impression that native born potters do not have the necessary skill.

Senator EDGE. We agree with you that they do have the skill. We will not argue about that.

Mr. DUFFY. Let us get down to the case this gentleman presented yesterday. He made the statement regarding three of his articles—10 cents a dozen on each piece, and so forth. I agree with the Chairman that that is a trick set [indicating]. It is rather strange that they decided to bring in such a trick set, with the object of impressing the members of this committee with the fact that we did not need this duty which we are asking.

Just to give you an idea as to how we are affected, and also to clear up the thought which he wanted to convey to you, evidently, that these articles were not made in this country, and that the articles that would be affected by this specific rate of 10 cents a dozen are not made in this country, in order to show you that that is not true, I refer you to the brief which we presented to the House Committee on Ways and Means. It is shown there that our secretary, while in Los Angeles and San Diego, in October of 1927, purchased six cups and six saucers for 49 cents. He purchased six cups and six saucers, or half dozen of each, in San Diego, California, and half a dozen or each in Los Angeles, for which he paid, at retail, 49 cents in San Diego, for six cups and six saucers, and 52 cents in Los Angeles.

We went to one of the largest manufacturers of cups and saucers in the pottery industry today and we secured from their auditor, who was just finishing the annual audit at that time, certain figures. He opened the books and showed us what it was costing them for the labor alone, to manufacture articles comparable to the samples which we presented with our brief to the House Ways and Means Committee. He showed that it would require a cost of 54 cents, as against 49 and 52, the retail price for Japanese made goods. Does not that speak for itself?

Senator EDGE. That is the cost, without any profit?

Mr. DUFFY. It does not include office expenses, sales promotion, sales commission, or anything of that kind. It is just simply the labor cost, set in the warehouse. That is plain white ware in both instances.

To further give you an idea of what we are up against, we were talking a little while ago about being able to distinguish between china and earthenware. I wonder if the members of the committee can distinguish the china articles from the earthenware articles.

Senator EDGE. I agree that I can not.

Senator KING. I know nothing about either.

Senator EDGE. I would say that those [indicating] are made in Japan, if I am to guess at it. I do not think many people can tell the difference. What do you propose to demonstrate with these samples?

Mr. DUFFY. I will demonstrate the possibilities and show you what they can do in foreign countries and what they can do in this country [producing samples].

Can you imagine going into a large store in one of the larger cities of the country and buying that [indicating] for 10 cents, or any one of these articles?

Senator EDGE. I would not consider it worth much more, if you asked me.

Mr. DUFFY. That is supposed to be hand painted.

Senator EDGE. Well, of course, it is not. It is stained, is it not?

Mr. DUFFY. These sets are Japanese made [indicating], and these [indicating] are American made. Those retail in one of the big stores in one of our cities at 10 cents for the body and the cover; 10 cents complete. They were purchased about 10 days ago.

Senator KING. What do you call this, Mr. Duffy?

Mr. DUFFY. That is Chinese-made earthenware.

Senator KING. And how do you denominate the others?

Mr. DUFFY. These are semiporcelain; American-made semiporcelain, or earthenware.

Senator EDGE. It is all earthenware.

Mr. DUFFY. Yes. This [indicating] is Japanese china.

Senator EDGE. What does this retail for?

Mr. DUFFY. Ten cents each for the article, the body and the cover.

Senator EDGE. Ten cents for that [indicating] and 10 cents for this [indicating]?

Mr. DUFFY. No; 10 cents for the two.

Senator EDGE. In other words, those three pieces comprising that coffee set, or whatever you call it, sell for 30 cents?

Mr. DUFFY. Yes.

Senator EDGE. Now, take the American earthenware.

Mr. DUFFY. Here is the American made, plain [indicating]. It cost the firm 36¼ cents to produce this teapot in the plain, not decorated. It cost them 52½ cents to decorate that teapot. For that sugar [indicating] it will cost them 20 cents in the warehouse; just the bare labor cost, without any office expense, sales promotion, sales commission, and so forth. And yet this has to compete with the articles that are retailing at 10 cents. The cream will cost the firm 12½ cents to set in their warehouse.

Senator EDGE. Now, just a moment.

Mr. DUFFY. Pardon me, Senator.

Senator EDGE. I want to get that right.

Mr. DUFFY. Our firm is able to pay only 86 cents an hour at these prices.

Senator BARKLEY. How many hours a day do they work?

Mr. DUFFY. Nine hours; some eight and some nine. We have been dealing with the United States Potters Association for 30 years——

Senator EDGE. Under the present duty, without the specific duty, this comes in at 60 or 70 per cent.

Mr. DUFFY. Seventy per cent.

Senator EDGE. It is selling at 10 cents, you say?

Mr. DUFFY. Yes.

Senator EDGE. What is it worth at the port of New York? Say it is worth 5 cents; 70 per cent on 5 cents would be 3½ cents; 3½ cents plus 5 would be 8½. They would make a profit on it at 10 cents. I am only guessing at it. It must cost something. It can not cost much less than 5 cents.

Mr. DUFFY. Not much less.

Senator BARKLEY. There is no change proposed in the ad valorem duty. The only change in the 10 cents per dozen, specific?

Mr. DUFFY. That is the only change.

Senator EDGE. And that, apparently, is for cheap ware.

Senator BARKLEY. That would amount to practically 1 cent per piece, so that if that tariff were added that article would sell for 11 or 12 cents instead of 10.

Mr. DUFFY. It would not give much relief, would it?

Senator KING. I was wondering, Mr. Duffy, if some of these concerns, in order to encourage the sale of more expensive articles, as they often do, will sell at a loss the cheap articles. For instance, I have gone into book stores, and they will sell some books at very much less than cost. That entices you to buy other books as to which there is a considerable profit. I was wondering if that occurred in the case of the 5 and 10 cent stores. I was wondering if the 5 and 10 cent stores do sell some articles at a loss in order to encourage the buyers to purchase more expensive articles.

Mr. DUFFY. Senator, there is some truth in what you say; but, at the same time, is it not rather significant that out in California they would select dishes to use as a leader, whereas in Pittsburgh, where these articles were purchased, way over in the East, they again select dishes as the leader? It seems significant to me. The very fact that they pick on these articles must be on account of the cheapness with which they can get these foreign articles.

Senator EDGE. You say they were purchased in Pittsburgh?

Mr. DUFFY. Yes.

Senator EDGE. That would add some transportation cost?

Mr. DUFFY. Yes; and they were still selling at 10 cents, complete.

Mr. Hoover spoke, in his inaugural address, about protecting American workers from cheap foreign labor. Certainly, in view of this, we need some relief. Does not the very fact that we are working only 60 per cent of the time, according to the last figures we secured, indicate that we need some relief? I have seen figures which I have testified to before the House committee of several of the manufacturing firms, and they are actually in the red, and have been for several years.

Senator BARKLEY. How many men are employed in the pottery industry?

Mr. DUFFY. We have about 7,000 members in our organization at the present time.

Senator BARKLEY. What proportion of them are engaged in the making of this cheap stuff, and what proportion in the making of real high-class pottery?

Mr. DUFFY. We have only one scale of wages, regardless of what they make. They get that scale of wages regardless of what they make. If they have a difficult piece, it takes them longer.

Senator BARKLEY. I was not asking so much about the wages, but what proportion of the 7,000 men you refer to are occupied in the cheaper manufacture, and what proportion in the higher grade china?

Mr. DUFFY. Really, we have not any people in the higher grade china, to speak of, in this country. The Lenox people broke away from our organization in 1922. We do not have our people working at the Lenox plant.

Senator BARKLEY. What proportion of the pottery workers are members of your organization?

Mr. DUFFY. I would say, in the United States, approximately 85 or 90 per cent of them are members of our organization.

Senator BARKLEY. You say that practically none of them are engaged in these factories where they make the better grades of china.

Mr. DUFFY. They do at Wooster, Canton, and East Palestine, but not at Lenox, in Trenton.

Senator EDGE. As a matter of fact, would 12 cents be any great protection to those who are manufacturing this cheap ware? As a matter of fact, just as Senator Barkley said, it is practically an increase of only a cent, and would raise the price only from 10 cents to 11 cents. Would that protect your people to any appreciable extent?

Mr. DUFFY. It would help, of course.

(Mr. Duffy submitted the following brief:)

BRIEF OF THE NATIONAL BROTHERHOOD OF OPERATIVE POTTERS

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: On behalf of the members of the National Brotherhood of Operative Potters, the American workers dependent upon the American pottery industry, I wish to indignantly deny the inference, if not the statement, that the Japanese ware, described by Mr. David Walker representing Montimura Co., can not be made in America by American pottery workers.

Were Mr. Walker to say that we are unable to place such products on the American market at prices which will compete with the Japanese-made products

due entirely to the difference in labor costs in America as compared with wages paid to workers in Japan, Mr. Walker would have been correct.

The American pottery workers can produce wares as good and better than is produced in Japan, but in order for the products of our labor to compete in our American market with the products of Japanese workers the American workers must be willing to accept wages of from 10 to 15 cents per hour instead of the 86 cents per hour which they now receive, or the product of the American workers must be protected by adequate tariff duties.

The statement of Mr. Walker that the Woolworth 5 and 10 cent store was selling chinaware at retail for only 50 per cent of what they paid Montimura Co. is a serious reflection on the business methods of a concern which yearly shows profits running into the millions.

These Japanese-made wares do compete with the product of our labor as they displace those products which American workers produce.

Only recently a large American pottery concern was offered a contract for a large quantity of table ware by one of the chain 5 and 10 cent stores provided he could deliver these goods at a figure equal to that offered by one of the Japanese importing houses.

With our men employed at only 60 per cent of the time our organization was asked to accept a reduction of 50 per cent in our wages in order that this contract could be taken. Naturally we refused.

Illustrating the effect which importations of the product of foreign workers have upon the employment of our workers, it will interest you to know that during the past six months three large and long-established pottery companies have either been forced out of business or have liquidated, throwing more than 1,000 workers out of employment.

The statement that tunnel kilns are commercially successful and applicable to all pottery production is not wholly true. These tunnel kilns can be operated profitably only when there is a sufficient quantity production to keep these tunnel kilns operating 24 hours per day 7 days per week.

The present tariff law, which permits the products of foreign labor to supply at least 50 per cent of the American market, makes the installation of tunnel kilns a gamble, to say the least.

We ask that you retain the ad valorem rates in paragraphs 211 and 212 as adopted in the Hawley bill and to insert a specific duty of 15 cents per dozen in paragraph 211 and 25 cents per dozen in paragraph 212.

These duties will be helpful to American workers engaged in this industry.

In my testimony this morning I was asked the number of workers in America engaged in the pottery industry. I stated some 7,000, which is the number of those workers who are members of our organization. I overlooked calling the attention of the committee to the fact that in addition to the 7,000 skilled workers who are members of our organization that there are at least 8,000 additional unskilled American workers dependent upon the American pottery industry for their livelihood.

Trusting that our request will receive favorable consideration from your committee.

Respectfully submitted.

THE NATIONAL BROTHERHOOD OF OPERATIVE POTTERS,
JAMES F. DUFFY, *President.*

STATEMENT OF H. B. FOWLER, REPRESENTING S. H. KRESS & CO., NEW YORK CITY, AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator KING. What schedule?

Mr. FOWLER. 211 and 212. I have a brief that I wish to file.

Senator KING. What firm do you represent?

Mr. FOWLER. S. H. Kress & Co. And on behalf of F. W. Woolworth Co. and S. S. Kresge Co., whose representatives are present, and our own company, I merely wish to file a brief which will, we trust, please you gentlemen.

Senator EDGE. Thank you very much. We will be glad to go into the brief.

Mr. FOWLER. The brief merely asks that the 10 cents a dozen pieces be eliminated from the tariff.

Senator EDGE. The brief is confined to opposition to the specific duty put on in the House?

Mr. FOWLER. Yes, and those merchandising organizations giving you the ideas of our experience.

Senator EDGE. Thank you very much, Mr. Fowler.

(Mr. Fowler submitted the following statement and brief:)

MEMORANDUM

The undersigned, on behalf of three large merchandising organizations, present for your valued consideration certain resultant effects on the consuming public of the provisions in revenue bill H. R. 2667, giving therein specific reasons which prompted certain suggested changes in the wording thereof.

In order that the spirit in which these suggestions are made may not be misapprehended, we present the following general introduction:

The organizations of F. W. Woolworth Co., S. S. Kresge Co., S. H. Kress & Co. are merchandising institutions (operating collectively 2,424 stores, with collective gross yearly sales for the year 1928 of $499,736,379.69, being principally made up of sales of 5, 10, and 25 cent articles, operating in practically every city in the United States of 5,000 population and upward). Our customers are made up of the many millions of people of moderate, average, and small incomes in the communities which we serve. We are vitally interested in the prosperity of the industries in which they are employed and in the maintenance of their earning power at a high level. Whatever detrimentally affects these industries and reduces the earning power of these people, affects us adversely.

This interest dictates the course we have followed and are following of buying and selling as far as possible merchandise produced by the industries of the United States—of favoring, whenever possible, domestic products. Should an impression to the contrary prevail, the fact is that the aggregate of all imported merchandise dealt in by us amounts to less than 6 per cent of our total purchases. Consequently, the general purpose of the revenue bill and the principle according to which it is framed, has our unreserved support. Only as the prosperity of the industries of the country are maintained and the earning power of the employed, and so of the buying public, is sustained, can we prosper.

Our suggestions do not run counter to the general purpose of the bill, nor to the principle according to which it is framed. They are the result of thorough knowledge of past and existing conditions, gained through many years of experience in buying and selling to the great mass of the American public of limited purchasing ability, of the merchandise, both domestic and imported, to which these items relate. Our organizations fulfill a definite public need. We meet the requirements of the people for merchandise within a price range and in a style which is not met by the general department stores.

If the rates suggested in the House bill remain unchanged, we confidently predict that millions of our people will be deprived of the use of many items through increased costs, which carry them outside the limits of the possibilities of the budget of the average family, without any compensating advantage to anyone.

Respectfully submitted.

H. B. FOWLER.

BRIEF OF S. H. KRESS & CO., F. W. WOOLWORTH & CO., AND S. S. KRESGE CO.

[Par. 211. Suggested changes]

Strike out the words "Ten cents per dozen pieces" (p. 37, line 25).
Strike out the words "Ten cents per dozen pieces" (p. 38, lines 3 and 4).

[Par. 212. Suggested changes]

Strike out the words "Ten cents per dozen pieces" (p. 38, lines 16 and 17).
Strike out the words "Ten cents per dozen pieces" (p. 38, line 21).

REASONS

We believe that an investigation of the domestic pottery industry made by the Tariff Commission has established that the domestic industry has prospered under the existing rates.

Under the present tariff one of the leading potteries in the United States has been able to equip its plant with modern "tunnel kilns" and is building another larger plant which will be equipped with nothing but these tunnel kilns. The kilns, of course, reduce manufacturing costs. Otherwise the capital expenditure required to install them would not be justified.

There may be potteries in the United States that are not prospering. If so, their lack of prosperity may be due to the fact that they are equipped with old kilns less efficient than the tunnel kilns. Such lack of prosperity, if it exists, would not call for increased duties, nor would increased duties in any wise better the position of these potteries. Nothing short of the introduction of most modern methods of manufacture would aid them.

The House bill provides for a duty of 10 cents per dozen pieces plus various ad valorem rates. Many items, such as cups and saucers, teapots with covers, and salt and pepper shakers with stoppers, while constituting one article or item in use are made up of two pieces, and therefore each of these articles would be subject to a duty of 20 cents per dozen, and a single article or item consisting of three pieces, such as a mustard pot with cover and spoon, would be subject to a duty of 30 cents a dozen, always plus the ad valorem.

The effect of this provision upon the selling price of cups and saucers may be made clear by illustration. Take cups and saucers selling for 10 cents, equal to $1.20 per dozen, the proposed increased duty of 20 cents equals one-sixth of the present selling price. Taking cups and saucers selling for $1, equal to $12 per dozen, the increased duty of 20 cents equals only one-sixtieth of the present selling price.

This effect makes it apparent that the proposed specific duty imposes a penalty on low-priced merchandise. We submit that we are justified in terming it a penalty, since the burden of the imposition falls proportionately lighter upon the higher priced merchandise. The duty affects a discrimination against the householders of average means as against the householder of means beyond the average.

There is no comparison between imported earthenware or chinaware and American earthenware, as each has its own distinct sphere of usefulness and attraction. Through our intimate contact with the American purchasing public, we confidently assert that the one will not take the place of the other. In no true sense can there be said to be competition between the imported and domestic items. This we assert notwithstanding that it may be conceded that the sale of imported items may possibly have some slight effect on the sale of domestic products.

The plea for a specific rate of duty was made on behalf of the American potters making tableware. The attention of the committee is called to the fact that there are many items imported under paragraphs 211 and 212 which are not tableware in any sense of the word. For instance, sanitary ware, electrical supplies, statuettes and figures, vases, wall pockets for holding flowers, incense burners, bust figures for pin cushions, novelty items for adorning the home, and many others.

In the presentation before the Ways and Means Committee, the American potteries submitted a number of illustrations of imported porcelain ware, purchased at low prices abroad. They wholly neglected to inform the committee as to the necessary charges and expense incurred in the handling, packing, and shipping of such items. We can show that the original cost of cups and saucers purchased in Japan is increased before they leave that country by costs for handling, packing, and shipping, running up to 40 per cent and more.

We respectfully request that the committee recommend no change in the existing rates of duty. It is respectfully requested that there be no change in the phraseology of the paragraphs of the act now in force covering paragraphs 211 and 212. These paragraphs have stabilized the industries, have not been the

subject of controversy before the Customs Court, and have been satisfactory to both the importers of foreign merchandise and the domestic industries.

We suggest that the rates at present applicable to paragraphs 211 and 212 be subject to review by the Tariff Commission as to the necessity of more or less protection to the industry.

H. B. FOWLER.

STATEMENT OF LLOYD D. BOWER, COLUMBUS, OHIO, REPRESENTING OHIO CHAMBER OF COMMERCE

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. I see you represent the Ohio Chamber of Commerce. Is that correct?

Mr. BOWER. Yes.

Senator KING. What do you appear in behalf of?

Mr. BOWER. In behalf of paragraphs 211 and 212.

Senator EDGE. Did you appear before the House committee?

Mr. BOWER. I did not.

Senator EDGE. Have you a brief?

Mr. BOWER. I merely wanted to present to the committee a statement, and permit myself to be questioned.

Senator EDGE. How long is the statement?

Mr. BOWER. It is a short statement.

Ohio is the leading producer of the States in the industry affected by paragraphs 211 and 212, the potteries of the State of Ohio producing nearly 60 per cent of the dishes covered by these paragraphs. Many of these potteries are members of the Ohio Chamber of Commerce.

It has come to our attention that the industry during recent years has been exceedingly depressed by reason of the keenness of competition and the constantly reducing prices due to foreign competition, especially from Japan. There appears to have been a series of financial failures and the closing of plants.

One of the outstanding features of this industry, so far as Ohio is concerned, is the number of towns and cities which are almost entirely dependent upon this industry, and without some steps being taken by Congress to provide better protection to this industry we fear for the welfare of these various communities. The present tendency towards depression in this industry due to foreign competition will seriously affect the welfare of thousands of people other than those actually engaged in the business.

I confess that I am not competent to discuss details of rates, but feel that this matter should be given the utmost of consideration by this committee on the presentation of the representatives of the pottery manufacturers. Matters of tariff legislation have been in the past and we understand are now being handled for these potteries through the United States Potters Association.

Realizing the importance of this industry in the State of Ohio, and the situation of the communities wherein this industry is centralized, we are appearing before this committee asking their utmost consideration and urging the importance of adequate protection to this industry. We feel that such protection is in the interest of the

common welfare of the people of the entire country as well as an absolute necessity in certain communities in the State of Ohio.

Senator EDGE. As a matter of fact, Mr. Bower, you admit that you have no professional knowledge of the industry. You have heard the representatives of the United States Potters Association, the representatives of labor, and the representatives of the importers.

Mr. BOWER. Yes.

Senator EDGE. Have you any information to give this committee, in making the study, in addition to that which we have received on the two sides of the question?

Mr. BOWER. Only a general knowledge of the situation in the State of Ohio. It so happens that within the last two years I have been called upon to investigate conditions in some of these communities. I find that potteries are the principal industry of these communities. In one case, the case of a county seat in the State of Ohio, the community's entire welfare is dependent on the prosperity and the continuation of the pottery industry in that community. It would affect every line of business in that community. Every person in the community is to a great extent dependent upon the prosperity of these particular potteries.

Senator EDGE. Are there any questions?

Senator KING. Mr. Bower, I read here from the Pottery, Glass, and Brass Salesman, for April 11, 1919, an item with respect to your city, East Liverpool, Ohio.

EAST LIVERPOOL, OHIO, April 10.—Plans for the merger of six eastern Ohio potteries, controlling nine plants, were to be completed at a meeting to be held in the office of W. B. Stewart, Cleveland attorney, to-day. Companies in the merger at the beginning will be the Knowles, Taylor & Knowles Co., controlling four plants, and the Smith, Phillips China Co., both of East Liverpool; the Saxon & French China Cos., controlled by the Sebring Manufacturing Corporation at Sebring; the National China Co., Salineville; the Pope-Gosser China Co., Coshocton; and the Carrollton Pottery Co., at Carrollton. Several other plants, it is reported, have made application for membership in the merger, but their applications have not yet been approved. Paul Robinson and Homer Taylor, heads of the Smith-Phillips and Knowles, Taylor & Knowles pottery companies, were out of the city to-day and could not be reached for a statement. The proposed merger is headed by Louis Porter, Chicago furniture man, who it is reported will be sales manager for the merged business, which is to be known as the American Chinaware Corporation. Headquarters for the business, it is understood, will be maintained either in Cleveland or Chicago.

The fact is that there are mergers going on in the pottery business.

Mr. BOWER. Yes, sir; in many cases it is absolutely necessary to keep from shutting down the plants, to try to merge and keep the plants going. That probably is the reason for that.

Senator KING. The fact is, it is not, that some of the pottery corporations are still adhering to the old method, instead of the tunnel method of preparing their products?

Mr. BOWER. Yes.

Senator KING. The same as the Homer-Laughlin.

Mr. BOWER. Yes, sir. Until they make some money they can not go to the new method.

Senator KING. They are not putting in new capital, and are adhering to the old method.

Mr. BOWER. Yes.

Senator KING. You mentioned the importations from Japan. I have a statement here from the Tariff Commission. Did you know

that the importations from Japan in chinaware fell off more than $1,000,000 in 1928?

Mr. BOWER. From my general knowledge, the conditions do not indicate that, Senator.

Senator KING. The tariff report shows that.

Mr. BOWER. However, there is an increase in importations, I understand, from the record of the Tariff Commission. There is an increase in importations of this type of ware.

Senator KING. You mentioned Japan. I wanted to call your attention to this.

Mr. BOWER. That would be the cheapest, of course.

Senator KING. I wanted to call your attention to the fact that the tariff report here shows that it was $1,000,000 less last year. That is all.

Senator EDGE. I would just like to get that straight for the record here. I do not know whether you are referring to the same section, but in this brief of Mr. Wells' he states:

> In 1928, 60 per cent in dozens of all the decorated china dishes brought into this country came from Japan.
>
> Last year we imported 9,012,000 dozens of decorated china dishes from all the countries of the world, including Great Britian, France, Germany, Italy, Czechoslovakia, and Japan. Of this great volume 5,409,000 dozens came from Japan, or more from there than from all of the other countries combined.

Is that correct?

Mr. KOCH. In quantity; yes.

Senator KING. It was less.

Mr. KOCH. Yes.

Senator KING. Do you know how much less?

Mr. KOCH. No.

Senator EDGE. This goes on to demonstrate that factory prices of decorated earthenware from Japan dropped from 66 cents a dozen in 1927 to 53 cents a dozen in 1928. Of course, the ware from China or Japan is known to be the cheapest ware, but if that is correct—and it is in the record, in Mr. Wells' brief—it demonstrates that more than half the total importations come from Japan.

STATEMENT OF DAVID WALKER, REPRESENTING MORIMURA BROS., NEW YORK CITY

[Chinaware, par. 212]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Whom do you represent, Mr. Walker?

Mr. WALKER. I represent Morimura Bros., of New York.

Senator EDGE. Importers?

Mr. WALKER. Importers of Japanese china, without apology.

Senator EDGE. Do you want that in the record?

Mr. WALKER. I should like to have it in the record; yes, sir.

Senator KING. You want to talk about paragraph 211?

Mr. WALKER. Paragraph 212.

Senator KING. I did not get your full name.

Mr. WALKER. David Walker. I have been with Morimura Bros. since 1917.

Senator EDGE. Did you file a brief in the House?

Mr. WALKER. I did not.

Senator EDGE. Have you a brief to file with this committee?

Mr. WALKER. I have not; but I should like to ask permission of the committee to file a brief and to file samples illustrative of what I intend to bring out in my testimony to-day.

Senator EDGE. The committee would be very glad to have you do it; but the brief, in order to be a part of this record, must be in by to-morrow.

Mr. WALKER. I shall prepare it and swear to it and produce it to-morrow.

Senator EDGE. You have already been sworn and the brief will be a part of your testimony. All right; go ahead.

Mr. WALKER. Mr. Wells has just testified that if he were only thinking of his own company he could not make out a case for the advanced rate; but when that admission is made, it means that the great bulk of the pottery interests has no case.

I want to say here that when you speak of quantities coming from Japan, Mr. Wells knows just as well as anybody else knows that when you take the gross dozens from Japan and divide them into the grand total value from Japan, undoubtedly you will get a low per-unit cost, because of the very fact that the Senator drew our attention to yesterday.

This small stuff from Japan—small in character, small in pieces—represents 60 per cent in volume of the importations from Japan. I speak for Morimura Bros., Senator Edge; and I say to you that 50 per cent in value is that sort of small stuff which we call fancy china.

Senator EDGE. We are not questioning that at all.

Mr. WALKER. But what I am getting at is this: Mr. Wells has proven conclusively and correctly that the average price per dozen pieces coming from Japan is 63 cents a dozen. As soon as he establishes that fact, he immediately turns and starts to talk of dishes. The average class of dishes as Mr. Wells understands dishes, and as the American potter that makes earthenware tableware understands dishes, is not that class of stuff which composes half and more than half of the importations from Japan. So that you must take out of the gross total dozens of importations from Japan those dozens of china as to which Mr. Wells himself admitted, when up here, that you could not hurt him if they were on the free list, because he can not make them, and never will make them; and if you divide into the value the actual tableware coming from Japan you get an entirely different picture.

Senator KING. As I understand you—pardon me for interrupting you—your position is that 50 per cent or 60 per cent of the importations from Japan are these small articles which have been called stuff, and which my friend here calls junk, and which are not in competition with any American manufacturer because they do not produce them and do not attempt to produce them, and that the residue of your products would be of a character similar to some of the products of the United States?

Mr. WALKER. Similar in kind; yes, sir.

Senator EDGE. That is a rather interesting question. If there were no duty, using your own expression, if this "junk" or this type of

ware—coffee, sugar, creams and so forth, and ordinary table flat ware, whether it is junk or is not junk—if it came in free, certainly it would be purchased, as it no doubt is now, with the tremendous volume of importations; and the people purchasing it naturally would not duplicate it by purchasing American ware for the same purpose; would they?

Mr. WALKER. No; because they can not find it.

Senator EDGE. In other words, they do not want two or three sets of tableware?

Mr. WALKER. I am not talking about tableware, Senator. Be careful; there is where the confusion has existed all this morning.

Senator EDGE. That is what I am talking about. What are you talking about?

Mr. WALKER. I am talking about those small things that you term "junk"—not cups and saucers, not plates, not platters, not gravy boats, not sugar bowls.

Senator EDGE. You are talking about novelties?

Mr. WALKER. I am talking about novelty china, such as those condiment sets. Here is one, here [indicating]. I illustrate this, not to show you what 10 cents means—about 140 per cent equivalent ad valorem—but I am showing that if you take this, which is counted under the present Fordney-McCumber bill as tableware, because it is a condiment set——

Senator EDGE. What does that cost in New York, transportation paid—the wholesale price?

Mr. WALKER. The foreign price of that——

Senator EDGE. Yes; what is the foreign price?

Mr. WALKER. The foreign price is 66 cents gold—I am converting the yen, now—a dozen of those.

Senator EDGE. Sixty-six cents gold—a dozen of those?

Mr. WALKER. A dozen of those. In other words, there are 60 pieces.

Senator BARKLEY. How many pieces are there in that?

Mr. WALKER. No; I have got the wrong set. This set is $2.08 United States gold—4 yen 15, $2.08. There are 10 pieces in that.

Senator EDGE. The foreign price is $2.08?

Mr. WALKER. Gold.

Senator BARKLEY. That is for a dozen of those?

Mr. WALKER. For a dozen of those.

Senator BARKLEY. That means 120 pieces?

Mr. WALKER. Exactly; 120 pieces.

Senator EDGE. One hundred and twenty pieces for $2.08?

Mr. WALKER. Yes.

Senator EDGE. That is before you consider duty?

Mr. WALKER. Oh, I have not moved it out of Nagoya yet.

Senator BARKLEY. Move it out of Nagoya and let us get it over here.

Mr. WALKER. All right. If you take the specific duty on that, it is $1.

Senator EDGE. That is the proposed duty?

Mr. WALKER. Yes; the proposed duty. Add to that $1.46 ad valorem, and you have $2.46 total duty, an equivalent ad valorem of 118 per cent. But I am not interested in the importation of that

thing. What I am interested in is to destroy this testimony, under subterfuge, I claim, because everybody who knows the pottery business—and nobody knows it better than Mr. Wells; he has forgotten more about the pottery business than I will ever know, and I have forgotten more about this business of tariff than he will ever know—I want to get it before this committee that when Mr. Wells divided the entire importation from Japan into the total value from Japan he knew he was getting a fictitious and false value. Now, there is not any use in talking about it.

Senator EDGE. We can not permit anything to go in the record in the way of calling each other names.

Mr. WALKER. How does he get 63 cents? That is how he gets it. Then he turns around and calls them dishes. You have to take into consideration, when Mr. Wells tells us that the increase in china from Japan in 40 years has gone from 3 per cent to 60 per cent——

Senator EDGE. What proportion of it is in competition? You admit that the importation is more than half of the total from everywhere. You do not question those figures, do you?

Mr. WALKER. I do not question those figures; no, sir.

Senator EDGE. Now, what proportion of that something over 50 per cent is tableware, or that type of ware that does not come under the head of novelties?

Mr. WALKER. I should say not more than 60 per cent—not more than 50 per cent in volume.

Senator EDGE. That is what we are talking about.

Mr. WALKER. Now you get a different picture.

Senator EDGE. He gave us the cost there where this 10 cents specific would apply. I recognize, everybody recognizes, that 10 cents on a dozen articles is very difficult to apply.

Mr. WALKER. Precisely.

Senator EDGE. Take the average dinner set, ordinary ware that would be sold to the average housewife: What does that cost? What is the foreign value of such a set of 115 pieces?

Mr. WALKER. They run anywhere from 40, 50, 60 yen up to 70 yen, landed cost.

Senator EDGE. I do not know about yen.

Mr. WALKER. Well, divide it into two—call it a 50-cent piece.

Senator EDGE. Do you mean to say that you import a serviceable table set of one hundred-odd pieces that is worth only 50 cents?

Mr. WALKER. Fifty or sixty yen, I said. That is $30.

Senator EDGE. What is the minimum of a serviceable set imported from Japan of one hundred-odd pieces that we would call a dinner set in the United States? What is the foreign value of that in American gold—the minimum, not your high figure; the lowest price of serviceable sets?

Mr. WALKER. Thirty-five, forty, or fifty yen. We have furnished the Tariff Commission a schedule of our prices.

Senator EDGE. Does that mean, then, $20?

Mr. WALKER. From $20 up.

Senator EDGE. From $20 up?

Mr. WALKER. Yes. We have dinner sets that cost $76 landed.

Senator EDGE. Do you mean to say you have not any that cost less than $20?

Mr. WALKER. If we get into plain blue and white, it might be a little lower than that. I shall be glad to furnish samples and affidavit of the exact costs of this. There is no use in trying to bring samples into this committee room.

Senator BARKLEY. If I understand you correctly, you are not interested in this novelty stuff. Do you import that?

Mr. WALKER. Oh, yes; that is our sample, sir.

Senator BARKLEY. If I understand you, then, you say that 50 or 60 per cent of the amount that Japan brings in does not compete with any American product?

Mr. WALKER. Yes, sir.

Senator BARKLEY. So that 30 per cent of the total imports, you contend, are not in competition with American pottery? Is that correct?

Mr. WALKER. No, sir; they are not in competition.

Senator BARKLEY. You mean by that that there is no American potter that makes the same thing; but does the importation of that and the use of it in America compete with the use of other things that they would use if they could not get this Japanese novelty stuff?

Mr. WALKER. I think the correct answer to that is "no." I do not believe that article competes with or crowds out of the American house any item made by the American potters.

Senator BARKLEY. I thought it might take the place of a saltcellar or something of the kind.

Senator KING. Well, proceed. As I understand, your objection to this 10-cent tariff is because it would bring the tariff rate up to substantially 400 per cent?

Mr. WALKER. Yes. The tariff on these things is prohibitive.

Senator KING. What do you say about the 70 per cent?

Mr. WALKER. It is more than is justified by the actual landing cost or cost of production in Japan of chinaware.

The anomaly of this situation is this, Senator: The domestic people are coming into this hearing and asking you to protect, under paragraph 212, merchandise classified under paragraph 211.

Senator EDGE. Have you any suggestion to make, as one of the witnesses did who preceded you in the importing business, with reference to transferring this kind of ware under some description from paragraph 212?

Mr. WALKER. I do not know how I would write it, Senator. I have followed tariff laws for a great many years and I confess my inability to write it.

Senator KING. What else have you to say?

Mr. WALKER. I have this to say: Mr. Wells, in his testimony—and I believe it was an inadvertence—testified, in answer to Mr. Garner, a statement that needs correction. I read from page 1278 of the House hearings:

Mr. GARNER. Converted into ad valorem, the whole specific and ad valorem duty that you advocate will run from about 60 per cent to about 90 per cent.

Mr. WELLS. Twenty-five cents added to 63 cents a dozen would be 25 per cent, would it not?

I do not think Mr. Wells understood the question.

Mr. GARNER. No. That would be nearly 40 per cent. That is, added to your 60 per cent ad valorem.

Mr. WELLS. Yes. It is added there. But there are other countries—France, for instance, with an average of $2.33. Twenty-five cents would add about 10 per cent to the present ad valorem.

Mr. GARNER. It would run all the way from 60, the lowest, to more than 100 per cent. Take, for instance—

Listen to this:

Take, for instance, your illustration of the cup and saucer here. You propose 15 cents a dozen on that in addition to the ad valorem rate.

Mr. WELLS. Yes.

Mr. GARNER. Fifteen cents a dozen on that would be 50 per cent ad valorem, if they sell for 30 cents.

Mr. WELLS. Yes.

Fifteen cents a dozen on cups and saucers is 30 cents, not 15; and 30 cents on 30 cents is 100. Mr. Garner was right.

Senator EDGE. According to the records of the Tariff Commission, your $20 minimum is cut down considerably. This is china.

Mr. WALKER. I am perfectly willing to submit my statement.

Senator EDGE. They claim that in the case of dinner sets of 100 pieces the value at the factory is only $11, and the value in New York without duty is $13.95.

Mr. WALKER. I am customs manager, and I was thinking in terms of landed cost.

Senator EDGE. According to the records of the Tariff Commission, the value at New York City exclusive of duty is as low as $15.

Mr. WALKER. Yes.

Senator EDGE. Well, that is 25 per cent under $20.

Mr. WALKER. Yes. I am not a salesman in the line, and I did not come prepared to handle the prices of 100-piece sets of dinner ware.

Senator EDGE. I mean to say, when we consider the imposition of duty on this question of low prices we have to know the facts.

Senator KING. Do you know the price of corresponding ware in the United States—ware corresponding to this, the landed price of which would be $15 or $20 for a 100-piece set?

Mr. WALKER. I have some samples of it here.

Senator KING. No, no; I do not care for that. Take one of those sets the landed price of which, say, is $20; what would be the price of the corresponding domestic set?

Mr. WALKER. Nobody can answer that question, Senator King, because there is not anything made in the United States of America that is comparable to the imported ware. There is a sample of Homer Laughlin earthenware dinnerware.

Senator EDGE. Why do you say there is not anything made comparable to that?

Mr. WALKER. Because that is earthenware, and the importation is china. That is paragraph 211, and china is paragraph 212.

Senator EDGE. We understand that.

Mr. WALKER. Mr. Wells is asking you to raise the duty on chinaware.

Senator EDGE. Well, it applies to both.

Senator KING. I confess, Mr. Walker, that your testimony has not been very clear to me. I have tried to understand it.

Mr. WALKER. I will make it clear.

Senator KING. You have not done so, thus far. Your position, as I understand——

Mr. WALKER. You take——

Senator KING. Let me finish my question.

Mr. WALKER. I shall be glad to.

Senator KING. Your contention is, if I understand you, that this ware which you have now exhibited, produced by Laughlin & Co., is earthenware?

Mr. WALKER. Yes, sir.

Senator KING. As to that, Japan does not come in competition? That is what you mean?

Mr. WALKER. No; it does not come in competition.

Senator KING. That which you produce, and which you are the representative of, is chinaware?

Mr. WALKER. Yes, sir.

Senator KING. Of a particular grade?

Mr. WALKER. Yes, sir.

Senator KING. And as to that grade or that character or that quality, whatever term you employ, there is no competition in the United States?

Mr. WALKER. No, sir.

Senator KING. That is your position?

Mr. WALKER. That is my position. There is nothing made in the United States of America after you leave domestic earthenware until you get clear up to Lenox, of which we have already heard.

Senator EDGE. You mean to say that there is nothing made in America, perhaps, of the same general component parts, but there is stuff made in America for the same practical use?

Mr. WALKER. This is, right here.

Senator EDGE. All right. Then it comes in competition, does it not, whether it is earthenware, china, or what it is?

Mr. WALKER. Not in price. I want to tell you this with reference to that very thing: I bought that at Macy's in open sale.

Senator KING. What did you pay for it?

Mr. WALKER. I paid $3.96 for the set.

Senator KING. How many pieces?

Mr. WALKER. Forty-one pieces.

Senator KING. $3.96?

Mr. WALKER. Yes, sir. That is an average rate per dozen pieces of $1.01.

Senator KING. That is made by the Laughlin firm?

Mr. WALKER. Yes, sir; $1.01.

Senator EDGE. And what would your ware—chinaware, I am talking about now, not earthenware; the same number of pieces, the same style of article—how much would that be worth in New York without duty?

Mr. WALKER. We have only one 42-piece set in our house. It is Japanese earthenware. It lands for $6 and sells for $8.

Senator EDGE. Then that sells for twice the price of this?

Mr. WALKER. Yes, sir. I want to refer to those samples.

Senator EDGE. Where is this cheap stuff from Japan?

Mr. WALKER. I want to tell you this is cheap stuff from Japan.

Senator EDGE. It is too deep for me. You have made an argument yourself that the large part of these imports that everybody is talking about is cheap stuff.

Mr. WALKER. Yes.

Senator EDGE. Then I ask you for the cheapest that you have, and it is twice as expensive as earthenware.

Senator BARKLEY. He is talking about dinner sets, and this other is just novelty stuff. That is not a dinner set.

Senator EDGE. I am trying to get it clear. Then you do not produce a dinner set of 42 pieces that would sell for less than $6; is that correct?

Mr. WALKER. We could not possibly do it, sir, in china. We can not sell a 23-piece tea set under four, five, and six dollars.

Senator EDGE. How can you sell those things for 10 cents apiece?

Mr. WALKER. I am glad you asked me that. This gentleman did not tell you that that was a special sale at Woolworth's fiftieth anniversary. The merchandise that they sold for $1.20 a dozen, 10 cents apiece, cost them $2.80 landed, without any profit—an anniversary sale. I have that sample that Macy sold here for $2.74 at a special sale. That was equal to 86 cents a dozen pieces. You can not land Japanese china purchased at 63 cents in New York for any such price, conceding that Mr. Wells's figures are correct.

Senator KING. At what price would you furnish a set of china comparable to the quality that Mr. Duffy presented to us here?

Mr. WALKER. That set would sell in New York—it is hard for me to tell—around four or five dollars; a tea set, now, 23 pieces, wholesale.

Senator KING. That is wholesale?

Mr. WALKER. I am not a china expert. I am simply taking my line as I can find it. A ceramic expert can tell you more about that than I can; but the point I want to make is this——

Senator EDGE. Make your point as quickly as possible. We want to adjourn. It is 10 minutes after 12.

Mr. WALKER. All right. The trouble with the pottery business to-day is the fact that 90 per cent of the product that the chain stores in America to-day sell is domestically produced. That is the trouble with pottery to-day. I know Trenton just as well as you do, Senator Edge; and the trouble with Trenton is not the importation of china. The trouble with our domestic potters to-day is not imported chinaware. The trouble with our potters to-day, outside of Homer Laughlin, is the fact that they can not compete with him. When you can put a 42-piece set in the market at $2.50 wholesale, there is no possibility of their living; and that is the trouble to-day, sir.

Mr. Wells, in a public speech in 1924, under the theme of The Romance of Pottery, published in the Crockery Journal, stated his own plant produced daily 70,000 cups and saucers and 300,000 miscellaneous pieces. That, on a 300-day year, is more dozens than is imported from all countries of the earth into the United States. In another article by Mr. Wells, published in Factory and Industrial Management, April, 1929, page 697, he boasts that the fires lighted in his tunnel kilns in 1927 have never gone out. Yet, before the Ways and Means Committee, he testified that the potteries were only working 60 or 65 per cent of the time. But that only applies to the operators of the obsolete type of kiln and not the tunnel-kiln operators.

The competition that is hurting some of the pottery business in the United States to-day is purely domestic competition and not imports.

Senator KING. Can you compete with Mr. Laughlin?

Mr. WALKER. On that? I certainly can not. That is the answer.

Senator KING. What could you produce a set like that for? What would you sell a set like that for?

Mr. WALKER. It is hard for me to say.
Senator KING. Well, you are a man of experience in this line.
Senator EDGE. Do you mean of china?
Senator KING. Of china.
Mr. WALKER. A 42-piece set?
Senator KING. Yes. Well, this is earthenware; this is not china.
Mr. WALKER. It is hard to say, Senator King, because that is the cheapest kind of declacomania decoration we have. There is nothing original about domestic tableware; and I can not say—I would be glad to answer that question in affidavit form.
Senator KING. What could you produce a set like this in china for—not earthenware, but china—because the contention is, as I understand, that it is the Japanese china that comes in competition. Now, take this set; reproduce it in china—that is, in size, and the same number, what could you sell it for?
Mr. WALKER. I could not answer that question.
Senator EDGE. You have 23-piece sets, have you not, of Japanese china?
Mr. WALKER. Small tea sets; yes, sir.
Senator EDGE. Tea services?
Mr. WALKER. Yes; tea services.
Senator EDGE. What is the invoice figure on those?
Mr. WALKER. I have not got that information before me, but I know the Tariff Commission has been furnished with all those things.
Senator KING. Is that earthenware or china?
Mr. WALKER. It is china.
Senator KING. Do you sell any earthenware?
Mr. WALKER. Very little.
Senator KING. Then yours is just this china?
Mr. WALKER. I am addressing my remarks to china.
Senator KING. China and novelties?
Mr. WALKER. That is all.
Senator EDGE. I want to get that question answered. I have understood that you invoice Japanese china in these 23-piece tea sets for a very small price, around a dollar or so. Is that correct or incorrect?
Mr. WALKER. I can not say as to that.
Senator EDGE. You can not say?
Mr. WALKER. No; I can not say.
Senator EDGE. Well, you are the importer.
Mr. WALKER. I am the import manager of the house. I am here to show——
Senator EDGE. Well, you have given us the impression that your cheapest dinner set was something like $20. Now I have asked you the question as to what is your 23-piece tea set, and you say you can not say.
Mr. WALKER. We have lines that run from $3.50 to $4.50.
Senator EDGE. I understand that they are as low as a dollar. Is that true or untrue?
Mr. WALKER. I never saw one.
Senator KING. You have never seen a 23-piece Japanese tea set invoiced as low as a dollar?

Mr. WALKER. No, sir; I never did.

Senator KING. File your brief, and please put it so that it will be illuminating and informing to the committee.

STATEMENT OF HARRY A. BROWN, REPRESENTING LENOX (INC.), TRENTON, N. J.

[Bone china, par. 212]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You are president of the Lenox Pottery Co?

Mr. BROWN. Yes.

Senator EDGE. Go on, Mr. Brown. Did you appear before the Ways and Means Committee?

Mr. BROWN. We filed a brief with the House committee. And they have given us all we asked for. I am perfectly satisfied with the bill as it stands now. But I would like to amplify some of the statements in that brief, with your permission.

Senator EDGE. Go right ahead.

Senator BARKLEY. This is under paragraph 212?

Mr. BROWN. 212.

Senator REED. How about paragraph 211? Are you not interested in that?

Mr. BROWN. No; 212 is the one I am interested in.

Senator REED. They have given you a specific in addition to the ad valorem.

Mr. BROWN. Well, we are not particularly interested in the specific. It was the ad valorem that we were interested in.

Senator KING. It is 10 cents per dozen pieces. Are you interested in that?

Mr. BROWN. We are not interested in that.

I would like to state for the information of the committee that prior to 1922 bone china took a classification with the china, stoneware, and so forth. In 1922, when the tariff act was being prepared, or rather during the war and immediately following the war, the labor conditions on the other side were rather badly disorganized, and by reason of that condition there we received an influx of orders exceeding our capacity. We were as far back as two years with deliveries.

When the tariff act of 1922 was being considered the importers of bone china, with whom we compete, and we were the only competitors of the bone china manufacturers at that time, full well knew of our condition there at the factory, and it was suggested to me that under those conditions there was no necessity in increasing the tariff on bone china. And we quite readily agreed that it was not. We had ample business. We were getting along very satisfactorily. So we consented, and when that bill was prepared we entered no protest. But conditions have changed since then. We had good business up to 1924. And they began to get better organized, their deliveries were better, they began to reduce their prices, and in order to meet that competition we had to reduce ours so that our business began to go down.

Senator EDGE. You are speaking now of the production of bone china?

Mr. BROWN. I am speaking now of the production of bone china.
Senator KING. Pardon me, that would mean the calcined bone, not painted, colored, tinted, stained and so forth?
Mr. BROWN. Yes; exactly. The ad valorem on that was not changed in 1922.
Senator EDGE. Other products in that division were increased?
Mr. BROWN. Yes; they were increased. They went up to 60 and 70.
Senator KING. What is the present duty on that?
Mr. BROWN. The present ad valorem duty is 60 and 70 per cent on china. But there is an exception made in bone china.
Senator EDGE. That is what he is duscussing.
Mr. BROWN. That is what I am discussing.
Senator KING. And that carries no duty now?
Mr. BROWN. That carries 50 to 55 per cent.
Senator EDGE. Oh, yes; it carries a duty.
Senator KING. Under the present law?
Mr. BROWN. Under the present law; yes.
Senator BARKLEY. The new bill carries 60 and 70 per cent.
Mr. BROWN. Yes; the new bill carries 60 and 70 per cent.
Senator EDGE. All china carries 60 and 70 per cent. You say in the last two or three years, Mr. Brown, with the competition particularly in this product, bone china, which was not advanced with the other types of china, that your business has deteriorated?
Mr. BROWN. Our business is going down.
Senator EDGE. And I think that you come in that class in which the President has suggested that economic conditions have changed in the last two or three years.
Mr. BROWN. In 1924 we employed 418 hands. Today we employ 357.
Senator REED. And your production is bigger?
Mr. BROWN. No, our production is going down.
Senator EDGE. He said they are going down.
Mr. BROWN. The figures are in the tariff hearing. They are printed there, showing our business, how it has gone down, and how the English business has gone up.
Senator BARKELY. The production for the whole country, though, has increased?
Mr. BROWN. We are the only competitors of the English bone china manufacturers. That is practically the only competition they have in this country.
Senator REED. You will find it on page 484 of the summary of tariff information.
Senator KING. Senator, is it not at page 482, porcelain, delft, and Belleek ware?
Senator REED. No; you will find it separately listed on page 484.
Senator BARKLEY. That is the imports, but it does not give the production for America.
Mr. BROWN. I would like to say that originally this business was started with a china they called Belleek china, which was started by a man named Lenox, who was very ambitious to produce something in this country that was not produced at that particular time. He was greatly handicapped by the fact that the labor required for the class of material or ware that he wanted to produce was not to be had in this country. So the growth of the business was extremely

slow. In addition to that he was greatly handicapped by the fact that he became totally blind, absolutely helpless, and was carried to the factory on the shoulders of a chauffeur for a period of 15 years. His whole interest was in developing a china that would be the equal of any that was produced in the world. And that he finally succeeded in doing. The artisans and artists that were required for the development of this industry were not to be had in this country. We had to go abroad. In some instances we made contracts and brought them out.

Senator EDGE. Mr. Brown, I think what the committee needs mostly is this. You have made a general statement that your business has been reduced in the last two years.

Mr. BROWN. Yes.

Senator EDGE. Give the figures in a general way.

Mr. BROWN. I have the figures here. We call it Lenox, not Belleek.

Senator BARKLEY. Is this decorated or undecorated china?

Mr. BROWN. Decorated.

Senator KING. I do not want to bother you too much, but I want to understand it as you go along.

Mr. BROWN. Yes.

Senator KING. I find at page 482 of the Summary of Tariff Information, "Belleek ware." It is under that heading?

Mr. BROWN. Yes.

Senator KING. In 1926 your production was $1,291,880. I presume that is dollars.

Mr. BROWN. Well, I want to explain——

Senator KING. And the year before it was only $966,939. You are talking about this same Belleek ware, are you?

Mr. BROWN. Yes; it is the same Belleek ware that you have indicated there. But we do not call it Belleek.

Senator KING. I do not care what you call it; but is that the same thing?

Mr. BROWN. That is the same thing.

Senator KING. There is no question about the identity of it?

Mr. BROWN. No.

Senator KING. Then you produced more in 1926 than you did in 1925?

Mr. BROWN. Let me tell you. In 1922 we were the sole competitors——

Senator KING. That is, you had a monopoly?

Mr. BROWN. No, we were trying to develop. They had the monopoly prior to that.

Senator KING. At any rate, you had $1,291,000?

Mr. BROWN. No; others had started in the business here. There are two other concerns in this country who are manufacturing a type of ware that is called Belleek ware. In 1926 our production was $974,544 with an investment of $1,040,326.

In 1927 it was $979,285.

In 1928 it was $912, 724.

Now our net profits——

Senator KING. Pardon me. Then there was just that slight diminution?

Mr. BROWN. Yes. We have gone from 1924 when it was $1,114,856 to $912,724 in 1928.

Senator KING. Has there been a diminution in other china business?

Mr. BROWN. That I do not know.

Senator KING. Styles change.

Mr. BROWN. Yes, styles change. But on the other hand, their business has gone up.

Senator EDGE. You started to refer to your net profits. What are your net profits?

Mr. BROWN. 1928, 4½ per cent. And the year before, 5.4 per cent. And the year before that, 6.8 per cent.

Senator BARKLEY. Have you declared any stock dividends?

Mr. BROWN. No.

Senator KING. In other words, Mr. Brown, your position is this, as I understand it, that you started a certain ware known as the bone china, Lenox china?

Mr. BROWN. Lenox china. There is not any bone in that, I would say; simply a different form.

Senator EDGE. And at the time when the 1922 act was passed it was put in at a scale of 15 per cent ad valorem below the comparable chinaware?

Mr. BROWN. Yes; there was no change made.

Senator EDGE. Because you did not feel that you had sufficient competition?

Mr. BROWN. Yes.

Senator EDGE. Now that your business has gone down you, however, ask to have it put with the other china?

Mr. BROWN. Yes.

Senator EDGE. Is that your whole case?

Mr. BROWN. That is the whole situation.

Senator KING. But you are getting 50 per cent now?

Mr. BROWN. We are getting 55 per cent.

Senator KING. Fifty-five per cent duty?

Mr. BROWN. Yes.

Senator BARKLEY. What is the technical meaning of "bone" china?

Mr. BROWN. Why, that was simply inserted in there to differentiate from the regular chinaware. The difference between the Lenox china and the bone china is that we use kaolin and feldspar, and they use the same material and in addition they put in the bone.

Senator BARKLEY. Do you mean combined?

Mr. BROWN. Calcined bone. It is put in there for the purpose of giving it whiteness.

Senator BARKLEY. Ground?

Mr. BROWN. Ground bone, calcined; yes.

Senator EDGE. You say the House has given you more than you want?

Mr. BROWN. Well, they have given us a specific duty. We did not ask for that.

Senator REED. What is the good of that?

Mr. BROWN. The specific duty of 10 cents?

Senator REED. Yes.

Mr. BROWN. It does not mean anything on plates, because it is 10 cents a dozen.

Senator REED. It occurs to me that it is insignificant and trivial on expensive articles and luxuries.

Mr. BROWN. Yes.

Senator REED. But it does put a substantial tax on cheap ware.

Mr. BROWN. Yes.

Senator REED. In addition to the ad valorem.

Mr. BROWN. Yes.

Senator EDGE. There is a cheap bone china product?

Mr. BROWN. Not a cheap bone china; no.

Senator REED. This applies to everything made out of china and porcelain?

Senator EDGE. I see.

Mr. BROWN. That applies to everything.

Senator KING. Mr. Witness, you make the finest china that is made in the United States?

Mr. BROWN. Yes, sir; we do.

Senator KING. And it is comparable, if not superior—deemed by some superior to the product made in Great Britain?

Mr. BROWN. Yes, sir.

Senator KING. And you have now a differential of 55 per cent?

Mr. BROWN. Yes, sir.

Senator EDGE. Not on that china, though.

Senator KING. Yes.

Mr. BROWN. Yes; 55 per cent.

Senator EDGE. Are you speaking of bone china or the Lenox china?

Mr. BROWN. Bone china.

Senator KING. The same. 55 per cent. You have no competitor in the United States?

Mr. BROWN. None. There are two others that have started to develop. Numbers have started but they have all fallen by the wayside. At the present time there are two new concerns that have started. What they are doing I do not know.

Senator BARKLEY. How long have you been in business?

Mr. BROWN. Since 1889, we started, and in 1905 we began to make dinner ware. Prior to that we were making none.

Senator KING. Do you not think that there has been a considerable change, that there is less demand for this expensive chinaware?

Mr. BROWN. There does not seem to be if you study the figures of the importations and what we produce. Their business, the imports, have gone up from 1924, $971,000, with an added duty, to $1,613,000 in 1927.

Senator BARKLEY. It fell off though, in 1928 to $950,000.

Mr. BROWN. I have not the figures of 1928. This is compiled from the Department of Commerce report, which I have here.

Senator BARKLEY. $950,000.

Mr. BROWN. That is without the duties.

Senator BARKLEY. Foreign value?

Mr. BROWN. Well, add the duty to that.

Senator BARKLEY. The duty collected was $522,000.

Mr. BROWN. Yes.

Senator BARKLEY. $568,000 duty the year before, 1927.

Mr. BROWN. The same relative cost exists in the manufacture of fine products as existed in cheaper products.

Senator EDGE. As a matter of fact your business has gone backward in the last five years?

Mr. BROWN. Yes. Yes, it has gone backward.

Senator KING. Not five years, Senator.

Mr. BROWN. Since 1924.

Senator REED. I think we have his point.

Senator EDGE. Yes, I think we have his point. As I understand it, it is 10 cents per dozen. I can not understand the House putting that in.

Senator KING. I want to ask you this in view of your statement about your earnings. How much money have you actually put into your business.

Mr. BROWN. It is all turned over in the business. When he started he went home many and many a night without a nickel in his pocket for car fare. Whatever money he made he put in the business.

Senator KING. How much have you put in since 1920 and 1921, actual cash, not surplus?

Mr. BROWN. In 1919 our invested capital was $219,000. It is now $1,070,460.

Senator KING. These were earnings?

Mr. BROWN. Earnings.

Senator KING. Exactly. And surplus?

Mr. BROWN. Yes.

Senator KING. And you call that new capital?

Mr. BROWN. New capital. Well, we had new capital. We put up a building there that cost half a million dollars. That took care of the surplus.

Senator KING. But you got the money to put up your new building out of your earnings and surplus?

Mr. BROWN. We borrowed it.

Senator KING. Have you paid it back?

Mr. BROWN. No; we have not paid it back. We still owe the banks.

Senator KING. How much do you owe them?

Mr. BROWN. We owe them in the neighborhood of $250,000.

Senator KING. The stockholders did not put in any new capital?

Mr. BROWN. No. The money was borrowed money.

Senator KING. I understand. You have answered my question.

Senator EDGE. What is the highest dividend you have paid?

Senator KING. If you will let me get through with this, Senator, I will be very happy to get through as soon as I can. What was your original investment?

Mr. BROWN. $7,000 in 1889.

Senator KING. No; come up to 1920. I do not care to go back of that. Since 1920 you have developed your business considerably?

Mr. BROWN. Yes, sir.

Senator KING. The development has come out of earnings of the company?

Mr. BROWN. Yes.

Senator KING. You have put in no new money except that which you borrowed at the bank?

Mr. BROWN. Except what we borrowed; yes.

Senator KING. So that you have had earnings and surplus and dividends, and your business has grown from a $7,000 investment until to-day it is $1,000,000 plus?

Mr. BROWN. Yes; that is so.

Senator KING. That is so. That is all.

Senator EDGE. Now you are asking, as I get your point, for the same duty that is being granted on all other?

Mr. BROWN. We want the same classification for bone china.

Senator EDGE. You want the same classification for bone china as the other types of china have?

Mr. BROWN. Yes; exactly. And in that statement before the House Ways and Means Committee I have set forth the figures showing the net profit that we had in dollars and cents. In 1923 we showed a loss of $11,460.

Senator KING. Net profit on what capital?

Mr. BROWN. On the invested capital.

Senator KING. What was it?

Mr. BROWN. Well, the invested capital of——

Senator KING. Of $7,000?

Mr. BROWN. No, no; $974,383. We had a loss of $11,460.

Senator KING. Yes; but your invested capital is your earnings and your surplus?

Mr. BROWN. Yes.

Senator KING. And you are paying dividends upon that. Now supposing you just paid dividends on your original capital stock, you would be paying two or three hundred per cent dividend per annum, would you not?

Mr. BROWN. I can not see it that way.

Senator BARKLEY. Has all this increase in capital been taken out of earnings as you increased your business?

Mr. BROWN. Yes.

Senator BARKLEY. There has been no new money put in from the outside since you began with the $7,000?

Mr. BROWN. No, excepting the moneys that we borrowed from the bank.

Senator BARKLEY. And you expect to pay that back?

Mr. BROWN. Oh, yes; absolutely.

Senator KING. You have a current account at the bank, borrowing and paying?

Mr. BROWN. Yes.

Senator EDGE. That is all.

STATEMENT OF W. S. PITCAIRN, NEW YORK CITY, REPRESENTING IMPORTERS OF ENGLISH CHINA AND EARTHENWARE

[Bone china, par. 212]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Whom do you represent, Mr. Pitcairn?

Mr. PITCAIRN. The importers of English china and earthenware, sir.

Senator EDGE. Did you appear before the House Ways and Means Committee?

Mr. PITCAIRN. I did.

Senator EDGE. Did you file a brief there?

Mr. PITCAIRN. Yes, sir.

Senator EDGE. What do you propose to file before this committee? We do not want the same brief.

Mr. PITCAIRN. No, sir. I filed a brief with the Ways and Means Committee in which we supported the measures advocated by the United States Potteries Association, namely, the maintenance of the existing ad valorem duties plus a specific duty. At that hearing no discussion was raised about bone china.

Senator EDGE. You are discussing now paragraph 210?

Mr. PITCAIRN. Paragraph 212 only. The last clause in paragraph 212 in the Fordney bill, which has been deleted from the present bill.

Senator EDGE. The change made by the House is simply the addition of 10 cents per dozen pieces specific duty and the elimination of the 50 per cent ad valorem and 55 per cent ad valorem; is that correct?

Mr. PITCAIRN. Yes, sir. The Lenox Co. presented a brief after the hearings in which they asked that the special rate of duty on English bone china, or bone china at least, which is 50 and 55 per cent, should be eliminated, and that bone china should be brought up to 60 and 70 per cent.

Senator EDGE. Sixty and 70 per cent as provided in paragraph 212?

Mr. PITCAIRN. Precisely.

Senator EDGE. The witness representing the Lenox Co. appeared before this committee yesterday. You probably heard him?

Mr. PITCAIRN. Yes.

Senator EDGE. You are appearing in opposition to including bone china in this paragraph; is that correct?

Mr. PITCAIRN. Yes.

Senator EDGE. Proceed

Mr. PITCAIRN. It is solely on that one point that I wish to speak.

Senator BARKLEY. Are you speaking for or against that change?

Mr. PITCAIRN. I am speaking against that change in the existing tariff, sir, the last clause of paragraph 212. There is no bone china produced in the United States, and the entire imports, to the best of our knowledge and belief, are purely English.

Senator KING. There is just one firm in the United States that manufactures it?

Mr. PITCAIRN. No, there is none, sir.

Senator EDGE. He said there was none produced in the United States.

Mr. PITCAIRN. Yes.

Senator KING. The witness who appeared yesterday makes Lenox ware?

Mr. PITCAIRN. That is a fine china, but that is not a bone china.

Senator EDGE. Do I understand then that none of the products of the Lenox Co., represented by the witness who appeared here yesterday, are bone china?

Mr. PITCAIRN. None of their products are bone china.

Senator EDGE. Was not the statement made absolutely yesterday that they were?

Mr. PITCAIRN. I do not think so.

Senator EDGE. Well, I may have misunderstood.

Mr. PITCAIRN. I think perhaps you are in error. In 1922, in the framing of the Fordney-McCumber bill, a very great effort was made

to adjust the rates to the dislocated postwar conditions. A duty upon china was definitely classified by itself, separate from all other kinds of china. It was a discrimination that was thoroughly justified by the conditions. And is still more warranted by the existing conditions of to-day.

Senator EDGE. What is the difference between Belleek ware and bone china?

Mr. PITCAIRN. Belleek is a term that is applied primarily, of course, to the old Irish china. The Irishmen came over here and they started to manufacture it in Trenton, and it was developed by Mr. Walter Lenox, who used here the same term, Belleek, Lenox Belleek. It has a Parian body as against a bone body.

Senator EDGE. If Belleek china was imported and it was made in England, would the appraiser put that under the designation of bone china?

Mr. PITCAIRN. No, sir. In the testimony of our good friend Mr. Brown yesterday he stated correctly that when the bill was framed in 1922 they indorsed this separate classification for bone china. They indorsed the situation with the rate of 55 per cent. And he further stated that he had changed his attitude in the meantime because of changed conditions of competition.

Senator EDGE. Because of his business decreasing, as I recall his testimony.

Mr. PITCAIRN. Yes, sir. Now there is no change in the condition of the bone-china situation that warrants any change in duty. Mr. Brown intimated in a general way that the bone china was on a lower scale of price. I am compelled to believe, Mr. Chairman, that he was sincerely and honestly mistaken and misinformed. The opposite is the fact. The prices of bone china to-day in 1929 are in a general way higher than they were in 1922, with one single exception. There has been only one reduction—that is the class of merchandise treated with acid gold, which is very slightly imported. But in all other lines the trend of prices for the seven years of the Fordney bill has been upward.

If we had known these conditions I should have been prepared to produce evidence in support of the fact that prices of bone china are higher to-day than ever before in the history of the world, higher than in 1922 when he was satisfied with that 55 per cent rate. That is the fact. The Staffordshire manufacturers are naturally disturbed and distressed by a higher duty against their export product. They have had a bad time. The taxation is high. Their rates of labor are higher than they ever have been.

Senator BARKLEY. Where is that?

Mr. PITCAIRN. Staffordshire. As far as Lenox is concerned, we are higher in price now and always have been. As far as other china is concerned, such as German or French or any other imported products, our prices average from 50 to 100 per cent higher than any other of that class.

Senator KING. Would it interrupt you if I asked one question so as to get it clear in my mind? My recollection of the facts in respect to this product is this, that the Lenox produced substantially a million dollars' worth a year, and the imports are substantially a million dollars a year.

Mr. PITCAIRN. Entered value, sir.
Senator KING. I beg your pardon?
Mr. PITCAIRN. Entered value only.
Senator KING. Yes; entered value only. So that the imports and domestic production are substantially the same?
Mr. PITCAIRN. No, sir; that would not be quite correct.
Senator KING. What is the fact?
Mr. PITCAIRN. Because the Lenox produced a million dollars of their own.
Senator KING. Yes.
Mr. PITCAIRN. The English imports represented eight great historic factories, such as Wedgewood, Minton, and others; all these great factories combined bring in about a million dollars. That is the highest we have had any year. But when the duty is paid and the freights on china are paid the commercial value of that million dollars is increased to $1,750,000.
Senator KING. So that the domestic has the advantage then of $750,000 by reason of the tariff?
Mr. PITCAIRN. Well, they have a considerable advantage in the tariff. Of course they have got 55 per cent duty and the freight.
Senator KING. At present?
Mr. PITCAIRN. Yes.
Senator KING. And the insurance?
Mr. PITCAIRN. Yes.
Senator KING. And the agents' charges?
Mr. PITCAIRN. Yes. And, as a matter of fact, we sell our goods higher, and always have, than the Lenox production.
Senator KING. So that you are not in competition with them?
Mr. PITCAIRN. Not in direct competition. Of course they are sold side by side.
Senator KING. The fact is that your goods and the Lenox goods are bought principally by men and women of wealth in the United States who are not satisfied with the ordinary china and some of us are delighted to eat from?
Mr. PITCAIRN. Correct, sir. May I say to you, Mr. Senator, that the American woman is the best informed purchaser of china in the world.
Senator KING. Well, what I mean is that yours is purchased by the rich?
Mr. PITCAIRN. Well, not necessarily the rich.
Senator EDGE. As a matter of fact your imports have constantly and regularly increased, have they not?
Mr. PITCAIRN. No; I can not say that, Senator.
Senator EDGE. All records show that.
Mr. PITCAIRN. In the last few years they have. They were formerly much higher.
Senator EDGE. They have gone up by leaps and bounds?
Mr. PITCAIRN. Yes.
Senator EDGE. With a 55 to 70 per cent duty?
Mr. PITCAIRN. Fifty-five per cent duty.
Senator EDGE. Well, I mean the range of duty, 55 to 70 per cent duty, with that your imports have constantly increased; now that is the fact, is it not?

Mr. PITCAIRN. Well, they reached their peak in 1927; about a million dollars. They fell down a little bit last year and still further this year. We had one year——

Senator EDGE. Let us get this correct in the record. A 70 per cent duty, or even a 55 per cent ad valorem duty, sounds rather high, but, according to the actual figures, from 1919 on the importations have risen in value from $3,000,000 to over $8,000,000, if this table is correct, have they not? They are discussing the ordinary china in this table, not including bone china. Bone china has gone from $647,000 in 1923 to $950,000 last year, a little less than the year before, when it was over a million dollars.

Mr. PITCAIRN. Yes; that is the high.

Senator EDGE. So the importation is not suffering from this duty? The American producer is not in any way eliminating the importation of millions of dollars worth of English china?

Mr. PITCAIRN. No; that is quite true, sir. Of course, that increase is increase in value and not in volume.

Senator EDGE. Every one of these tables in the record shows practically constantly increasing imports in volume and value.

Mr. PITCAIRN. Yes; the Nation is prosperous, and therefore buying good stuff.

Senator EDGE. The duty, in other words, is not in any way prohibitive?

Mr. PITCAIRN. No.

Senator EDGE. Or an embargo?

Mr. PITCAIRN. No. Of course, the higher you put the price the more you restrict the sale.

Senator KING. And the higher the domestic manufacturer raises his price?

Mr. PITCAIRN. Well, he is governed more or less by his domestic competition.

Senator EDGE. That may be the theory of protection.

Senator KING. Is there only one manufacturer in the United States?

Mr. PITCAIRN. No, sir. For a great many years Mr. Lenox had the virtual monopoly of the so-called Belleek china.

Senator KING. Is there any other?

Mr. PITCAIRN. He gained a very great reputation and a great success.

Senator KING. I am not asking for that. Answer the question, please.

Mr. PITCAIRN. Yes, sir. And he inevitably produced competition, and that competition arose from the establishment of two other factories, namely, the Morgan Belleek and the Coxon Belleek, who are to-day reproducing with too much fidelity the same type of decoration that Mr. Lenox has led in, and they have undoubtedly secured a certain share of the business that formerly Mr. Lenox had only.

Senator EDGE. In the matter of china throughout the world, you are all proud of the wonderfully artistic results of Walter Lenox's work?

Mr. PITCAIRN. Absolutely. We do not hesitate to strongly admire and praise that product. But when Mr. Lenox intimates that his business is retarded by the importation of bone china we are com-

pelled to take issue on that, Mr. Chairman. One of the obvious reasons for the restriction of Mr. Lenox's product has been his established policy of a restricted distribution. That is, he places his merchandise to a very limited list of merchants and confines the products to a very few, and in some of the large cities to only one. Now, restricted distribution does not mean great expansion, and we claim it is very unfair to blame English imports if that result has proved unsatisfactory. And joined to that is the development of the two other competitors who have undoubtedly taken away a certain portion of his business.

Now, Mr. Lenox did in the last seven years of the McCumber tariff, Mr. Chairman, a business every year of $900,000. He shows in his own statement a profit of $514,000 in those years. It is not a vast fortune, but it certainly does show that he has not seriously suffered by the competition of the importation of English bone china. That is what we contend—that we have never injured, we have never been any detriment to any domestic industry in the pottery trade.

Senator EDGE. And conversely, the duty has not interfered with the importation of English china?

Mr. PITCAIRN. All right, sir; we concede that, too.

Senator KING. However, the duty has made the price to the consumer higher?

Mr. PITCAIRN. Undoubtedly. Undoubtedly.

Senator KING. So that the poor public have suffered in order to help the English and help Mr. Lenox.

Mr. PITCAIRN. Now, the last point I want to make, Senator, is this: The importations of English china were at the highest—$1,000,000, or, with freights and duties added, about $1,750,000, with a retail value of about $3,500,000. It is now proposed to increase the duty $160,000 a year, which means $320,000 a year additional burden on the consumer, besides being a hardship on the importer.

We do not feel that that increase is justified. We are not injuring Mr. Lenox; we are not injuring any other manufacturer. We do not think it is the time to-day to place any additional burdens on the consumers.

Senator BARKLEY. With the surplus of $100,000,000 in the Treasury it is not needed as revenue?

Mr. PITCAIRN. That I will leave to you. We are perfectly content to leave the matter to your good judgment, but we do urge, Mr. Chairman, that the existing rates in the last clause of paragraph 212, which gives bone china a rate of 55 per cent on white and 60 per cent on decorated, should be reinstated in this bill.

(Mr. Pitcairn submitted the following brief:)

BRIEF OF IMPORTERS OF BRITISH CHINA AND EARTHENWARE

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

GENTLEMEN: I represent the importers of British china and earthenware, and at the hearings of the Ways and Means Committee we verbally and in a brief stated our case indorsing the measures advocated by the United States Potters Association, namely, the continuance of the existing ad valorem rates of the Fordney tariff, but with the addition of a specific duty per dozen.

At these hearings no statement was offered by any American factory on the subject of bone china which is covered by the last clause in paragraph 212 of

the Fordney bill. Subsequently, a brief was presented by the Lenox factory, of Trenton, requesting an advance on this item to 70 per cent instead of the prevailing rate of 55 per cent.

It is solely on this clause that we desire to address you. There is no bone china produced in the United States, and the entire imports are of British origin. A great effort was made in 1922 to adjust the rates to the dislocated postwar conditions, and in the Fordney-McCumber tariff Congress for the first time classified bone china as a definitely separate product—a discrimination which was thoroughly justified then and is still more warranted at the present time.

Bone china is expensive, its ingredients are costly, its process is difficult, and with the heavy burden of British taxation and the higher wages of labor the selling price of English china to-day is the highest ever in its history. It averages substantially higher than Lenox, and 50 to 100 per cent higher than German, French, or any other imported product, and there is no sound reason why bone china should be classified on a parity of duty with any other merchandise.

We further claim that its sale injures no domestic factory and carries no menace or damage to the home industry. British importers entertain the highest respect for the splendid excellence of the Lenox wares, but when in their brief to the Ways and Means Committee they state their progress is retarded by the imports of bone china we respectfully beg to take issue with them in the accuracy of their conclusion. Frankly, the most obvious reason for the failure of Lenox to expand is their established policy of restricted distribution—the confining of their product to a very limited list of merchants—chiefly, one only, even in the biggest centers of trade. They have a perfect right to establish such a policy, which is sound for exclusive merchandise, but restricted distribution does not mean usually expanded sales, and it is manifestly unfair to blame English china if the result has proved unsatisfactory.

A still more potent factor in the Lenox situation is the development of competition in their own home field. For many years Lenox had a practical monopoly in the manufacture of so-called Belleek china in this county, but having gained for it a deserved success and reputation, it was inevitable that competition would result, so today we have Morgan Belleek and Coxon Belleek both producing effects similar in style and the general characteristics of Lenox—anad both securing a substantial business which formerly was possessed exclusively by the Trenton factory. All of this is a normal development of the domestic china industry, and is not affected by the imports of bone china which range chiefly in much higher values and widely different styles of decoration.

Lexon, according to their own brief, distributed during the seven years of the Fordney tariff approximately $900,000 per annum, with an average annual profit of $64,000. English china imports averaged about $1,000,000 per annum, entered value—or with freights and duties added, about $1,750,000, with a retail value of about $3,500,000. It is now proposed to increase the duty $160,000 a year, which means an added cost to the American consumer of $320,000 per year—in our opinion an unnecessary burden on the consumer and a severe penalty to English china importers not justified by existing conditions.

We are compelled in this discussion to allude to the Lenox factory as this firm solely made the appeal for an advanace on bone china, whereas, the United States Potters Association, representing the bulk of all china and earthenware produced in the United States, have consistently conceded the fairness and noninjury of British competition and advocated no change whatever in the existing ad-valorem rates.

We therefore respectfully urge that the last clause in paragraph 212 of the Fordney tariff, which gives bone china a rate of 55 per cent on white and 60 per cent on decorated, be reinstated in the pending bill now under consideration.

For the importers of English china and earthenware,

W. L. PITCAIRN, *Chairman.*

CHEMICAL, ELECTRICAL, INDUSTRIAL, AND SANITARY PORCELAIN

[Par. 212]

STATEMENT OF SIGMUND BASCH, REPRESENTING THE S. BASCH IMPORT CORPORATION, NEW YORK CITY

[Electrical porcelain]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the S. Basch Importing Co., of New York City?

Mr. BASCH. Yes, sir.

Senator EDGE. You want to file a brief under oath?

Mr. BASCH. Yes, sir. At the same time, Mr. Krueger will take that matter up, because we are both interested in the same matter.

Senator EDGE. That is all you care to testify to?

Mr. BASCH. Yes.

Senator EDGE. Does the committee want to question him?

(No response.)

(Mr. Basch filed a brief, which is as follows:)

BRIEF OF THE S. BASCH IMPORT CORPORATION, NEW YORK CITY

According to the tariff bill of 1929, as passed by the House of Representatives, it is intended to levy a specific duty of 10 cents per dozen pieces on articles enumerated in paragraph 212, Schedule 2, in addition to the now existing rates of 60 and 79 per cent ad valorem on plain white and decorated china or porcelain, respectively.

We are importing a china fuse plug from Germany, as per inclosed sample, consisting of two pieces, neither of which can be used without the other. For your information we tabulate the cost of this fuse, plus expenses, f. o. b. New York, packed 10,000 pieces bodies to a case, 10,000 pieces bases to a case, 10,000 pair to two cases:

	Per 10,000 pair
Cost f. o. b. factory	$29.50
Plus 5 per cent packing	1.47½
	30.97½
Present duty 60 per cent ad valorem	18.58½
Inland freight from factory to Antwerp 75 cents per 100 pounds, 2 cases weigh 175 kilograms, 387 pounds	2.90
Ocean freight from Antwerp to New York $4.10 per cubic meter, each case measures 84 by 53 by 48 centimeters, approximately	1.80
Insurance ½ per cent	.15
Cartage, each case 75 cents	1.50
Actual landed cost	55.91

This equals a cost of $5.59 per 1,000 pair. In the above figures no custom-house entry, consular invoice, cash discount, and other overhead expenses have been considered. These figures can be verified by entry No. 940573 in the port of New York.

If the 10 cents per dozen pieces, additional duty, on each piece is levied, this would mean 20 cents per dozen pair on our fuse plug composed of two pieces, or an additional duty of $166.70 per 10,000 pair, equal to 538¼ per cent duty on the cost, meaning an increase of 997 per cent in duty.

These porcelains are essential parts of a fuse manufactured in this country, consequently the manufacturer would be compelled to pass this increase of duty on to the consumers.

From statistics submitted by domestic manufacturers, it is shown that the production of electrical porcelain in this country is as follows:

1925	$21,826,971
1926	24,867,688
1927	22,860,678

From statistics obtained from the Department of Commerce it is shown that the importation of electrical porcelain is as follows:

1925	$12,067
1926	44,779
1927	35,235
1928	34,917

This importation of electrical porcelain is equal to about one-twentieth of 1 per cent to one-fifth of 1 per cent of the domestic production.

Undoubtedly it was not the intention of Congress to increase the existing duty by 997 per cent on this electrical porcelain.

There is absolutely nothing contained in the evidence submitted by domestic manufacturers, showing that protection is sought on electrical porcelain, or on chemical, technical, sanitary or industrial porcelain. The above figures readily prove that the present duty of 60 and 70 per cent, respectively, on plain white and decorated porcelain, is excessive, further proof being that domestic manufacturers did not request additional protection on electrical porcelain.

We are attaching herewith photostat copies of nine letters, which were received by us from various electrical manufacturers, using electrical porcelain as an essential part of their product. These are replies to prices we quoted, including a gross profit of about 20 per cent on the cost, without considering purchasing costs overhead and various sundry expenses. Practically all other customers voiced the same opinion, verbally or in writing. Of all the electrical porcelain upon which we quoted, there was only one article on which we were able to obtain business, namely, our fuse plug mentioned above. This business was obtained owing to the quality of the merchandise, and because of the fact that the price was about equal to the prices of domestic manufacturers.

In view of the above we respectfully request a reduction of the now existing duties of 60 and 70 per cent ad valorem, respectively, on plain white and decorated electrical porcelain.

Furthermore we respectfully request a specific classification for electrical porcelain, as well as for chemical, technical, sanitary and industrial porelain, and take the liberty of suggesting that paragraph 212, Schedule II, be revised to read as follows:

"China, porcelain, and other vitrified wares, not including electrical, chemical, technical, industrial and sanitary porcelain, composed of a vitrified nonabsorbent body, which when broken shows a vitrified or vitreous, or semivitrified or semivitreous fracture, including all bisque and parian wares, including clock cases, with and without movements, plaques, pill tiles, ornaments, charms, vases, statues, statuettes, mugs, cups, steins, lamps, and all other articles composed wholly or in chief value of such ware, plain white, not painted, colored, tinted, stained, enameled, gilded, printed, or ornamented or decorated in any manner, and manufactures in chief value of such ware, not specially provided for, 10 cents per dozen pieces and 60 percentum ad valorem; painted, colored, tinted, stained, enameled, gilded, printed or ornamented or decorated in any manner, and manufactures in chief value of such ware, not specially provided for, 10 cents per dozen pieces and 70 percentum ad valorem.

"Chemical, technical, sanitary and industrial, but not including electrical china, porcelain, composed of a vitrified nonabsorbent body which when broken shows a vitrified or vitreous or semivitrified or semivitreous fracture, plain white, not painted, colored, tinted, stained, enameled, gilded, printed or ornamented or decorated in any manner, 60 percentum ad valorem; painted, colored, tinted, stained, enameled, gilded, printed or ornamented or decorated in any manner, 70 per centum ad valorem. Electrical china, porcelain, composed of a vitrified nonabsorbent body which when broken shows a vitrified or vitreous, or semivitrified or semivitreous fracture, plain white, not painted, colored, tinted, stained, enameled, gilded, printed or ornamented or decorated in any manner, — per centum ad valorem; painted, colored, tinted, stained, enameled, gilded, printed or ornamented or decorated in any manner, — per centum ad valorem."

There is no doubt that any and every appraiser upon inspection of porcelain, can easily determine if same is chemical, technical, industrial, sanitary, electrical or any other porcelain.

With this distinction being made between articles covered by paragraph 212, the domestic manufactures of table and household chinaware, will obtain the protection they sought, and no additional taxation will fall upon the general public for electrical, technical, industrial, chemical or sanitary porcelain. The domestic manufacturers did not request additional protection for these items, which proves that they do not require additional protection, also proven by the statistics shown above.

Respectfully submitted.

S. BASCH IMPORT CORPORATION,
S. BASCH, *President.*

THE AMERICAN ELECTRIC SWITCH CO.,
Minerva, Ohio, July 30, 1927.

S. BASCH IMPORT CORPORATION,
New York, N. Y.

GENTLEMEN: We have your quotation of the 28, but are wondering whether this is a typographical error as you mention our No. 404, your No. 410, at $24 per hundred pieces which we are under the impression should read 1,000 pieces. Therefore, please advise by return mail and oblige.

Yours very truly,

THE AMERICAN ELECTRIC SWITCH CO.,
ARTHUR KOCH,
Purchasing Department.

SEYLER MANUFACTURING CO.,
Pittsburgh, Pa., Nov. 3, 1927.

S. BASCH IMPORT CORPORATION,
New York City.
(Attention Mr. S. Basch, president.)

GENTLEMEN: We wish to thank you for your quotation of October 29, and ask that you review your quotation, as the prices you have named us are so much more than we have to pay in this country, and we feel that undoubtedly you have failed to quote us the discount applying or possibly the price should read per thousand pieces instead of per hundred pieces.

At any rate, the prices which you have quoted us are ridiculously high, and there is something wrong somewhere. We would be pleased to hear from you further.

Also, may we expect to receive samples as per our talk?

Yours very truly,

SEYLER MANUFACTURING CO.,
CARL P. SEYLER,
President.

AJAX ELECTRIC SPECIALTY CO.,
St. Louis, May 9, 1927.

S. BASCH IMPORT CORPORATION,
New York City, N. Y.

GENTLEMEN: Replying to yours of May 7 will advise your quotation is just double what these porcelains cost us from American manufacturers.

Yours very truly,

J. S. CUMMING, *President.*

HUBBARD & CO.,
Pittsburgh, Pa., October 31, 1927.

S. BASCH IMPORT CORPORATION,
New York City, N. Y.
(Attention of Mr. S. Basch, president.)

GENTLEMEN: Will you please refer to your letter of October 29, in which you quote us prices of $18.85 a hundred, dry-process, and $26.65 a hundred, wet-

process insulators. We would ask that you please check over these prices again, as they are four times higher than we have to pay for this material in America.

Your prompt reply will be appreciated.

Very truly yours,

HUBBARD & Co.,
F. H. GLASEN, Jr., *Purchasing Agent.*

JOHN I. PAULDING (INC.),
New Bedford, Mass., May 27, 1927.

S. BASCH IMPORT CORPORATION,
New York, N. Y.

GENTLEMEN: We have your letter of May 26, and wish to advise that your quotation on the porcelain was considerably higher than this material is now being purchased for. In some cases it was all of 50 per cent higher. Therefore, there is nothing left for us to do except to continue to buy from our present source of supply.

We want to thank you at this time for submitting your quotation.

Yours truly,

JOHN I. PAULDING (INC.),
WM. A. ROSS.

CONDIT ELECTRICAL MANUFACTURING CORPORATION,
Boston, Mass., October 13, 1927.

S. BASCH IMPORT CORPORATION,
New York, N. Y.

GENTLEMEN: Referring to your letters of September 14 and 28, kindly note that the prices quoted are way in excess of what we are now paying for the bushings in question made by American manufacturers.

We are, therefore, sorry we can not give the matter any further consideration.

Very truly yours,

CONDIT ELECTRICAL MANUFACTURING CORPORATION,
By G. E. JANSSON, *Engineering Department.*

INDUSTRIAL CONTROLLER CO.,
Milwaukee, Wis., October 13, 1927.

S. BASCH IMPORT CORPORATION,
New York, N. Y.

(Attention: Mr. S. Basch.)

GENTLEMEN: We have your quotation of October 11 on our drawing No. 601–C8 and wish to advise that your price is entirely too high for porcelain.

We have placed this order for cold molded material at $5.75 per hundred. You will, therefore, see that your price of $9.20 per hundred for porcelain is entirely too high.

Yours very truly,

INDUSTRIAL CONTROLLER CO.,
By H. W. WISSE, *Purchasing Agent.*

MONITOR CONTROLLER CO.,
Baltimore, Md., October 25, 1927.

S. BASCH IMPORT CORPORATION,
New York City.

GENTLEMEN: Replying to your quotation of the 22d instant, would advise the price you name is entirely too high to be of interest to us.

We are now paying considerably less for these porcelains, which are perfectly satisfactory.

We thank you for your quotation, and if at any time in the future we develop some new sizes we will be glad to have you quote on same.

Yours very truly,

MONITOR CONTROLLER CO.,
C. R. HEILMANN, *Purchasing Agent.*

FEDERAL ELECTRIC CO.,
Chicago, February 21, 1927.

S. BASCH IMPORT CORPORATION,
New York, N. Y.

GENTLEMEN: We have your quotation covering our requirements for porcelain parts and we are very sorry to say that they are higher than we can get elsewhere.

We have asked for quotations several times from manufacturers' agents located in Germany, but we have found in every case they are very much higher than the prices in the United States.

We wish to thank you, however, for the interest you have taken.

Yours very truly,

W. F. MOORHOUSE, *Purchasing Agent.*

STATEMENT OF E. KRUEGER, REPRESENTING CARL HUTTER (INC.), NEW YORK CITY, AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Whom do you represent?

Mr. KRUEGER. Carl Hutter (Inc.), New York.

Senator EDGE. What is their business?

Mr. KRUEGER. Importers of porcelain specialties.

Senator EDGE. Did you appear before the House committee?

Mr. KRUEGER. I did not.

Senator EDGE. You have a brief there. Is that the same brief Mr. Basch submitted?

Mr. KRUEGER. No. I submitted a brief to the House committee.

Senator EDGE. But it has been printed.

Mr. KRUEGER. It has been printed and is in the record.

Senator EDGE. Is this the same brief?

Mr. KRUEGER. No. I submitted a brief to the House, and I submitted a supplementary brief to the Finance Committee of the Senate.

Senator EDGE. You are now submitting it?

Mr. KRUEGER. As a matter of fact, I have sent it in already. I have it here.

Senator EDGE. You sent it in. It is in the files of the committee, no doubt. Is this the same brief?

Mr. KRUEGER. Yes. It is a supplementary brief.

Senator KING. You sent a copy to the Finance Committee some time ago?

Mr. KRUEGER. Exactly. Upon that, I received permission to appear.

Senator KING. The brief you are going to present now is the same one?

Mr. KRUEGER. Yes.

Senator KING. Hand that to the reporter, because it may become lost.

Senator EDGE. You do not want to read that to the committee?

Mr. KRUEGER. No. I might want to refer to it.

Senator EDGE. Have you any oral testimony you want to give in addition to the brief?

Mr. KRUEGER. Yes. I am speaking, as I stated before, in the name of the S. Basch Importing Co., and also the China Importing Co. in Cleveland, and my firm, Carl Hutter (Inc.). All three of us import

similar articles, and that is the reason, Mr. Chairman, why we combined our testimony. I am not going to speak at any length.

Senator EDGE. Just for the record, what is your opinion of the proposed specific duty that appears in the House bill?

Mr. KRUEGER. In the name of those three firms I protest against that 10 cents a dozen duty.

I wish to mention that our house, Carl Hutter (Inc.) has been in existence since 1871. I have been with the firm since 1889. We have been importers of German porcelain parts under paragraph 212 for the last 38 years.

Senator EDGE. Is the business prosperous?

Mr. KRUEGER. It has been fairly so—you mean all those years? More or less; yes.

Senator EDGE. You are still in business?

Mr. KRUEGER. Yes; we are still in business, exactly. We are not complaining, but we are complaining about what might happen.

We have imported these goods under the Wilson bill, under the Dingley bill, and under the last bill, the Fordney-McCumber bill. I will not read the figures.

Senator EDGE. As a matter of fact, Mr. Krueger, generally speaking, without repeating it for the record too frequently, the importations have increased. There may have been some lapses, but, going back 10 years, they have constantly increased, generally, have they not?

Mr. KRUEGER. They have increased since the war, naturally, because during the war we could not import at all.

Senator EDGE. That is what I am talking about.

Mr. KRUEGER. They have increased slightly. As a matter of fact, they have not increased so much with us. That is due to competition.

Senator EDGE. The duty during that time has been increased, since 1928.

Mr. KRUEGER. Since 1922; but we never protested against that, I wish to mention, because we realized that the domestic manufacturer should have a certain protection. We never protested paying 60 or 70 per cent duty. But when it comes down to this 10 cents a dozen duty, I wish you would look into this very carefully, because it does mean that on a great many of my articles the specific duty will bring about a duty of 100, 150, 300, and on up to 450 per cent.

Senator EDGE. On the cheaper class of merchandise?

Mr. KRUEGER. On the cheaper class of merchandise, of course, which we have been importing all these many, many years.

Senator EDGE. Do you import this kind of ware [indicating sample]?

Mr. KRUEGER. No, sir; we do not. What we are importing is shown in my brief by illustrations, if you are interested in looking at them. That is what I am interested in principally.

Senator EDGE. Principally bathroom fixtures?

Mr. KRUEGER. Yes.

Senator KING. How could those small figures bring about an increase of 200 or 300 or 400 per cent?

Mr. KRUEGER. On account of the 10 cents per dozen. It works out to a tremendous figure. The articles are very cheap, in quantity.

Senator BARKLEY. In order for a 10-cent tax to increase the price of anything 400 per cent, it would have to sell at 2½ cents to start with.

Mr. KRUEGER. It could not sell at all. It would eliminate it. Nobody would pay the price. Take this article, of porcelain stoppers [indicating an illustration in his brief].

Senator EDGE. What does that cost, delivered?

Mr. KRUEGER. The mill price is $2.33 a thousand pieces, plus 60 per cent. The proposed additional specific duty of 10 cents per dozen would bring it up to $8.40. The total amount of duty would be $9.80, or 361 per cent.

Senator BARKLEY. $2.33 a thousand is less than a mill apiece.

Mr. KRUEGER. Less than a quarter of a cent apiece.

Senator KING. This bill would add a specific duty of $8.33 per thousand to the ad valorem of $1.40, or a total of $9.73, as against $2.33, or a tariff of 417 per cent on that.

Mr. KRUGER. I have it as 420.

Senator EDGE. On a thing that started at 2 cents.

Mr. KRUEGER. Yes. Say, for instance, an article like this, with which everybody is familiar—these little buttons "hot" and "cold" which are used in all bathrooms. That brings a duty of 300 per cent. That is prohibitive. If any of you gentlemen would like to see the originals of any of these articles, I have them here.

Senator KING. I would like to put into the record here the finding of the Tariff Commission on these articles.

Senator EDGE. That may appear in the record, at the request of Senator King.

(The matter referred to is as follows:)

Porcelain bathroom fixtures, etc.

[Dutiable at 60 or 70 per cent ad valorem (par. 212), act of 1922. Dutiable at 10 cents per dozen pieces and 60 or 70 per cent ad valorem (par. 212), proposed bill]

Article	Foreign value	Duty				Equivalent ad valorem rate under proposed bill
		Act of 1922	Proposed bill			
			Specific	Ad valorem	Total	
Bathroom fixtures:	*Per 1,000*					*Per cent*
¾-inch hot and cold buttons	$3.61	$2.53	$8.33	$2.53	$10.86	300
1½-inch hot and cold handles	11.02	7.71	8.33	7.71	16.04	146
2-inch hot and cold handles (white)	11.38	6.83	8.33	6.83	15.16	133
Mushroom "waste" knobs	19.26	13.48	8.33	13.48	21.81	113
Bottle caps (white)	2.33	1.40	8.33	1.40	9.73	417
Small squirts (white)	4.12	2.47	8.33	2.47	10.80	262
Soap dishes (white)	92.70	55.62	8.33	55.62	63.95	69
Gas-stove handles (white)	4.48	2.69	8.33	2.69	11.02	246
Bolt caps (white)	5.67	3.40	8.33	3.40	11.73	206

Senator EDGE. Is there anything else, Mr. Krueger?

Mr. KRUEGER. Yes; one more word. I wish to mention this because it is the most important matter, although it is in my brief. When I received information as to the suggestion of 25 cents per dozen, made by Mr. Wells, as I say, I protested to the Ways and Means Committee. Now, the House has passed the present bill

with 10 cents. My suggestion at the present time, in justice and fairness to the people who have been in the importing business, importing these goods for years and years, and who also have employees to consider, is that that paragraph be subdivided.

Senator EDGE. Your proposal is to subdivide the paragraph?

Mr. KRUEGER. Yes.

Senator EDGE. Go ahead and give your proposal.

Mr. KRUEGER. The proposal is right in my brief.

Senator EDGE. In other words, so that this very cheap class of material might not come under the specific rate?

Mr. KRUEGER. The specific duty of 10 cents per dozen; exactly.

Senator EDGE. Your ware is covered entirely in paragraph 212?

Mr. KRUEGER. 212 only.

Senator EDGE. China alone?

Mr. KRUEGER. China alone. Would you be interested in keeping these illustrations?

Senator EDGE. Yes. We will keep that for the record.

Mr. KRUEGER. In my estimation that is the only fair way to protect the industry.

Senator EDGE. You have a proposal in your brief whereby we could differentiate in the case of this ware costing $2 or $3 per thousand?

Mr. KRUEGER. Yes, sir.

(Mr. Krueger submitted the following brief:)

BRIEF OF KARL HUTTER (INC.), NEW YORK CITY

Referring to the new tariff bill (H. R. 2667), we note that an additional specific duty of 10 cents per dozen pieces is added to paragraph 212.

We wish to call your attention to our brief as published on pages 1316, 1317, 1318, and 1319, Tariff Readjustment, 1929, Volume II, Schedule 2, Earths, Earthenware, and Glassware.

In this brief we contended that the additional duty of 25 cents per dozen pieces or any part thereof as proposed by Mr. Wells if applied on the line of goods which we are importing from Germany, would constitute a prohibitive tariff and not a protective tariff, and we therefore submit herewith a tabulation of the articles submitted with our former brief with the additional specific duty of 10 cents per dozen pieces added. We contend that additional duties as shown on the tabulation sheet are excessive, unfair, and not in keeping with our national policies. Furthermore, such excessive duties would enhance the cost of the manufactured domestic goods on which our porcelain parts are used, which would in turn place an added burden upon the consumer or entirely eliminate the importation of many articles which we are importing, thereby curtailing the revenue now enjoyed by our Government.

In our former brief we pointed out that paragraph 212 should be subdivided in order to arrive at a fair protective tariff on all different classes covered by this paragraph.

On high-priced imported articles covered by this paragraph 10 cents per dozen pieces additional duty will not materially increase the percentage, while on the small low-priced articles such as we import the percentage of the additional duty is excessive, as shown by attached tabulation sheet.

As a further example we submit the following illustrations:

Plain white article imported, say, for $10 per dozen, on which present rate of duty is 60 per cent, tariff would be $6 per dozen and the additional levy of 10 cents per dozen would be only 10 cents per dozen, or an excess percentage of only 1 per cent, whereas on our bottle caps, plain white, foreign cost as charged, including packing, $2.33 per thousand, or about $0.0279 per dozen; duty at 60 per cent, $1.40 per thousand, or about $0.0167 per dozen; additional levy of 10 cents per dozen would be 10 cents per dozen, or an excess percentage of 358 per cent.

In the statement of Mr. W. E. Wells, page 1273 and subsequent pages, he refers only to dinnerware, tableware, cups, and saucers. This line of merchandise appears to be the bone of contention for protective tariff and any change based upon the submitted evidence can therefore justly and honestly be levied only against this class of merchandise.

To apply a specific duty to an entire line of merchandise which varies so widely in character of articles produced and values thereof would draw a line of demarcation for articles to be prohibited and such as may be imported. The dividing line would be about at articles valued 30 or 40 cents per dozen, which would then be assessed about 80 to 100 per cent, which is all chinaware could stand, for any class manufactured.

Our contention providing separately for dinnerware and tableware on which protection is sought by the American potteries appears to be the only way to meet such conditions, with specific provisions at various necessary rates.

Dinnerware or tableware—dishes, cups, saucers, etc.

Ornaments—vases, statues, china arts, etc.

Electrical chinaware—insulators, fuse plugs, etc.

Technical and industrial chinaware—bottle stoppers, squirts, tops, etc.

Sanitary chinaware, including bathroom fittings, buttons, handles, escutcheons, etc.

Toy articles, etc.

We contend that the present duty of 60 and 70 per cent is sufficient to protect the domestic manufacturers of sanitary, technical, industrial, electrical chinaware, etc., and to substantiate our contention we desire to point out the fact that porcelain bathtubs, basins, pedestals, bowls, etc., are fully protected with the 60 per cent duty, under which rate foreign articles of this kind have been excluded from importation and the American potteries have enjoyed a monopoly on this particular cass of chinaware.

We respectfully urge that existing tariff rate under the Fordney-McCumber tariff, paragraph 212, be continued without change, as applying to the above-mentioned classes of merchandise.

Respectfully submitted.

KARL HUTTER (INC.).

Exhibit	Article	Factory price, including packing	Duty	Number of pieces	Proposed additional specific duty of 10 cents per dozen	Equals excess percentage	Total amount of compound duty	Equivalent ad valorem duty
		Per 1,000		*Dozen*		*Per cent*		*Per cent*
A	¾-inch size buttons, marked "Hot" and "Cold."	$3.61	70 per cent, $2.52..	84	$8.40	232½	$10.92	302½
B	1½-inch size handles, marked "Hot" and "Cold."	11.02	70 per cent, $7.71..	84	8.40	76	16.11	146
C	2-inch size handles, plain white.	11.38	60 per cent, $6.83..	84	8.40	74	15.23	134
D	2¾-inch size, 4-prong handles, marked "Hot" and "Cold."	30.39	70 per cent, $21.27.	84	8.40	27½	29.67	97½
E	Mushroom knobs, marked "Waste."	19.26	70 per cent, $13.48.	84	8.40	43½	21.88	113½
F	Flat flange, plain white..	26.78	60 per cent, $16.07.	84	8.40	31½	24.47	91½
G	Gas-stove handles, plain white.	4.48	60 per cent, $2.69..	84	8.40	187½	11.09	247½
H	Small squirts, plain white.	4.12	60 per cent, $2.47..	84	8.40	203½	10.87	263½
I	Bottle caps, plain white..	2.33	60 per cent, $1.40..	84	8.40	361	9.80	421
J	Bolt caps, plain white.....	5.67	60 per cent, $3.40..	84	8.40	148	11.80	208
K	Soap dishes, plain white..	92.70	60 per cent, $55.62.	84	8.40	9¼	64.02	69¼
L	Escutcheons, plain white.	45.24	60 per cent, $27.14.	84	8.40	18½	35.54	78½

STATEMENT OF ROBERT SIMONS, REPRESENTING THE CHINA IMPORTING CO., CLEVELAND, OHIO

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You are representing the China Importing Co., of Cleveland, Ohio?

Mr. SIMONS. Yes, sir.

Senator EDGE. And you will file a brief under your oath?

Mr. SIMONS. Yes, sir.

Senator EDGE. Very well.

(Mr. Simons submitted the following brief:)

BRIEF OF THE CHINA IMPORTING CO., CLEVELAND, OHIO

We are importers of china parts, such as indexed buttons, indexed handles, cross handles, flanges, etc., which are used by the American brass manufacturers to be assembled to valves, fixtures, etc.

The foreign cost of these items as charged to us averages between about $3 to $30 per thousand pieces.

If the proposed extra levy of 10 cents per dozen on chinaware, in addition to the present rate as per Schedule 2, paragraph 212, tariff act of 1922, should become a law, it would make the importation of most of our products prohibitive.

To illustrate our statement, we wish to submit the following figures on some of the articles we import:

¾-inch buttons, marked "Hot" and "Cold":	Per M
Foreign cost as charged	$3.10
Duty at 70 per cent	2.17
	5.27

Additional levy as proposed, 10 cents per dozen, equals $8.33⅓ per M, or 268 per cent in excess to the present duty.

Gas-cock handles, plain white:	Per M
Foreign cost as charged	$4.00
Duty at 60 per cent	2.40
	6.40

Additional levy as proposed, 10 cents per dozen, equals $8.33⅓ per M, or 209 per cent in excess to the present duty.

Bolt caps, white:	Per M
Foreign cost as charged	$5.00
Duty at 60 per cent	3.00
	8.00

Additional levy as proposed, 10 cents per dozen, equals $8.33⅓ per M, or 167 per cent in excess to the present duty.

1½-inch handles, marked "Hot" and "Cold":	Per M
Foreign cost as charged	$8.00
Duty at 70 per cent	5.60
	13.60

Additional levy as proposed, 10 cents per dozen, equals $8.33⅓ per M, or 105 per cent in excess to the present duty.

Bell flanges, white:	Per M
Foreign cost as charged	$11.50
Duty at 60 per cent	6.90
	18.40

Additional levy as proposed, 10 cents per dozen, equals $8.33⅓ per M, or 72 per cent in excess to the present duty.

Iron pipe flanges, white:	Per M
Foreign cost as charged	$14.50
Duty at 60 per cent	8.70
	23.20

Additional levy as proposed, 10 cents per dozen, equals $8.33⅓ per M, or 58 per cent in excess to the present duty.

While this proposed extra levy may be justifiable on table and household china, we believe it would be unfair to include our products, which are mainly used on bathroom fixtures, and therefore could only be classified as sanitary china.

The following figures, which have been compiled by the Tariff Commission, prove that there is virtually no foreign competition in this field:

Domestic production, from Census of Manufactures

Vitreous china plumbing fixtures:	
1925	$25,035,715
1926	22,875,000
1927	23,627,594
1928	(1)
Semivitreous or porcelain plumbing fixtures:	
1925	None
1926	5,597,701
1927	5,465,966
1928	(1)

In short, the annual domestic production of vitreous china and semivitreous or porcelain sanitary ware amounts to about $30,000,000, whereas the importations are about three-quarters of 1 per cent of the domestic production.

In view of all this, we believe the American manufacturers of this class of merchandise are not in need of additional protection, and we respectfully urge that the prevailing rates of 60 and 70 per cent, respectively, shall remain as they are, though we do suggest that paragraph 212, Schedule 2, be revised to read as follows:

"China, porcelain, and other vitrified wares, not including electrical, chemical, technical, industrial, and sanitary porcelain, composed of a vitrified nonabsorbent body, which when broken shows a vitrified or vitreous, or semivitrified or semivitreous fracture, including all silique and Parian wares, including clock cases, with and without movements, plaques, pill tiles, ornaments, charms, vases, statues, statuettes, mugs, cups, steins, lamps, and all other articles composed wholly or in chief value of such ware, plain white, not painted, colored, tinted, stained, enameled, gilded, printed, or ornamented or decorated in any manner, and manufactures in chief value of such ware, not specially provided for, 10 cents per dozen pieces and 60 per centum ad valorem; painted, colored, tinted, stained, enameled, gilded, printed or ornamented or decorated in any manner, and manufactures in chief value of such ware, not specially provided for, 10 cents per dozen pieces and 70 per centum ad valorem.

"Chemical, technical, sanitary, and industrial, but not including electrical chint, porcelain, composed of a vitrified nonabsorbent body which when broken shows a vitrified or vitreous or semivitrified or semivitreous fracture, plain white, not painted, colored, tinted, stained, enameled, gilded, printed, or ornamented or decorated in any manner, 60 per centum ad valorem; painted, colored, tinted, stained, enameled, gilded, printed, or ornamented or decorated in any manner, 70 per centum ad valorem.

"Electrical china, porcelain, composed of a vitrified nonabsorbent body which when broken shows a vitrified or vitreous or semivitrified or semivitreous fracture, plain white, not painted, colored, tinted, stained, enameled, gilded, printed or ornamented or decorated in any manner, (?) per centum ad valorem; painted, colored, tinted, stained, enameled, gilded, printed or ornamented or decorated in any manner, (?) per centum ad valorem."

We believe that a rewriting of paragraph 212 in the above sense will give the American manufacturers the added protection sought and will eliminate any confusion as to the correct interpretation of this paragraph.

Respectfully submitted.

THE CHINA IMPORTING CO.,
ROBERT SINADAY, *President.*

[1] Statistics for the year 1928 not available.

GRAPHITE

[Par. 213]

STATEMENT OF HON. LAFAYETTE P. PATTERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

(The witness was duly sworn by Senator Edge.)

Senator EDGE. Congressman, you are from Alabama, are you not?

Representative PATTERSON. Yes, sir.

Senator EDGE. What do you want to tell us about graphite?

Representative PATTERSON. I want to speak as a Congressman. I have no financial connection with it, either directly or indirectly. I just want to speak in the interest of the industry.

Senator KING. You testified before the House committee, did you not?

Representative PATTERSON. I did not. I submitted a brief. I was not able to be there at that time. I also spoke before the House.

Senator KING. I remember reading your brief and your speech in the House.

Representative PATTERSON. Yes.

Senator EDGE. The bill, as you sent it over to us, provides for an increase of 5 per cent, from 20 per cent to 25 per cent ad valorem on graphite or flumbago, crude or refined, and the specific rate is decreased from 1½ cents to 1¼ cents.

Representative PATTERSON. They decreased it on crystalline and flake and raised it on lump, chip, and dust.

Senator KING. But that decrease was simply for the purpose of equalizing the rate between France and Great Britain because there had been a discrimination against France.

Representative PATTERSON. I heard some discussion of that point but as the matter is now, Senator, the graphite industry of our country has been almost driven out of business in the past few years. We had between 50 and 100 mines in operation at the close of the war and now we have less than 10 in operation in the United States, and the industry is scattered over 20 or more States. I believe there are some experts here who can be more definite about that, but I think there are at least 20 States.

Senator EDGE. Explain to me the difference between crystalline, flake, and the plain graphite.

Representative PATTERSON. I believe most of the flake is imported from Madagascar. A great deal of it is in flakes but they are graded in some way in manufacturing and then it gets down to dust or chip which is graphite but yet is not flake graphite. I do not understand the scientific part of it, Senator. I do not propose to speak for it from the scientific standpoint. Probably there will be some others who can explain that.

Senator KING. The difference is simply this. The crystalline is almost pure graphite and it is in a rather solidified form, and then you have the amorphous, which is scattered throughout the rock, and then you have the different grades, not as pure as the crystalline, but, chemically, in whatever form it appears, it is the same.

Representative PATTERSON. I am unable to say about that. It is graphite and it is a form of carbon.

Senator KING. It is pure carbon, and in credr to use it you have got to reduce it to the dust form, so whether it comes in the crystalline form or the amorphous form or otherwise, it has to be reduced to the residual form of dust before it can be utilized for crucibles or for other purposes.

Representative PATTERSON. Probably, but I understand there is a difference, Senator, but as I say, I could not speak scientifically to that point of view.

Senator EDGE. For what are you appearing? Are you favorable to this increase?

Representative PATTERSON. I am favorable to a higher increase, Senator. We are asking for a 5-cent specific duty on both crystalline and flake and also on lump, chip and dust.

Senator EDGE. You are asking for a 5-cent specific duty on both of these items?

Representative PATTERSON. Yes. One of the greatest problems the industry has to-day is the classifying of this graphite, I understand, at the ports because of bringing some of it in under different names, some of it coming under probably an assumed name when it should come in under some other heading.

Senator EDGE. We are getting some protectionists now in the great State of Alabama?

Representative PATTERSON. Oh, yes.

Senator EDGE. When they want 5-cent specific duties.

Representative PATTERSON. Yes.

Senator KING. Five cents a pound?

Representative PATTERSON. Yes.

Senator KING. Is that on amorphous?

Representative PATTERSON. The amorphous does not compete with us so much. Montana and New York and various other States have rich deposits of graphite besides my own State. My own State had rich deposits.

This is a war material that is absolutely essential in time of war, as you gentlemen know. Probably you know more about that than I do. We can not get along without graphite in times of war or national crises. During the last war when our supply from Ceylon and Madagascar was cut off, the prices went to as high as 30 cents a pound, and then we had to develop a local industry, and we had to do it hurriedly, and the people who went into it then and developed this industry did it with the understanding—at least the understanding—I could not say they had any assurance, but I am informed they had at least an understanding they would have protection after the war closed to keep this industry going, knowing they could not compete. When the war closed they could bring in worlds of this graphite from these other countries where it had accumulated, and it got as low as 2 cents a pound, Senator.

Senator KING. Mr. Patterson, I was in the Senate at the time and I took quite an active part in trying to get tungsten and graphite and some of these rather scarce elements developed.

Representative PATTERSON. Yes.

Senator KING. But, so far as I know, neither by the War Minerals Board nor by any authority of the Government was there any promise whatever as to the future.

Representative PATTERSON. I did not say there was a promise, but an understanding.

Senator KING (continuing). Any more than there was to the farmer. The farmer was urged to go out and raise wheat, and in North Dakota and South Dakota and Montana they were urged to increase their acreage for the production of wheat to feed the American people as well as the armies abroad, but there was no promise made.

Representative PATTERSON. You misunderstood me. I did not say there was a promise, but it was felt by the producers that they would be protected.

Senator EDGE. I have been looking over the report on this product while you and the Senator have been discussing this matter and from the available information from the Tariff Commission it seems that crystalline graphite was on the free list back in 1919 to 1922.

Representative PATTERSON. Yes.

Senator EDGE. It was on the free list then and, of course, there was a very large quantity imported, as high as 20,000 tons in a year, and in 1926 it went down to 4,000 tons and then to 6,000 tons, and so on. So when this 20 per cent duty was put on, that did not change it much.

Represenative PATTERSON. It was too small to do much good.

Senator EDGE. I am just trying to get in my own mind the effect of the duty.

Representative PATTERSON. Yes; I appreciate your looking into that, Mr. Chairman.

Senator EDGE. The Alabama product comes under the heading of crystalline, does it not?

Representative PATTERSON. Yes. Of course, we have chip, lump, and dust, because as I understand that is a part of the product that is produced.

Senator EDGE. What about amorphous?

Representative PATTERSON. We do not have any amorphous to amount to anything. As I said, we want to be fair about that. The amorphous does not compete much with our product here. Of course, we hope there will be some duty on amorphous, and the biggest trouble we find there, I think, is that sometimes they bring some other grades in under the name of amorphous when it really should come in under the name of lump, chip, and dust, or the crystalline variety.

Senator EDGE. What is the duty on amorphous?

Representative PATTERSON. Ten per cent ad valorem.

It was Senator Black's purpose to appear here, but he is in the hospital, as you probably know, and I am partially representing him. He is acquainted with the industry and has made some study of it himself.

Senator EDGE. Since we have given you a duty, I do not see any great difference in the amount of production.

Representative PATTERSON. That is just the point, and I am glad you brought that out, Senator. You have not given us enough to protect us.

Senator EDGE. On the other hand, the imports of that particular type, crystalline——

Representative PATTERSON. If you will pardon me, I think if there ever was an example where protection for an industry is needed, it is here, because to-day we have more than 80 per cent of imports, and I feel that with an adequate protection or even if we were fairly well protected we would have just the reverse of that.

Senator EDGE. Eighty per cent of the consumption in this country is imported?

Representative PATTERSON. Yes, sir; 80 per cent of the consumption in this country is imported, as I understand it, or as near as we could get at the figures.

Senator EDGE. I think that is about correct from these figures.

Representative PATTERSON. And we would like to see a tariff put on so that 80 per cent of the consumption would be the home product.

Senator EDGE. To your knowledge, has any question arisen about the quality of it here?

Representative PATTERSON. Yes; that has been brought out and has been stressed by some of the crucible people, Senator, but I have a bulletin here, serial No. 2542, November, 1923, report of the investigation of the Department of the Interior, Bureau of Mines, where they have made some tests and found that the American product averages as high in the number of heats and the average number of heats per minute as any graphite in the world.

Senator EDGE. Why do not the American users of graphite use the domestic product if they can get it and get as satisfactory results from it?

Representative PATTERSON. I think I can answer that in this way. They can buy the other product mined by cheap labor in Madagascar and Ceylon so much cheaper than we can produce the home product on account of the wages in Madagascar and Ceylon. I believe the wages there are from 20 to 38 cents. In Ceylon 20 cents is the wage I have and in Madagascar the wages are from 12 cents to 38 cents, and we ask for a tariff to make up for the difference in the scale of wages, and also to protect American labor. We present our case on its merits, and it is for the protection of American labor against foreign competition and the low wages in those countries.

Senator EDGE. Of course, we all understand that argument and we are here to try to protect it, but there is another side to this, and according to the reports here it would seem to me there is some justification for it, and that is on the question of quality, and it seems that for some production, at least, they have not been able to find, so my information goes, a satisfactory domestic product.

Representative PATTERSON. For what purpose, Senator?

Senator EDGE. I am not sure I know the purpose.

Representative PATTERSON. A large importer informs me that it is used for lead pencils and things of that kind. What else is it used for?

Senator KING. It is used for crucibles.

Representative PATTERSON. I was just giving, while you were called out of the room, Senator, a statement about a number of tests made by the Bureau of Mines where they had found this American graphite did measure up with any graphite in the world in the number of heats and in the temperature that it might be raised to, but the crucible people, I think, with all due respect to them, are overdoing

that argument because we all know to-day that only a very small percentage of the graphite used in this country is used for crucibles.

Senator KING. Are you sure about that?

Representative PATTERSON. Yes, sir; I have reports to that effect. I am not sure except from the reports I have.

Senator KING. You know that the Niagara Co. is making graphite?

Representative PATTERSON. Artificial graphite.

Senator KING. And, of course, they can produce carbon.

Representative PATTERSON. Yes.

Senator KING. You get nitrogen out of the air.

Representative PATTERSON. Yes; I admit they are making artificial graphite.

Senator KING. If you put the price too high, do you not see that you are going to kill the goose that lays the golden egg and force the production of artificial graphite?

Representative PATTERSON. We do not ask for a monopoly, Senator, on the graphite.

Senator KING. It seems to me this demand you are making now is too high. I will be frank with you.

Representative PATTERSON. Of course, that is for you people to consider, but we feel in order to make up for the difference in the cost of the foreign production as compared with domestic production and in order to open up our mines again, we will need this much protection.

Senator KING. There was a witness who testified before the House committee, Mr. Burrage, and he has properties in your State and in Texas, and his company manufactures nearly 70 per cent or 90 per cent, I do not know which, of the graphite that is produced in the United States, exclusive of the artificial, as you have called it, and my recollection is that he does not favor this increased tariff. He is satisfied with the tariff as it is.

Representative PATTERSON. I recall something about that. I read his testimony myself and was interested at the time, but he does not tell you that their company is a very wealthy company and he does not tell you that he is making money in manufacturing American graphite at the price he is now getting. I do not think he claims that at all.

Senator KING. Let me get your reaction just to see if we can have a common denominator. In my State we can produce copper, taking ore that yields only 1 to 2 per cent copper, and we can produce it at 11 cents to 12 cents a pound. Before the war we could make it for 7 or 8 cents a pound at a profit. Other mines in the United States can not make it for 25 cents a pound. This is because we are favorably situated and because this is a uniform deposit. Do you think we ought to have a tariff upon copper and penalize the American people in order to bring those who are less fortunately situated up to the standard of those who are more fortunately situated?

Representative PATTERSON. I certainly would not say that but, Senator, I think you will admit there is something radically wrong with an industry which has declined as the graphite industry has, and when the figures show that most of that which is being used is brought in from places like Ceylon.

Senator EDGE. The only question that arises in my mind—and I have asked you the question and you have given a general denial—

is as to the quality, whether it is of a quality that these crucible concerns can use with safety.

Representative PATTERSON. I do not think there is any question about that. They did use it during the war.

Senator EDGE. Many of them say they can not.

Representative PATTERSON. They did use it when they could not get the other kind.

Senator EDGE. We do a lot of things under stress that would not be the best kind of business. I am not saying this is one of them.

Senator BARKLEY. I notice here that the amount of artificial graphite produced in this country is practically as much as the amount of crystalline graphite imported. What effect would you say that has on the mining industry?

Representative PATTERSON. Well, I would think that would be to a certain extent in competition with the mining industry, at least.

Senator BARKLEY. What would you say about the tendency of the artificial graphite to increase, if we raise the price of the imported article to such an extent that it will lessen the amount of the imports. Would that react in favor of the natural deposits of graphite or not?

Representative PATTERSON. That would be kind of hard for me to say. I do not think it would because the artificial graphite is in a separate field and has a field of its own.

Senator BARKLEY. It is used for the same purposes, is it not?

Representative PATTERSON. I think most of the artificial graphite is used in foundry facings.

Senator EDGE. Are you familiar with the report that was prepared, after exhaustive investigations by the Department of Commerce and issued, I think, most of it, by Mr. Paul M. Tyler?

Representative PATTERSON. I think I have that report, Senator.

Senator EDGE. I have some extracts from it here. The general criticism here seems to be of the smallness of the flakes and the small amount of apparently commercially used graphite in proportion to the amount of mining that has to be carried out, and that even when some of the local big crucible people attempted to develop mines themselves in our own country they gave it up because they could not get a satisfactory product. Now, what is the answer to that?

Representative PATTERSON. Senator, I have got this to say about that. I am informed that one of the large crucible companies during the time they could not get foreign graphite advanced a very large sum of money on graphite mines down in my own State and very nearly my own county—one of the counties of my district—and demanded every pound of the graphite those mines produced to be delivered to them for use.

Senator EDGE. During the war?

Representative PATTERSON. Yes; when they could not get the graphite from foreign countries. They were using it then.

Senator EDGE. As I say, war time is hardly a comparable time when we are discussing commercializing anything. We want to take it in ordinary times.

Representative PATTERSON. If it would make crucibles then and answer the purpose, it seems to me it will now.

Senator EDGE. Did it answer the purposes well? That is the question I am trying to find out about, or do you think they simply

used it because they were compelled to or do you think they used them because they gave entire satisfaction?

Representative PATTERSON. My judgment is—and I am just speaking on my own judgment from the investigation I have made, I think it answered the purpose every bit as well, and I think the reason they are not using it now is because they are buying it cheaper.

Senator EDGE. Do you think if we gave you a 5-cent specific duty they would take all they could get from you?

Representative PATTERSON. I think the mines in Montana, Texas, Alabama, Pennsylvania, and New York would open up and they would begin to work them. I do, yes, sir. And they would employ American labor in doing that.

Senator EDGE. If it simply had the effect of increasing the price to them and they still had to use the foreign product, that would not do you any good.

Representative PATTERSON. No; we want them to use the home product.

Senator EDGE. Exactly; and I am trying to find out whether they can use it or not.

Representative PATTERSON. I think the only way to know that would be to give us a trial at it by giving us protection, which we have not had under the Fordney-McCumber bill.

Senator EDGE. There seems to be a small output of crystalline, from 2,400 to 2,600 tons, and that seems to be the total output of the country.

Representative PATTERSON. I know it is small because where we had 50 and 100 mines operating right after the war, we have to-day less than one dozen.

Senator KING. Mr. Burrage states, if I read his testimony correctly, "In the meantime the imports in spite of the tariff have fallen off 12 per cent."

Representative PATTERSON. They fall off periodically, I think, because there are conditions in Ceylon and places like that that affect this, Senator. I think you will find sometimes they have these occasional floods and so on in Ceylon, and the exports from Ceylon are affected by these periodical happenings there.

Senator BARKLEY. Are you speaking of crystalline or amorphous?

Representative PATTERSON. Crystalline.

Senator BARKLEY. You are not interested in the amorphous?

Representative PATTERSON. We are interested only secondarily in amorphous graphite.

Senator BARKLEY. The imports of crystalline fell off from 20,972 short tons in 1919 to 4,085 tons in 1921 and 6,600 tons in 1922, and the amorphous fell off from 11,252 tons in 1923 to 7,600 tons in 1928.

Representative PATTERSON. Yes; those have varied.

Senator BARKLEY. And during the same period the production increased from 925 short tons in 1922 to 2,612 tons in 1927, so there has been an increase in the home production; during the same period there has been a considerable decrease in the imports.

Representative PATTERSON. There has been a slight increase in home production because right after the war the whole thing went bankrupt, and a few started up with the hope of getting on their

feet again and bringing their case to Congress and getting some help.

Senator EDGE. As a matter of fact, the report here indicates that it would naturally decrease because of changed methods. In other words, the consumption of crystalline graphite to manufacture crucibles is decreasing in the United States because of the decrease in the production of crucible steel and brass which has been replaced by steel and brass made in the electric furnace, and your industry is bound to have to meet those conditions.

Representative PATTERSON. Yes; and I think the crucible people are exaggerating that very fact because they have to compete with the electric furnace, and they are trying to show that part of their problem is in the graphite field.

Senator EDGE. Your mines in Alabama do not produce any of what is known as artificial graphite or amorphous graphite?

Representative PATTERSON. Practically none.

Senator EDGE. That is, apparently, not imported at all, to speak of.

Representative PATTERSON. No.

Senator EDGE. It is not imported to this country. The users of that type of graphite from this report use the domestic market.

Representative PATTERSON. We are interested in crystalline, flake and dust, chip and lump.

Senator EDGE. Yes; but other sections of the country are interested in that and they do sell their graphite to the American user and there is not any of that type, to speak of, imported.

Representative PATTERSON. Why type?

Senator EDGE. Artificial graphite.

Representative PATTERSON. There is practically no artificial graphite imported. I would say we produce all the artificial graphite we use. Right here, Senator, some of the crucible people who are opposing this raise have duties and I want to show you what duties they have. I have asked 5 cents on graphite and Senator King thinks that is too high.

Senator KING. Five cents a pound, in addition to your ad valorem of 20 or 25 per cent.

Representative PATTERSON. We do not get any ad valorem on that. We are asking you to put it all on a specific duty, the lump, chip and dust, and the flake.

Take lead pencils, for instance, the graphitic content of lead pencils is such that 1 pound, according to a communication from the Bureau of Standards, will produce more than 3 gross or 543 pencils, and the people who produce these pencils have a protection of as high as 60 cents specific duty, and not only that but in addition they have a 35 per cent ad valorem. The protection we are asking for graphite will not be one-twentieth of the duty they get on that one article.

Senator KING. Do you not appreciate the fact that if we increase the tariff on the product which these people utilize in manufacturing the finished product, we are going to the compensatory duty and increase their rate; that is the way we draw tariff bills, apparently.

Representative PATTERSON. I understand.

Senator KING. So we will increase their rates and pass them on to the public.

Representative PATTERSON. Senator, do you not think——

Senator KING. I am not justifying that, I condemn it. I am merely telling you what I think the policy is.

Representative PATTERSON. I believe you Senators believe in the protection of the raw product and we only ask for the same protection for our raw product that is granted the finished product, whatever that is.

Senator EDGE. Of course, I do not wish to make any decisions. We are just trying to bring out all the information you have to give us. The question in my mind, and a very serious question, based on the reports of the Department of Commerce, is whether you produce the article which is necessary for their use. I think that is the groundwork. I believe in protection absolutely. That is fundamental with me.

Senator KING. I would like to ask one question. You know why there has been an ad valorem of 20 per cent upon crystalline, lump and amorphous.

Representative PATTERSON. I beg your pardon, Senator, it is not on amorphous.

Senator KING. Twenty per cent on crystalline and lump and 10 per cent on amorphous, and on crystalline flake there is no ad valorem or no duty at all. Why was there this distinction?

Representative PATTERSON. I beg your pardon, Senator, there is a specific duty of 1½ cents on crystalline under the Fordney-McCumber bill, and they have reduced it to 1¼ cents.

Senator KING. Then you have greater protection with that specific duty than those who produce the crystalline and the amorphous with their 10 per cent and 20 per cent ad valorem, respectively.

Representative PATTERSON. Yes. We would rather have a specific duty on all of it.

Senator KING. I have no doubt of it. I did not know that. I supposed that heretofore you had no duty at all, and I find you had a duty of 1½ cents a pound.

Representative PATTERSON. That is right, which is far from adequate, Senator.

Senator EDGE. Are there any other questions? Have you anything more, Mr. Patterson?

Representative PATTERSON. I want to give you a short summary I have here which will not take me more than a minute or two.

Now, if you gentlemen please, our case is this:

We have one of the most important minerals of the country and one which is absolutely essential in time of war and national crises; a mineral whose development was sponsored and demanded during the late war, and it was at least the understanding that this industry would receive protection to keep it on its feet. We have here an industry which employed, formerly, a large number of men, but which has almost been destroyed because it is impossible for the industry to compete with the wages of 20 cents in Ceylon and from 12 to 38 cents in Madagascar.

It is my belief that we have here an industry producing the raw material which, with the protection afforded the manufacturers of the finished product, can absorb the added cost which will be imposed by the added tariff which we ask, of 5 cents per pound on

crystalline, flake and lump, chip and dust graphite. I feel that an examination of all financial statistics treating on the incomes of those companies which have heretofore opposed this increase and also the wide variation between the price of the raw product and the finished product will substantiate this position.

Finally, our case is founded on the principle of protection for infant industries, for the development of an industry which we can not afford to be without, to give added employment to a large number of laborers who are now idle and in distress, to make up for the wide diversity in wages here and abroad, and that we have large deposits of graphite in 20 or more different States in the Union, north, south, east, and west, and as good as the world affords for all purposes, and that our position is in harmony with the American protective principle.

Senator KING. Let me ask one further question. You state that a large number of employees have been thrown out of employment. I find in 1914 the crystalline production was only 2,610 tons; in 1927, 2,612 tons; whereas in 1921 it was only 595 tons; in 1922, 925 tons; 1923, 1,982 tons; 1924, 900 tons; 1925, only 1,129 tons; 1926, 2,495 tons; and in 1927, 2,612 tons, so that there has been an increase in production.

Representative PATTERSON. There has been an increase since 1921, sure, after everything went to pieces.

Senator KING. In 1925 there were only 2,000 tons produced.

Representative PATTERSON. The graphite industry had not developed in the United States at that time to amount to anything.

Senator KING. What I am trying to get at is this. If you had such a large number of men employed and now they are not employed, what is the reason, when you produced last year and the year before more than you produced in 1925, 1924, 1923, 1922, or 1912. What is the reason for that?

Representative PATTERSON. But we are not producing like we were during the time we had protection from foreign competition.

Senator KING. When was that?

Representative PATTERSON. During the time we could not get the graphite.

Senator KING. Oh, during the war. Why, my dear friend, during the war we sold in my State and in the West lots of scrub horses worth about $50 apiece for three or four or five hundred dollars apiece.

Representative PATTERSON. I now ask permission of the committee to file a brief of Mrs. Edith Wing Peacock, of the State of Texas.

Senator EDGE. Do you include that in your affidavit?

Representative PATTERSON. No; this is her brief.

I thank you, gentlemen.

(The brief referred to by Representative Patterson is as follows:)

BRIEF OF MRS. EDITH WING PEACOCK

The Alabama-Quenelda Graphite Co., located at Lineville, Ala., of which I am a stockholder, is interested primarily in producing crystalline flake graphite. The present tariff on this is 1½ cents per pound. The proposed tariff act of 1929 as it comes from the House lowers the tariff act to 1¼ cents per pound.

Crystalline lump is imported from Ceylon and crystalline flake from Madagascar. The committee's attention is invited to the low wage scale in both of

these countries. In Madagascar, according to the Mining Congress, the average daily wage is 32 cents; in Ceylon, 38 cents; and in the United States, $3. It is utterly impossible for the graphite industry in America to survive against this low-wage competition unless ample tariff protection is provided.

The importers are opposing a sufficient tariff to protect this essential American industry. The producers ask for a straight specific duty of 1 cent per pound on amorphous, 5 cents per pound on crystalline lump, and 5 cents per pound on crystalline flake. These same importers are asking for an increased rate on their manufactured product. The Dixon Crucible Co., an importing and manufacturing concern, has not missed a cash dividend of from 6 to 110 per cent in 30 years, and, in addition, declared a 150 per cent stock dividend in 1920. Never has an American operator been able to declare regularly any dividend, and only 5 of the 57 war-time operations have been able to continue in business. The position of the importer and manufacturer seems to be "Feed us and starve out the American operator, and we will supply all the graphite needed in America from the production of the cheap labor of Korea, China, Ceylon, and Madagascar, and from Mexico and Canada." Canada, a British possession, has a protection tariff effective against the cheap labor of Asia, including Ceylon, another British possession.

"At the outset of the World's War, the United States, having declared itself a neutral, was obliged to give certain guarantees to England and France before graphite could be obtained." (Manufacturers Record, issued August 2, 1928.)

COMPARISON OF AMERICAN AND FOREIGN GRAPHITE

See Bulletin No. 2542, November, 1923, United States Bureau of Mines.

Tests made by the United States Government as to the desirability of American graphite in the manufacture of crucibles prove conclusively that the American graphite is better for crucibles than foreign graphite.

Respectfully submitted.

EDITH WING PEACOCK.

STATEMENT OF DR. T. P. MAYNARD, GEOLOGIST, ATLANTA, BIRMINGHAM & COAST RAILROAD, ATLANTA, GA.

(The witness was duly sworn by Senator Edge.)

Senator EDGE. Doctor, did you appear before the House Ways and Means Committee?

Doctor MAYNARD. No, sir.

Senator EDGE. What is your position?

Doctor MAYNARD. Industrial geologist, Atlanta, Birmingham & Coast Railroad, Atlanta.

Mr. Chairman, I have a brief summary here which I would like to give you without interruption, if that is agreeable to you, because I have it in definite form, and then I will be glad to answer any questions. I think this will bring out most of them.

The Atlanta, Birmingham & Coast Railroad which runs from Atlanta to Birmingham on the west, and to Brunswick, Ga., on the east coast, traverses this graphite territory in Alabama.

It is of first importance for you to know that these deposits are in very large tonnage. The deposits or the outcrop on the surface is from 40 to 50 miles in length and from 50 to 200 feet in width and they extend to an indefinite depth.

Don't let anybody fool you that you can not tell what is under the ground. The financial confidence in our steel industry and in our great chemical industries in this country is based on what is under the ground and we can see under the ground by means of the diamond drill and by means of an investigation of the deposits.

These deposits are ample for use for an indefinite period.

These deposits are flake graphite deposits. Flake graphite, as indicated, means flakes of various sizes which are entombed there in quartzite rock carrying from 2 per cent to 4 per cent of graphitic carbon content.

This has to be mined and after it is mined it has to be crushed and milled and separated by various processes to recover this flake. In recovering this flake they obtain several sizes of flake and the dust.

Senator KING. The flake would simply be larger?

Doctor MAYNARD. It would vary in size.

Senator KING. You run it through screens?

Doctor MAYNARD. It can be screened to the different sizes.

Many of the importers and some of the graphite users would have you believe that in all this country where we have every conceivable type of geology we have not a single deposit that carries graphite suitable for a single manufactured article. They tell you they can not use the graphite from their own mines in New York or in Alabama or elsewhere, but any graphite that comes in, whether it comes from Canada, Madagascar, or Ceylon, just so it is a foreign ore, is just wonderful for everything.

Senator KING. Are you a manufacturer?

Doctor MAYNARD. No, sir. I have never heard as many "can'ts" since I was in the kindergarten.

Senator KING. Who is "they"?

Doctor MAYNARD. Many of the users, manufacturers, or the crucible people.

Senator KING. Where is the testimony in which they said that?

Doctor MAYNARD. I would not refer you to that. I have heard it very often.

Then our European brethren found that Madagascar flake was so good they discontinued largely the use of Ceylon. The Ceylon is the crystalline lump graphite. If Madagascar was no good, why have a tariff on crucibles that might come in here that would not be worth anything?

As a matter of fact, we have found in the last few years, as pointed out by the Bureau of Mines, in the United States every conceivable type of graphite deposit so identical with Ceylon or Madagascar that it would take an old gold expert to tell the difference without a blindfold.

Let us get down to this crucible question for a minute. The crucible has been the sinker that hung around the neck of the graphite producer. The crucible trade was the largest consumer of American graphite before the war. They used over 50 per cent of the graphite of this country.

The use of graphite, according to the Bureau of Mines, has undergone radical changes. In 1924 only 18 per cent of the graphite went into crucibles. Foundry facing used in 1913 10 per cent of our graphite, and in 1924 they used 52 per cent of our graphite.

As a matter of fact, the United States in 1927 had a production of 5,274,400 pounds, and since 1918 over 50,000,000 pounds of American-produced graphite was sold in the United States.

Now, I am going to refer you——

Senator KING (interposing). State that last again, will you, please—the number of pounds you gave there.

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Doctor MAYNARD. The number of pounds used since 1918?
Senator KING. Since when?
Doctor MAYNARD. Since 1918.
Senator KING. What was the number of pounds——
Doctor MAYNARD. The number of pounds used in this last year?
Senator KING. You do not contradict the figures here, do you, 2,612 tons of crystalline and 2,595 tons of amorphous?
Doctor MAYNARD. I do not question that. I have that in pounds from the Bureau of Mines.
Senator KING. And 6,129 tons of artificial exclusive of electrode material.
Doctor MAYNARD. We have here a statement by Mr. Tyler, which has been brought out here, of the types of graphite suitable for use in these various products.
Senator EDGE. Do you take exception to Mr. Tyler's report?
Doctor MAYNARD. No, sir.
Senator EDGE. I read from it a few moments ago and I thought there was some question about it. Has he not questioned the practicability of the use of the graphite here for some purposes as compared with the imported graphite?
Doctor MAYNARD. If you will look under "Crucibles" you will find he quotes Mr. Bleininger as saying that if Ceylon crucibles could not be obtained the production of metal would not be diminished in any way as we could get along very well with flake and amorphous graphite.
Senator EDGE. He has also said that Ceylon plumbago has been universally recognized as the variety best suitable for crucible use.
Doctor MAYNARD. Yes, sir.
Senator KING. I would like to ask you why, if you have such a large quantity and it is entirely suitable, a company would go to the expense of producing it artificially?
Doctor MAYNARD. Artificial graphite only comes in competition in a measure with these various graphites. A No. 1 flake is not necessarily suitable for certain purposes as the No. 2. Crystalline graphite may be used in the manufacture of pencils, but has to be ground much finer than when used in crucibles, and it is very largely a separate field.
Senator KING. Some of this artificial is used in crucibles, is it not?
Doctor MAYNARD. No, sir.
Senator KING. Some part of it?
Doctor MAYNARD. No, sir.
Senator KING. What is it used for?
Doctor MAYNARD. I will give you that use here in this report.
Senator KING. At any rate, the artificial takes the place of the crystalline?
Doctor MAYNARD. No, sir; it does not take the place of crystalline graphite.
Senator KING. Suppose you had no artificial, what would they use?
Doctor MAYNARD. They would use dust and amorphous graphite.
Senator KING. They would use graphite that came from the ground, would they not?
Doctor MAYNARD. Yes, sir; that is what they used before they had the artificial.

Senator KING. So that the manufacture of artificial takes the place of graphite in some form?

Doctor MAYNARD. In some form; yes.

Senator KING. In other words, it takes the place of graphite in some form, either amorphous, flake, or crystalline?

Doctor MAYNARD. In some form; yes.

Senator KING. What other form is there, except those three?

Doctor MAYNARD. That is all. This statement shows, Senator, that the graphite produced in this country, either as artificial or as dust or as flake graphite, is suitable for all the main uses which have been brought out here.

Senator EDGE. The Tariff Commission, right on that subject, states, unqualifiedly, that artificial graphite competes directly with mined, amorphous graphite in all its uses, except for stove polish and dry batteries. That answers your question.

Senator KING. By the way, Senator, I notice that the data which the gentleman has just handed me is the same that the Tariff Commission prepared some years ago. It is not anything new.

Senator EDGE. Have you any further statement?

Doctor MAYNARD. We just desire to concur in the tariff requests that are made for the simple reason that the cost of producing graphite in this country is between 7 cents and 10 cents a pound, and we simply ask that they be given sufficient tariff to exist and to live.

The fact that graphite has been increasing in tonnage largely has been due to its use in dry batteries, and the largest producer asserted that he was producing it for that trade but was not making any money. The other members are interested in making money as well.

Senator EDGE. You say it costs to produce in this country from 7 cents to 10 cents a pound?

Doctor MAYNARD. Yes.

Senator EDGE. Accordi[illegible]talline graphite costs about 3 cents, 3.58[illegible]ring the war, but since then it has[illegible]

Doctor MAYNARD. [illegible]r productio[illegible]

Senator EDGE. [illegible]nts per po[illegible]

Doctor MAYN[illegible] produc[illegible]

Senator EDGE[illegible]

Doctor MAY[illegible] cents and 10 cents p[illegible]

Senator EDG[illegible]

Doctor MAY[illegible]

Senator KIN[illegible]

Doctor MAY[illegible]d not selling any at a[illegible]

Senator KING[illegible] 1914 w[illegible]plus, in 1915 5 cents plus[illegible] during th[illegible] 8 cents[illegible]d from 8 to 10 and 11 cents [illegible]war—t[illegible]as show[illegible]patriotism, I suppose—then in 1[illegible]

Doctor MAYNARD. A[illegible] war, too.

Senator KING. In 1920 [illegible]nts, 1922 4 cents, 1923 3 cents, 1924 2 cents—I [illegible] fractions.

Doctor MAYNARD. Is this crystalline flake graphite?

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Senator KING. Crystalline; 3 cents in 1925 and in 1927 3 cents plus. I will come to the amorphous later.

Senator EDGE. You say it costs from 7 cents to 10 cents and we are getting 3 cents for it?

Doctor MAYNARD. I do not know what they have been getting, but may I look at those figures? I notice here that that is given for lump graphite 7¼ cents a pound.

Senator EDGE. The Senator read crystalline.

Doctor MAYNARD. Crystalline is given here at 6 cents a pound in 1927, according to this report.

Senator KING. What report is that?

Doctor MAYNARD. The manufacturers or the producers can tell you about that better than I can, Senator.

Senator KING. I want to ask you one further question, if I may. You stated a moment ago that this was on the surface and extended for 50 miles and was several hundred feet in width.

Doctor MAYNARD. From 50 feet to several hundred feet in width, yes.

Senator KING. Then how do you mine it?

Doctor MAYNARD. It is mined by drilling with air drills and then blasting and picked up with steam shovels and then is taken to the cars.

Senator KING. It is in quartzite?

Doctor MAYNARD. Yes, sir.

Senator KING. You do not remove the overburden?

Doctor MAYNARD. In some cases there is some overburden.

Senator KING. What is the cost of loading that on the car?

Doctor MAYNARD. The cost of loading it—I have not made any definite investigations lately on that, and I would prefer that they should give you the exact figures. I know the producers can give you the figures exactly. It is probably 75 cents a ton for blasting. I imagine that would be around 75 cents a ton.

Senator KING. From the description of the physical condition, that could be mined, with any sort of reasonable efficiency, and put on the cars for 50 cents a ton.

Doctor MAYNARD. There is only 2.5 per cent or 3 per cent graphite in that ton.

Senator KING. I understand that.

Doctor MAYNARD. Yes.

Senator KING. Now, we have got the cost of blasting. Of course, I am not testifying, but after it goes on the car you take it to the mill?

Doctor MAYNARD. Yes.

Senator KING. That can be ground in the mill and run through the screen for 10 to 15 cents a ton.

Doctor MAYNARD. It is a very different process from that, Senator.

Senator KING. What is the other process?

Doctor MAYNARD. It is ground—I would not agree or disagree with you on that because I have not followed up these costs at any time lately, but I have had these costs submitted to me by a number of producers.

Senator KING. In my State I know we mine hard iron ore, the hardest you can find, take it out of the pit, grind it and load it on the

car, and that can be done for 50 cents a ton, ground to any mesh you please.

Doctor MAYNARD. No, sir. I do not mean to say you do not do it out there, but not here.

Senator KING. What is the next process? I want to find out how this costs 7 cents a pound.

Doctor MAYNARD. The next process after the material is ground, the oversize goes on back maybe, and the other finer materials are separated out by oil filtration in some mills, depending on the type of ore——

Senator KING. And do you not know that by oil filtration you may take your "fines," as they call it, as it comes out of the mill and put that through the oil-filtration process for 10 to 15 cents a ton?

Doctor MAYNARD. You have to get at this based on the graphitic content. You are basing this on a ton of raw material and it is only 2 per cent.

Senator KING. Exactly.

Doctor MAYNARD. I would rather you would get these figures from somebody who knows about them.

STATEMENT OF W. L. SHUMATE, REPRESENTING THE ALABAMA-QUENELDA GRAPHITE CO., BIRMINGHAM, ALA.

(The witness was duly sworn by Senator Edge.)

Senator EDGE. Did you testify before the House committee?

Mr. SHUMATE. No, sir.

Senator EDGE. Are you going to file a brief with us?

Mr. SHUMATE. Yes; I have a brief to file, Senator, and I would like to bring out some questions here in regard to the cost. I notice the Senator here has brought that out.

Senator EDGE. All right. Before you do that, whom do you represent?

Mr. SHUMATE. I am president of the Alabama-Quenelda Graphite Co.

Senator EDGE. You are the president of the company whose mines have been discussed by the two previous witnesses?

Mr. SHUMATE. One of the mines down there; yes, sir. Our properties are located in Alabama and we are producing the crystalline flake graphite.

Senator EDGE. And your residence?

Mr. SHUMATE. Birmingham, Ala.

Senator EDGE. All right, proceed.

Mr. SHUMATE. We are producing crystalline flake graphite, which is the kind of graphite that comes from Ceylon, belonging to England, and from Madagascar, belonging to France.

Senator EDGE. What is the difference between that and lump? I would like to get that in my own mind.

Mr. SHUMATE. Crystalline graphite comes in two forms, Senator—one in the form of lumps, chip, chip and dust. That is found in Ceylon and is found in this country in Montana and in Alaska. The other form of crystalline graphite is flake. This is found in Alabama, in New York State, in New Jersey, Pennsylvania, Texas, and California.

Senator EDGE. When the Tariff Commission refers to lump, they are practically referring to your product?

Mr. SHUMATE. When they refer to lump they are referring to us, and when they refer to flake it refers to us, although the graphite in our property is flake graphite, but as to the uses to which the flake and the lump are put, they are identical.

Senator EDGE. I think I understand it now.

Mr. SHUMATE. Senator, you brought up a few minutes ago the question of the quality of the graphite. I believe that beyond any question of doubt and beyond any argument whatsoever there is graphite in the United States—it is not a belief, it is a fact—there is graphite in the United States to meet any requirements of the American market.

Mr. SHUMATE. We claim that the flake graphite makes the better crucible. That fact is borne out by the fact that the crucible manufacturers abroad use the flake. It is also borne out by the fact that during the war——

Senator KING. You are not a manufacturer?

Mr. SHUMATE. Not a manufacturer; I am a producer.

Senator EDGE. He is president of the mine.

Mr. SHUMATE. I am president of the Alabama Quenelda Graphite Co.

Senator KING. I say, you are not a manufacturer of crucibles.

Mr. SHUMATE. No, sir. We mine graphite.

The graphite that was used during the war was the American flake, because when the war came on we were cut off from our usual supply of graphite from Ceylon and Madagascar. Ceylon graphite has been known as the most popular in crucible use, due to the fact that it had been the Ceylon graphite that had always been used. The American graphite had not been used because the American graphite producer could not live and produce graphite at the price that the Ceylon graphite was delivered for in this country.

Senator EDGE. Right on that question of price—I can not argue the quality—I have just read from the reports. We want to get your testimony, disputing it or otherwise. According to the Tariff Commission's report on lump graphite, the price f. o. b. New York, without considering duty, is 7 and a fraction cents per pound. That was in 1927.

Mr. SHUMATE. Senator, those are hoped-for prices. Those are the prices we get sometimes. That is taken from an engineering and mining journal, and those figures are given, but the price that governs the graphite we are talking about is the price they pay for graphite that is imported. You will find that averages around 3 or 4 cents a pound.

Senator EDGE. That is what you are apparently getting, 3.77.

Mr. SHUMATE. We are not getting that price. Occasionally we get the other price. The graphite producers live, more or less, on the unfortunate breaks of the foreign operator.

Senator EDGE. This report is not taken from any trade journal.

Mr. SHUMATE. That does not give the price, though, Senator——

Senator EDGE. 3.77 per pound for 1927.

Mr. SUMATE. I was talking about the 7 cents you read a few minutes ago.

Senator EDGE. That is the f. o. b. price New York of the imported article.

Mr. SHUMATE. That is from a trade journal.

Senator EDGE. Yes; that is. But the first one——

Mr. SHUMATE. That is 3 cents. The price of graphite we are complaining about, on which we can not operate and live, is graphite which comes in here at 3 cents a pound and 4 cents a pound.

Senator EDGE. Do I understand that you consider this incorrect, that our manufacturers and crucible men have ever had to pay, or do pay, 7 cents a pound?

Mr. SHUMATE. Once in a while they do. If they should have a tidal wave in Ceylon, or possibly some labor trouble over there, or perhaps a boat gets in late, they will buy our graphite and use it, and pay us perhaps 4, 5, 6, or perhaps 7 cents a pound.

Senator EDGE. The point I am trying to make is to get the evidence to fit this case. If your graphite is satisfactory for their use, I can not see any reason for them to pay 7 cents, when they can buy it for 3.

Mr. SHUMATE. They do not pay 7 cents when they can buy it for 3.

Senator EDGE. Would you say these figures are correct or incorrect?

Mr. SHUMATE. Those figures are correct, those other figures.

Senator EDGE. With regard to the trade journal figures——

Mr. SHUMATE. The trade journal figures are a little off. We sell graphite sometimes at that price. When we sell it in smaller quantities or smaller lots we sometimes sell it at that price. A man wanted to buy some graphite not long ago, for instance, and we sold some at 8 cents a pound, but he bought a small lot of it. He was not in touch with the importer, possibly.

A great deal has been brought out here in regard to the quality of the American graphite. For those people who like the flake, we can supply flake graphite in a number of States here that has made satisfactory crucibles in actual practice.

Then, from the standpoint of superiority, the Bureau of Mines, after exhaustive tests—I do not mean laboratory tests, but tests on the foundry floor—has proven the superiority of the American graphite. Those men who still use the Ceylon graphite as an argument, due to the fact that it comes in a different shape than the flake, can use the Montana lump or the Alaska lump. Less than a month ago I was in New York, in one of the big importer's offices, trying to sell them some graphite. He brought out a piece of graphite and said, "How do you like that?" He showed it to me and asked me what I thought it was. I told him it was Ceylon lump. "No," he said, "it is Montana lump." I said, "Do you get that?" He said, "Once in a while we fall back on it." As a matter of fact, he said, "Candidly, you fellows better stick to Ceylon as a competitor rather than to wake up Montana."

The Montana people, like ourselves, are Americans, in another part of the country. They will have to pay the American wage scale, just as we do.

We are up against two things, principally—the cheap labor scale in Ceylon and Madagascar and the scale over here. In addition to that they have even got a cheaper freight rate from Ceylon to New York than they have from Alabama. In addition to that their deposits are richer.

The American graphite industry, gentlemen, unless it is given adequate protection, is not going to survive.

This is not something new that we are asking for. There was not any graphite industry before the war. During the World War, when it was necessary for this country to have graphite, this industry was developed here, due to the fact that they were unable to get it abroad. At the close of the war, Senator, there were fifty-odd graphite companies, and graphite at that time was on the free list. It was poured into this country, resulting in all these plants being closed down and some of them going into bankruptcy. At that time the Harding administration was just coming in and the Fordney-McCumber bill was being considered. We went before that committee——

Senator EDGE. They gave you 20 per cent.

Mr. SHUMATE. We asked them for 6 cents a pound, Senator. We told them we needed that much to protect us. We came out with 1½ cents a pound on flake, and 20 per cent ad valorem on lump, chip, and dust. We told them at the time that it was inadequate, and the lapse of time since has proven that to be inadequate.

Senator EDGE. Your lump, starting out in 1922 with that 20 per cent ad valorem, went up from 1,766 short tons to 7,143, a constant increase for the seven years.

Mr. SHUMATE. You mean imported?

Senator EDGE. Yes; I think that is true.

Mr. SHUMATE. There was not any graphite production following the close of the war here. In 1925 or 1926 they had some trouble over there in Ceylon—a tidal wave or something—and the price of graphite went up a little. That gave us a chance to get our work in, so we started up again. We sold a little graphite, but since that time it has gone down again. The graphite producer, Senator, is very much like an undertaker. When some unfortunate thing happens to those fellows we get some business. If it does not, we do not.

Senator BARKLEY. How many men are employed in the graphite industry?

Mr. SHUMATE. Normally around 5,000 men, Senator.

Senator BARKLEY. That is, taking in the whole country?

Mr. SHUMATE. That is taking in the entire United States; yes, sir.

Senator KING. How many do you employ?

Mr. SHUMATE. We are employing right now about 65 men. Our capacity is 200 men.

Senator KING. You are employing 60 men?

Mr. SHUMATE. Sixty-five men.

Senator EDGE. What is artificial graphite made from?

Mr. SHUMATE. That is a synthetic proposition. It is made from petroleum coke and anthracite coal.

Senator EDGE. That is more or less in competition?

Mr. SHUMATE. In the lower grades. It comes in competition more or less with the amorphous graphite. It answers the purpose for some things, but for other things it does not.

Senator EDGE. It says here that it answers the purpose for everything except stove polish and dry batteries.

Mr. SHUMATE. It is just the opposite. It answers the purposes for dry batteries and stove polish, but practically nothing else.

Senator EDGE. Except for stove polishes and dry batteries, it says——

Mr. SHUMATE. Sir?

Senator EDGE (reading):

Artificial graphite competes directly with mined amorphous graphite in all its uses, except for stove polish and dry batteries.

Mr. SHUMATE. I am talking about crystalline. As a matter of fact, they use it in the dry batteries, because one of the largest dry battery houses is using a great deal of it.

Senator EDGE. Do you consider that 5 cents specific——

Mr. SHUMATE. I think 5 cents a pound——

Senator EDGE. That would practically compel a price of 8 or 9 cents in New York.

Mr. SHUMATE. That is right. It will enable us to get by. It will give employment to a lot of men, and protect an industry vital to this country. At the same time, it will not hurt the crucible makers.

Senator EDGE. You say they do not pay 7 cents?

Mr. SHUMATE. They will pay it if we get this duty. That is the proposition.

Senator EDGE. How do you figure that that will help them?

Mr. SHUMATE. Any concern that is paying 40 per cent cash dividends a year can afford to let the producer live.

Senator KING. You are demanding an increase of 5 cents a pound on crude, which is the equivalent of nearly 100 per cent. Do you imagine that if we increased this rate, or grant your request, there would not be a demand that we increase the compensatory duties upon all of the graphite——

Mr. SHUMATE. They have already gotten that, Senator.

Senator KING. Wait a minute—on all the graphite products?

Mr. SHUMATE. They have already gotten that.

Senator KING. Where did they get it?

Mr. SHUMATE. In 1921 and 1922, when we asked for this 6 cents a pound.

Senator KING. Did they get it on this 5 cents?

Mr. SHUMATE. They got it in 1921 and 1922, when we asked for this 6 cents.

Senator KING. But you did not get it.

Mr. SHUMATE. They got it. They got the increase up to 45 per cent.

Senator KING. They did not get it on the basis of 6 cents, did they?

Mr. SHUMATE. That was part of the argument that was used.

Senator KING. Certainly the committee, when the raw product did not get the 6 per cent, would not have given that high compensatory duty.

Mr. SHUMATE. But they did do it. Gentlemen, the evidence of earnings——

Senator KING. I am not talking about earnings. I am talking about whether there is a compensatory duty. What was the duty on graphitic products in the United States in 1921?

Mr. SHUMATE. Twenty per cent.

Senator KING. In 1922?

Mr. SHUMATE. Twenty per cent.
Senator KING. What is the duty now?
Mr. SHUMATE. Forty-five per cent.
Senator KING. When was that increased to 45?
Mr. SHUMATE. In the Fordney-McCumber bill.
Senator KING. In 1922?
Mr. SHUMATE. Yes, sir.
Senator KING. Was it a flat rate on all graphitic products?
Mr. SHUMATE. It varies on some things, but it winds up by a blanket rate of 45 per cent on everything that is not included; 45 per cent ad valorem.
Senator KING. What are the particular articles that cover the specific, if there is a specific?
Mr. SHUMATE. I do not remember the paragraph just exactly, Senator, but it covers crucibles.
Senator KING. What is the duty on that which is used for crucibles? What is the duty on crucibles?
Mr. SHUMATE. What is the duty now on crucibles?
Senator KING. No. What was it in 1921?
Mr. SHUMATE. There is a specific duty on some, and an ad valorem, as I understand it, on others. I know there was a general increase of over 100 per cent.
Senator BARKLEY. Flake, lump, and dust are all produced from the same mine, are they not?
Mr. SHUMATE. Yes, sir. They are just different sizes.
Senator BARKLEY. It is all the same thing?
Mr. SHUMATE. Yes, sir. It comes out in the shape of lump. The smaller pieces are called chip, and that which is still finer is called dust.
Senator BARKLEY. Like the different sizes of coal. Some of it is called egg, some nut, and others.
Mr. SHUMATE. Yes.
Senator KING. And some slack.
Senator BARKLEY. What proportion of the mined product, the run of mine, would be flake?
Mr. SHUMATE. About two-thirds of it.
Senator BARKLEY. Two-thirds of the whole product taken out?
Mr. SHUMATE. No; not of the ore. I thought you meant our product. From our ore we will get from 2 to 3 per cent. In other words, if we mine a ton of ore——
Senator BARKLEY. Out of 100 pounds of ore you will get 3 pounds of graphite.
Mr. SHUMATE. Yes. Out of a hundred pounds of ore we would get 2 or 3 pounds of graphite.
Senator BARKLEY. What percentage of that 2 or 3 pounds is flake?
Mr. SHUMATE. About two-thirds of that 2 per cent.
Senator BARKLEY. That is the higher-priced quality, is it? Is the flake the higher-priced quality?
Mr. SHUMATE. The flake is what comes in competition with what we are talking about now; the flake and also crystalline lump.
Senator BARKELEY. What is the difference between the crystalline lump and the flake?
Mr. SHUMATE. It is just a difference in the way it occurs in the ground. The quality is the same.

Senator BARKLEY. The contents are the same?

Mr. SHUMATE. They are the same.

Senator BARKLEY. The flake you produce, you say, comes in competition with the crystalline from Ceylon?

Mr. SHUMATE. And the flake from Madagascar. They produce flake in Madagascar.

Senator BARKLEY. Has there been any analysis made by the Bureau of Standards as to the comparative quality of the flake you produce and the crystalline and flake from the other countries?

Mr. SHUMATE. Yes. The Bureau of Mines has gone into that, and also the Bureau of Standards, very thoroughly.

Senator EDGE. Have you that in your brief? You have discussed that so many times that I would like to see it.

Mr. SHUMATE. I may have a report of it here. It is all in the hearings. Here is part of it. Here is a copy of it right here.

Senator EDGE. Are you speaking of the Tyler statement?

Mr SHUMATE. No; I am talking about the statement where a comparison was made, in Table No. 5. A comparison was made between the Ceylon and the Alabama graphite. You see, a crucible mixture is composed of graphite, clay, and sand. In this mixture, this A No. 1, they put in 55 per cent Ceylon graphite. The balance of it was clay and sand. In other words, the A No. 1 mixture was 100 per cent Ceylon graphite. No. 2 was 42 per cent Ceylon and 12 per cent Alabama, and the balance clay and sand. No. 3 was 30 per cent Ceylon and 25 per cent Alabama. No. 4 was 17 per cent Ceylon and 37 per cent Alabama. No. 5 was no Ceylon and all Alabama. The No. 5 was an Alabama mixture, and the No. 1 was the Ceylon mixture. Here are heats. The Alabama stood 13.5 heats in comparison as to the use-the number of heats. The Ceylon mixture on brass, No. 3, stood 7 heats. The Alabama stood 13.5 heats in comparison as to the usefulness of the two crucibles. On the average of all these different ones, the graphite made of 100 per cent Ceylon stood 7.75 heats, as against 21 heats for the Alabama.

So far as all practical purposes are concerned, gentlemen, crucibles can be made satisfactorily out of Ceylon, out of Madagascar, or out of American flake, and you can mix them together and make crucibles. When it comes to the fine points of superiority, the Alabama, the American, is entitled to the blue ribbon.

But it is just like one of our opponents testified in the hearings before the Ways and Means Committee. Even using Ceylon graphite, he testified to the different difficulties he has in making a crucible. He will make up a batch of it and some of it will go wrong, and so forth. At the time the American graphite was put to the test and had to supply this country with its crucibles there were some complaints made, naturally. There was a rush on. They were changing from a foreign graphite to an American graphite and, at the same time, the particular clay that had been known for years to be the best clay to be used in a crucible also had to be discarded and a substitute found. That necessitated finding American clays. So, frequently they would get the wrong kind of clay.

Another thing, the crucibles had to be used green. They did not have time to season, on account of the rush, and there were some complaints and things of that kind. But, taken as a whole, I think the

American graphite rendered a marvelous service, and no one else doubts it, either.

The yardstick that the crucible makers are using in the determination of the superiority of the graphite is the price.

Senator EDGE. I do not want to cut you off, but we have seven or eight other witnesses. I want to give you a chance to put in all the information you want, but we will have to get along or we will be here all summer.

Mr. SHUMATE. Let me mention one more point and then I will leave, Senator.

Our friends, the Dixon Crucible Co., are making the strongest fight against us. They stated in the hearings that they have a mine in New York State, and on account of the high cost of labor they had to close down. They also stated that they had a property in Alabama. In those same hearings they went into great length as to being experts in the graphite business, on account of the number of years they have been in it. They stated that the reason they were not operating the property in Alabama was because they could not get good graphite there, and that if they had good graphite they would naturally be operating their own property.

I happen to know, gentlemen, the details in regard to the acquirement of that property, because the people who let them have that property and the people who got the money I was associated with. They knew the quality of graphite in that property, because they had used carload after carload of graphite out of it before they ever put up any money and after they put up the money. The only reason they are not operating that property to-day is the same reason that about 40 others there closed down. They can buy graphite cheaper than they can make it here.

I am not protesting against any profits they may be making—and they are making plenty—but here is the thing about it. It seems to me they could afford, if they had to pay a few cents more for their graphite, to let an industry of this kind live, especially when they sell their products to the American people.

(Mr. Shumate submitted the following brief:)

BRIEF OF THE ALABAMA-QUENELDA GRAPHITE CO.

COMMITTEE ON FINANCE,
United States Senate.

MR. CHAIRMAN AND GENTLEMEN: The Alabama-Quenelda Graphite Co., producers of crystalline graphite, respectfully petitions your committee to increase the present tariff rates on graphite to a point that will give adequate protection to the American graphite industry.

In order to enable us to compete with the low wage scale paid in foreign graphite mines we need the present tariff rates increased to read as follows: Crystalline flake, 5 cents per pound; Ceylon lump, chip, and dust, 5 cents per pound; amorphous, 1 cent per pound.

Our graphite properties are located in Alabama, the ore deposits being very extensive and covering an area of over 2,000 acres. We own four graphite mills and a large refinery. Engineers have pronounced our Peerless plant and our refinery to be the largest and most modern in the United States. Our cash investment up to date amounts to approximately $3,000,000. We have tried in every conceivable way to operate under present rates, but have found it quite impossible to show a profit; in fact, we have suffered a considerable loss.

We believe the following reasons justify the increase in tariff as set forth above:

(1) There are ample deposite of graphite in the United States to meet the needs of this country.

Crystalline flake graphite is found in the following States: New York, New Jersey, Pennsylvania, Massachusetts, Texas, Montana, California, Wyoming, and Alabama.

Crystalline lump similar to Ceylon lump is found in Montana and Alaska.

(2) Eighty-five per cent of the crystalline graphite consumption of the United States is imported principally from Ceylon and Madagascar.

Wages in Ceylon amount to 38 cents per day.

Wages in Madagascar amount to 32 cents per day.

American wages range from $3 to $6 per day; the wages paid by our company average $3.50 per day.

(3) The quality of the American crystalline graphite has no superior for any purpose. Its superiority for crucible use has been demonstrated beyond argument by the United States Bureau of Mines and by the fact that it was most sucessfully used during the World War by the American crucible manufacturers.

As a lubricant it has been conceded by the American manufacturers to have no equal.

Those crucible manufacturers who prefer Ceylon lump to American flake can use Montana or Alaska lump which are similar and equal in every respect to Ceylon.

(4) The United States should be independent of all foreign countries with respect to all war minerals. Graphite, like oil, nitrates, coal, etc., are just as essential as an Army or Navy.

(5) It will give employment to thousands of men who are now idle. The industry will not employ less than 5,000 men if adequate tariff is not granted to enable it to compete with foreign labor.

(6) We believe that the American producer of graphite is entitled to equal tariff consideration with the American manufacturer of graphite products. The investment required to produce graphite is greater than that required in the manufacturing of graphite products.

(7) Graphite inadequately protected as is now the case, means practically a Government subsidy to a few graphite importers and manufacturers. The graphite importer and crucible manufacturer is already protected with a tariff of 45 per cent which is more than he needs, according to his own admission. This excess tariff protection will enable him to absorb easily the increase in rates asked by the producer.

We are not protesting against adequate protection for the manufacturer. We merely ask the same consideration for the producer.

(8) The granting of the increase we are asking will not raise the price to the consumer; as a matter of fact the consumer will be able to buy a better article for less money than he is now paying.

(9) Cheap graphite from Ceylon and Madagascar does not benefit the general public at all. It only adds to the already large profits of the importer and manufacturer at the expense of an industry which proved itself so vital to this Nation during the World War.

(10) Mr. Floyd Weed, a graphite expert with the United States Steel Corporation, testified before the Senate Finance Committee in 1921, as follows (see hearings, p. 1531):

"If any benefit were to accrue to the American public through having unrestricted access to this abundance of cheap foreign material commensurate with the losses that would be sustained by the domestic industry, a possible argument might be advanced for admitting it, but it is certain that no material reduction in prices of graphite products will reach the public, as its cost is a minor factor in the total cost, and of the graphite products that reach the public as such, the cost of the raw graphite is negligible.

"A box of graphite selling for 75 cents contains 5 cents worth of graphite. A box of amorphous graphite selling for 40 cents contains 2 cents worth. A gallon of graphite paint selling for $2.50 contains 6 cents worth. A box of graphite grease selling for 15 cents contains one-half cent worth. The cost of smelting in a graphite crucible is one-fortieth of a cent a pound."

(11) The rich Dixon Crucible Co. asks that graphite be put on the free list, which virtually means that they are asking that much extra protection for themselves, and they do not suggest cutting down their own rates proportionately. Exhibit A attached hereto shows how the Dixon company has prospered under tariff protection, and also shows their utter selfishness in asking that graphite be placed on the free list. Their enormous profits show that they can easily afford to buy American graphite even if it should cost them a few cents more.

(12) Adequate tariff on graphite will benefit several thousand people in different parts of the United States. We believe a policy that will benefit the many is better than one which only makes a rich company richer.

(13) The stockholders of the Alabama-Quenelda Graphite Co. live in 20 different States, only about a tenth of its stock being held in Alabama; therefore, the benefits would not be confined to Alabama, but would be spread over nearly half of this Nation. This applies also to other graphite companies in Alabama.

(14) Ceylon belonging to Great Britain, and Madagascar belonging to France, now supply about 85 per cent of this country's consumption of graphite. Is the United States occupying a desirable position in case of war?

The Government spends millions of dollars annually to maintain an Army and Navy for national defense; the graphite industry, which is also essential, can be maintained with no cost to the Government or to the public. The tariff already granted to the graphite products manufacturer is ample to absorb the increase we are asking, and the enormous profits reflected by the large dividends enjoyed by the crucible makers will more than justify their paying this slight increase in the price of American graphite.

Canada, a British possession, has a protective tariff on graphite, including Ceylon, which is itself a British possession. (See Exhibit B, attached hereto.)

(15) We have a plant capacity of 55,000 pounds per day, employing 200 men. We are now running only part time, employing 65 men and producing 12,000 pounds per day. Our equipment and methods are modern and scientific, yet it is costing us nearly 10 cents per pound to produce graphite. Operating our plants at full capacity, this cost can be reduced to 7 cents per pound.

The cost of producing graphite in Ceylon and Madagascar, according to my information, is about 2½ cents per pound.

The freight rate from Alabama to New York is $16 per ton, the freight rate from Ceylon to New York is $7.12, and from Madagascar to New York it is $21.

(16) The price which the American producer is able to obtain for his graphite is dictated by the importer and graphite products manufacturer.

In case of labor troubles in Madagascar, or a tidal wave in Ceylon, the American producer gets a fair price—about 7 or 8 cents; but unless there is some mishap of this kind the price is about 5 cents for the better grade and 2 or 3 cents for the dust. About two-thirds of our output is of the better grade and will bring the higher price.

The United States Tariff Commission shows the price of crystalline graphite imported into this country during 1928 averaged 3.45 cents per pound.

(17) The production of graphite in the United States is no longer a theory nor an experiment, as both the quantity and the quality has been and is now being produced that will meet all the requirements of the American market.

The difficulty confronting the American producer is not his inability to produce graphite either as to quantity or quality; but the difficulty is to sell the graphite in competition with graphite produced by oriental labor.

Approximately $10,000,000 has been invested in the construction of plants and installation of modern equipment by graphite producers in this country.

(18) In his message to the Congress the President stated that one of his principal reasons for calling this special session was to so revise the tariff rates that any industry that had not been able to prosper under the rates in the present law should be given an increase sufficient to enable it to live and develop. Of the industries in the United States which, since 1922, have not been able to prosper, the graphite industry stands out as a striking and conspicuous example of the need of adequate tariff protection. In 1921 there were 53 graphite companies in the United States; today there are 4.

Respectfully submitted.

ALABAMA-QUENELDA GRAPHITE CO.,
W. L. SHUMATE, Jr., *President.*

EXHIBIT A

In the recent hearings before the Ways and Means Committee the Dixon Crucible Co. stated that if an increase in tariff on graphite were granted the producer it would necessitate the crucible manufacturer's raising the price to the consumer.

We claim that the crucible manufacturer is already protected with a high tariff so that he can easily absorb the small increase the producer is asking.

We further claim that the margin of profit which the crucible manufacturer now enjoys will permit him to stand the slight increase in the tariff on graphite, which is the principal article going into the manufacture of his products.

The Dixon Crucible Co. in the hearings stated that they had $10,000,000 invested in the graphite products business. We wish to call attention to the fact that this $10,000,000 represents profits they have made out of the business and is entirely "velvet." The $10,000,000 they now have invested in the graphite products business is the amount of money left in the business after having drawn out the original investment many times over.

We call attention to the statement of the Dixon Crucible Co. as it appeared in the issue of April 20, 1922, Magazine of Wall Street, photostatic copy of the page attached hereto. In analyzing this statement we find the Dixon Crucible Co. in 1900 had a capital of $1,000,000, and that up to 1922 they had drawn out of their business in cash dividends $7,045,000; and the financial statement of the company at the close of 1921 showed assets of $8,691,000, with a surplus of $3,264,000. By referring to Poor's Manual, 1928, on page 2259, you will find the figures as shown by the Magazine of Wall Street verified, and in addition thereto you will note that the Dixon Company has paid regularly since 1922 a dividend of 2 per cent quarterly on $5,000,000, which is equivalent to 10 per cent quarterly on $1,000,000. In other words, since 1922 they have paid regularly a cash dividend of 40 per cent, and in addition to these dividends an extra cash dividend in 1927 of 7 per cent on $5,000,000, or 35 per cent on $1,000,000, making the cash dividends for the year 1927, 75 per cent.

JOSEPH DIXON CRUCIBLE CO.

This department hinted, some weeks ago, that the position of the Joseph Dixon Crucible Co., and its past record, reserved consideration of investors. It is now possible to present statistical data showing the company's scope, which is done in the table below.

Joseph Dixon crucible

[Last three figures omitted]

	1917	1918	1919	1920	1921
ASSETS					
Real estate and buildings	$2,011	$1,925	$1,307	$1,692	$1,697
Equipment [1]	596	341	363	423	430
Securities and investments	862	1,763	1,433	958	916
Inventory	4,416	3,161	3,227	3,160	3,605
Cash	86	305	198	452	266
Accounts and bills receivable	1,771	1,279	1,741	2,298	1,776
Foreign agency	20				
Total	9,763	8,773	8,268	8,973	8,691
LIABILITIES					
Capital stock	2,000	2,000	2,000	5,000	5,000
Current debt	14	233	298	401	327
Reserves	2,771	1,384			
Surplus	4,977	5,156	5,970	3,572	3,364
Total	9,763	8,773	8,268	8,973	8,691
Working capital	7,121	6,285	6,301	6,403	6,236

[1] After depreciation.

Besides being a leader in its field at the present time, Joseph Dixon Crucible has a history dating back nearly 100 years, the business to which it succeeded having been established in 1827. The present company was incorporated in New Jersey in 1868, and in 1873 it absorbed the American Graphite Co., whose plant was located at Ticonderoga, N. Y.

The company manufacturers black lead crucibles, lubricating graphite, lead pencils, graphite paint, stove polish, graphite axle grease, and other graphite products. All of these products, it is noted, are of practical and universal

utility, and they have a market which is not likely to contract under any conditions.

Its plant is located at Jersey City, N. J., and it owns graphite mines at Ticonderoga as well as a cedar plant at Crystal River, Fla.

As will be seen from the table, the company's $5,000,000 of capital stock, par value $100, constitutes the entire capitalization, there being no funded debt. Current debt—accounts and notes payable—has been confined to a very small sum through Joseph Dixon's career, amounting to only $372,000 as of December 31, 1921.

The company's working capital, as the figures show, amounts to substantially more than $100 per share of stock outstanding. The surplus as of December 31 last, amounts to over $60 per share.

Even though the company does not publish an income account, the foregoing facts seem enough to establish its financial position sound to a degree not usually attained by industrial companies.

Joseph Dixon has a dividend record which is quite as impressive as its present financial position. The following is the record: 1900–1902, 6 per cent; 1903–1907, 12 per cent; 1908–1910, 6 per cent; 1911, 9 per cent; 1912, 18 per cent; 1913, 20 per cent; 1914, 12½ plus 100 per cent stock; 1915, 7 per cent plus 7½ per cent extra; 1916, 5 per cent plus 45 per cent extra; 1917, 5 per cent plus 95 per cent extra; 1918, 10 per cent plus 40 per cent extra; 1919, 20 per cent; 1920, 15 per cent on $2,000,000 stock, 150 per cent stock dividend, 2 per cent on $5,000,000 stock; 1921, 8 per cent.

Joseph Dixon Crucible stock, at this writing, is available in the over-the-counter market at 138. At that price, it offers an income yield of over 6 per cent, which, in the light of the company's remarkable financial position, makes it appear one of the most attractive issues on the list. Bought outright, through reliable brokers, it merits the attention of those who occasionally buy high-class investments with the idea of salting them away.

EXHIBIT B

[Extract from hearings before Senate Finance Committee, 1921 (pp. 1497–1498)]

Until the United States entered the war, in 1917, the use of Ceylon and Madagascar graphites by American manufacturers was unrestricted as long as guaranties could be furnished to the British and French Governments that the products into which these graphites entered would not fall into the hands of the enemy.

FORM OF WAR-TIME CANADIAN PLUMBAGO GUARANTY

The MINISTER OF CUSTOMS,
Ottawa, Canada:

In consideration of your consenting to the delivery to us of the plumbago which we have purchased or shall hereafter purchase from ———, we hereby give you the following undertaking, which shall remain in force so long as Great Britain is at war with any European power:

(1) We will use the said plumbago solely for our own manufacturing purposes.

(2) All orders received by us for plumbago crucibles or plumbago in a form suitable (whether after refining or otherwise) for the manufacture of, or for use as, crucibles, foundry facings, or lubricants to be sent to countries other than the United Kingdom, France, or British possessions shall be executed from stocks maintained by us in the United Kingdom or France or be executed by shipments to the United Kingdom or France and reshipment from there, under license to be obtained for export therefrom.

(3) We will not execute any orders for plumbago crucibles or plumbago in a form suitable (whether after refining or otherwise) for the manufacture of, or for use as, crucibles, foundry facings, or lubricants to be sent, either directly or indirectly, to any country or State at war with Great Britain.

(4) We will not sell to any person in the United States any plumbago crucibles or plumbago in a form suitable (whether after refining or otherwise) for the manufacture of, or for use as, crucibles, foundry facings, or lubricants without satisfying outrselves that there is no intention on his part

to export, or resell the same for exportation, otherwise than by shipping to the United Kingdom or France and reshipping from there, under license to be obtained for export therefrom.

(5) We will present to you on demand the original contracts or other documents evidencing the sale by us of any plumbago crucibles or plumbago in a form suitable (whether after refining or otherwise) for the manufacture of, or for use as, crucibles, foundry facings, or lubricants.

Dated at ———, 191—.

———— ————.

MADAGASCAR GRAPHITE FOR THE UNITED STATES

For some time prior to the beginning of the war the graphite situation of Madagascar for various reasons had become somewhat demoralized. It was therefore desired by the colonial government that an attempt be made to interest American importers in Madagascar graphite as a probable means of relief. A beginning was made and several direct shipments went forward prior to the war and a few shipments after the war. In October, 1914, however, a decree was issued by the Madagascar authorities prohibiting the exportation of graphite from the colony except for France, England, Russia, and Belgium. This decree was issued notwithstanding the fact that there did not appear at that time to be any serious demand from Europe for the large stock of from 8,000 to 10,000 tons of graphite estimated to be on hand in the island. This remained the situation until February, 1916, when the French ministry of colonies decreed that all graphite shipped from Madagascar should be billed to Marseille and that only after the needs of France had been supplied would authorization be given for shipment of this mineral from Marseille to any foreign country.

Exportation to the United States.—In October of the same year there was published in the official journal of Madagascar a notice stating that according to new instructions from the ministry of colonies, issued in agreement with the chief staff of munitions, the regulations governing the exportation of graphite from the colony were changed so as to permit the surplus of the local production to be exported to the United States via Marseille. At the same time it was stated that graphite for England might be shipped direct under certain conditions. In view of the present tonnage situation, the State Department was requested to endeavor to obtain the consent of the French authorities to the direct exportation of graphite from Madagascar to the United States, and has now been advised that the French ministry of armaments is disposed to grant a favorable hearing to applications for such shipments.

STATEMENT OF J. H. SCHERMERHORN, REPRESENTING THE JOSEPH DIXON CRUCIBLE CO., JERSEY CITY, N. J.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. SCHERMERHORN. Mr. Chairman and gentlemen, I am vice president of the Joseph Dixon Crucible Co., of Jersey City, N. J.

I dislike to take much of your time. I am going to take as little as I possibly can.

Senator EDGE. Do you desire to file a brief?

Mr. SCHERMERHORN. Yes.

It was my good fortune to appear before the subcommittee of the Senate Finance Committee some seven or eight years ago, when the proposed tariff on graphite was being discussed before the Senate Finance Committee. At that time I made the statement in substance that the crucible makers would be compelled to use foreign graphites to make satisfactory crucibles, even though the tariff was increased, and until such time when bankruptcy might face the

crucible industry. The importations of foreign graphites for crucible making since 1921 and 1922 indicate that my conclusions were correct.

For several years past the plumbago crucible industry has suffered greatly from the competition of electric furnaces, also because the crucible makers themselves are producing a crucible which gives very much greater service than crucibles made 10 years or more ago.

Let me interrupt right there, just as a matter of information. Our crucibles to-day are giving at least 50 heats service. The report of the results obtained by the Bureau of Mines would not be a satisfactory result from any of our crucibles, when he mentioned something like seven heats.

Senator KING. The last witness mentioned something about the test made, and the deduction which he drew from that test was that the graphite produced in the United States gave just as good heat service—that is, it could withstand the heat just as well as any other—and that the crucibles made from it were just as good as crucibles made from other graphite.

Mr. SCHERMERHORN. Senator, he spoke in such generalities that it would be very hard for a crucible manufacturer to understand what graphites he was talking about. You asked him earlier in the hearing about a description of flake. A flake is a good deal like a shingle, Senator. A flake that is made by some mines, putting graphite through a roller and flattening it out, is not a flake that has any strength. It is not a natural flake that would be suitable for making a crucible.

Some of the ores produce a very small quantity of decent-sized flake. I do not mean a flake as big as your finger nail, but a flake a little larger than the head of an ordinary pin. One of the greatest troubles in producing graphite is to get enough of the commercial article or enough of the flake of the size that has the toughness necessary to build up a crucible that is strong and tough and will stand the expansion due to the heat, the contraction, and so forth.

When one of the previous speakers was discussing the question of the Ceylon graphite, I feared that he was not too well informed. For example, only recently I bought some lump. Bear in mind, gentlemen, that there are all kinds of Ceylon lump. There is Ceylon lump that is called crystalline. When broken down it becomes a very fine powder, to such an extent that in ordinary, common, commercial language we would pretty nearly call it an amorphous graphite. The word "amorphous," in itself, means without form.

Senator KING. Would that be suitable for crucibles?

Mr. SCHERMERHORN. No, sir. And yet one of my predecessors indicated to you, gentlemen, that it would. So, it is quite evident to me that he was working under a misunderstanding and does not know how to make crucibles. I do not mind telling you that I just bought some crucible lump the other day, and I paid somewhere between 8 and 8½ cents a pound, laid down in New York. The duty is in that price. When I broke down that crucible lump——

Senator EDGE. You would not pay 8 cents a pound for it if you could get it for 3 cents from Alabama, would you, if it were suitable for your purpose?

Mr. SCHERMERHORN. No, sir. It would not be human. I just interpolated that at this point because there are so many features about

this crystalline lump. We broke down this crucible lump, as we call it, which is a flake lump; and when you ask me, Senator Edge, if I would pay 8½ cents when I could get it for 3, my answer is no.

Senator EDGE. What is the average you pay? They say it is exceptional to have such a price, and I imagine it is. What would be the average you would pay for the lump or crystalline graphite for use in crucibles?

Mr. SCHERMERHORN. Crucible lump, I should say, at 6½ cents a pound would be cheap. Under 10 cents would be a fair price.

Senator EDGE. Is that what it is costing you?

Mr. SCHERMERHORN. Yes, sir. I want to demonstrate this point, gentlemen. We are not buying crucible lump because we want to. Every pound of this crucible lump that we buy we have to break down, grind, and size. We have a lot of fines. The fines we take out of it are worth 1 cent, or a cent and a half a pound for stove polish or anything else we can sell it for. We have to charge the difference against that 8-cent price.

There seems to be a mistaken idea on the part of some of the people who testified before the Ways and Means Committee as to the great and important necessity of graphite as a war measure because most of the electrodes used in large electric furnaces are made of artificial graphite or graphitized carbon, which is made from coal and coke, in which this country is richly endowed. As to plumbago crucibles, the electric furnace is fast crowding out the plumbago crucibles, the electric furnace taking their place, so, as a war measure, the plumbago crucible would be unimportant. It is not a question of whether crucible melting is cheaper than electric melting, or noncrucible furnace melting. You do not need the crucible as a war measure. You may have to pay four or five times as much to answer the purpose. I believe I can truthfully say that during the war at no time were we out of foreign graphite for making crucibles. At times we were sweating blood when a ship went down. We put $200,000, if I remember the figure, into Alabama, to get the next best thing we could if we got into a jam. We took a mortgage on the property. We were offered the property that the previous speaker had, only recently. By the way, one of the finest men who ever came from your State, Jack McCullough, sat in my office one day, and I said to him, "Colonel, how did you ever come to go into the graphite business?" He said, "Colonel Schermerhorn, I reckon it was because you told me to stay out." I said to Jack McCullough "How much did you lose?" He said, "I don't know. I lost everything I had, and they tell me I owe $700,000 besides."

Many people who have invested their money in domestic graphite mines did so without the knowledge of the limited market for the product of that mine, and also with little or no knowledge that the percentage of the marketable product of one mine is very small compared to the total output of the mine, hence, the entire cost of operation has to be saddled on the product that has a market, even though a limited one.

Only last week there was offered to my company by a domestic miner 200 tons of flake graphite, prices laid down lower than the foreign graphite would cost laid down in this market. This graphite

is higher in graphitic carbon content than the foreign graphite, but this domestic graphite ran so high in harsh grit and small flakes that we had to decline to accept the offer, which was tendered to us, which might sound attractive to prospective customers who had less knowledge than our graphite experts of the physical requirements of the graphite users.

Senator KING. Do you have to contend with sulphur content, or zinc?

Mr. SCHERMERHORN. Graphite with sulphur content is not usable.

Senator KING. I know, but I was wondering if any of the American graphite had a small percentage of sulphur.

Mr. SCHERMERHORN. No. The objectionable feature of the domestic flake graphite is principally mica. That is the objectionable feature.

So as not to burden you with the details of this subject, I beg to refer you to the testimony of the crucible industry before the Ways and Means Committee.

The crucible industry is in very urgent need of relief. The tariff is a heavy burden on us, and we are requesting the elimination of a tariff on graphite as a protection to us which is contrary to the usual conditions of industries who require an increased tariff.

There are about 10 crucible manufacturers in the United States, 3 of them being New Jersey corporations, 4 Pennsylvania corporations, 1 in Chicago, Ill., and 2 in New England.

The proposed tariff bill as referred to your committee brings about a slight reduction on one type of graphite used in crucibles, whereas it increases the duty on another type of graphite used in the crucible industry, and both of these types are of great importance in crucible manufacturing. I have asked for the elimination of all duty on these types of graphite, that is, the crystalline flake as imported from Madagascar and other countries, and the crystalline lump, chip, and dust as imported from Ceylon.

So that I may make my position clearer as to the necessity for having foreign graphites, I would refer you to the specifications of the Department of Commerce in Washington—these specifications for foundry facings issued by their office for guidance to the manufacturers of foundry facings who supply the Government foundries' call for grade "A" Ceylon, which is the imported graphite and is the only suitable article for producing first-class castings such as the Government requires, hence, these facings must be made out of Ceylon lump or Ceylon dust.

Senator KING. That is a requirement of the Government?

Mr. SCHERMERHORN. Yes, sir; that is the United States Government specification.

Senator KING. Suppose you used the product of the gentleman who was on the stand last. Would they reject your casting?

Mr. SCHERMERHORN. If we wanted to cheat—the margin of profit in these facings is so small, and if we wanted to cheat, and the castings were not satisfactory, we would be put on the black list, and we would never get a chance again. But we are too big to cheat, or too honest, whichever way you want to put it.

The new bill, as proposed, does not give us any real relief, for while it grants a reduction of about 16 per cent on crystalline flake,

yet on the other hand it brings about an increase of about 25 per cent on the crystalline lump, chip, or dust, all of which grades are indispensable to the crucible industry. The concerns which I represent will welcome any assistance which you can give us, looking forward to either a material reduction in the proposed duty or the complete elimination of this tariff.

I represent 95 per cent of the manufacturers of plumbago crucibles or crucible products in the United States. Attached hereto are extracts from the information circulars issued by the Department of Commerce, Bureau of Mines, regarding graphite. These are very important.

Senator EDGE. I would not bother to read them now. We have been referring to them. I have a copy of it, and am referring to it from time to time.

Mr. SCHERMERHORN. I am not going to read those.

Senator EDGE. Read it if the Senator wants it. They are official reports from the Bureau of Mines and the Department of Commerce.

Mr. SCHERMERHORN. This is from the Department of Commerce. I can read it very quickly.

Senator KING. If it is in the brief, I will read it.

Mr. SCHERMERHORN. Do not misunderstand me. I am not trying to tell the people who appeared before me how to run their business. I know one thing. In my 22 years connection with the Joseph Dixon Crucible Co. I have known when to stop running two graphite mines.

Senator KING. Let us see if we can understand each other, Mr. Witness. Your contention is that the American product, whether it comes from Alabama, or any other place, is not as suitable for crucible purposes as that which you import.

Mr. SCHERMERHORN. Absolutely.

Senator KING. And you would pay a differential in favor of the imported material.

Mr. SCHERMERHORN. Yes, sir.

Senator KING. As against the domestic product?

Mr. SCHERMERHORN. Yes, sir. We have been doing it.

Senator KING. Because of its superior qualities?

Mr. SCHERMERHORN. Yes, sir.

Senator KING. Wherein lies its superiority? Is it freedom from mica?

Mr. SCHERMERHORN. Not necessarily. That is one reason why I put in these different extracts.

Senator KING. Then answer that. Wherein is the difference?

Mr. SCHERMERHORN. In the strength of the flake; in the impurities——

Senator KING. What is the impurity, aside from mica? Is it grit?

Mr. SCHERMERHORN. Grit, possibly. Of course, the graphites that are produced in Alabama, which have been principally discussed here, have a very harsh grit, and I have never seen any—and I have had recent samples from Mr. Shumate's office—that have been free from grit.

Senator KING. I do not quite understand. If you subject the fines, or the dust, after it goes through the mill, to the oil-flotation process, or any other process for the purpose of extracting the carbon, I do not understand how the grit could cut any figure in it.

Mr. SCHERMERHORN. The grit is between the flakes, Senator.

Senator KING. But, is not that lost in the flotation process?

Mr. SCHERMERHORN. No. They have to keep grinding that flake and breaking it down. To begin with, Texas has no big flake at all. We went all over those properties before the present owners had them. The properties were offered us. We took the ore, and broke down the ore to determine the size of the flake, the impurities, and things of that kind, as well as the percentage of large flake. When I say "large flake" I do not mean a flake as big as your finger nail. I mean a flake as big as the head of a good sized pin, down to the point where it will go through a screen with 40,000 holes to the square inch. All we demand in the size of the flake is a flake that will stand on a screen about 2,500 holes to the square inch; so you can see how small even that is. But the impurities are quite frequently between the flakes, and the flakes have to be broken down.

Senator KING. Are the chemists and manufacturers of crucibles unanimous in their opinion that the foreign product is superior to the domestic product for crucible purposes?

Mr. SCHERMERHORN. The chemists would not know anything about it.

Senator KING. Are the manufacturers unanimous, then?

Mr. SCHERMERHORN. The real answer is to try them out and use them. The opinion of every crucible manufacturer in America is unanimous. Every plumbago crucible manufacturer in America signs that statement [producing paper]. There is one signature missing.

Senator KING. What proportion of the graphite consumed in the United States is consumed for crucible purposes?

Mr. SCHERMERHORN. Oh, I do not know.

Senator KING. Is there any use being made now of the artificial graphite?

Mr. SCHERMERHORN. In crucibles?

Senator KING. In crucibles.

Mr. SCHERMERHORN. No, sir. Nor has there ever been any, to my knowledge; nor has there ever been any amorphous graphite used in the manufacture of crucibles.

Senator KING. Then the production of artificial graphite does not threaten the graphite business?

Mr. SCHERMERHORN. No.

Senator EDGE. There is no importation of artificial, is there?

Senator KING. No; but I mean locally.

Mr. SCHERMERHORN. I think that the artificial graphite in certain lines is falling in new fields, new markets that were never developed by natural graphite.

Senator KING. Aside from crucibles, what does your company and those you represent produce?

Mr. SCHERMERHORN. We make paints, greases, foundry facings, lead pencils, lumber crayons——

Senator KING. Would an increase in the tariff on graphite increase the price of the pencils and the products you refer to?

Mr. SCHERMERHORN. We are not basing our appeal on that point at all, Senator. We are simply basing our appeal to give us the graphite we need to make an American product as good as, if not better than, the foreign product.

Senator KING. Is it a fact that you carried into the McCumber tariff act an anticipated rise in the price of the domestic product? That is to say, because the domestic product asked for a 6-cent tariff, as I understood the last witness, there was carried into the finished product a tariff which would be denominated compensatory, for the supposed increase in the price of the domestic product.

Mr. SCHERMERHORN. I do not think there is anything to that, for this reason. The tariff on crucibles, if you speak only of crucibles, as the finished product, is very largely a question of labor, such as you heard discussed this morning by the pottery makers. Making crucibles is a good deal like making pottery. They are hand turned. They have machines where they turn these things around by hand work.

Senator EDGE. What is the duty on crucibles?

Mr. SCHERMERHORN. I do not know.

Senator KARKLEY. What is included in the word "crucible"?

Mr. SCHERMERHORN. In the sense of a plumbago crucible, if you have never seen one, it is a pot, quite a good deal like the shape of a flower pot. The beauty of graphite is that it is a good conductor of heat. It has a high refractory value, and the only reason we use the clay is as a binder, to hold the graphite together. We have to have something. We do not want an eggshell with a soft egg in it, so we have to have a binder in there so that we can bind this graphite together, so that it will stand temperatures as high, sometimes, as 2,400 up to 3,000 degrees.

Senator KING. They are used for metallurgical purposes?

Mr. SCHERMERHORN. For everything. The Treasury Department uses them to melt gold. They are used to melt silver, copper, brass, and steel.

Senator KING. What proportion of the crucible output of the United States is made from domestic graphite?

Mr. SCHERMERHORN. That is a very hard question to answer, Senator, for this reason——

Senator KING. I do not want the reason.

Mr. SCHERMERHORN. I have to give you the reason to give you the answer. We may buy a thousand tons of graphite for the purpose of making crucibles. When we wet through we may have only 700 tons of that graphite into crucibles, or 500 tons, and the other stuff we have to use some way, so we use it in foundry facings, or any way by which we can get something out of it. I hope you will pardon my trying to explain it.

Senator KING. Do you use any domestic product in the Dixon Co.'s factories for the production of crucibles?

Mr. SCHERMERHORN. No, sir.

Senator KING. Do any of the manufacturers of crucibles use the domestic product?

Mr. SCHERMERHORN. I met with them less than a week ago, and they tell me not for making crucibles.

Senator KING. I am speaking of crucibles.

Mr. SCHERMERHORN. I met with them less than a week ago, and they told me not for making crucibles.

Senator KING. For what products will the American graphite serve, or be as valuable as foreign graphite?

Mr. SCHERMERHORN. It would absolutely be necessary for us to know that we were going to get uniformity of size, uniformity of purity, and a uniform supply, to justify our going into any further tests to determine that.

Senator BARKLEY. He did not understand your question.

Senator KING. Never mind.

(Mr. Schermerhorn submitted the following memorandum:)

JOSEPH DIXON CRUCIBLE CO.,
Jersey City, N. J., June 17, 1929.

The following information is taken from the information circulars issued by the Department of Commerce, Bureau of Mines, and edited by Mr. Paul M. Tyler, and while on this subject I wish to take this opportunity of saying that I believe these recent graphite circulars, edited by Mr. Paul M. Tyler, are more accurate and reliable than any graphite information heretofore published.

Circular 6118 of April, 1929, page 7:

"In addition to determining the size of the graphite ore body the operator or investor should pay attention to the nature of the material. It should be remembered that it is not so much the percentage of total graphite that is imporant as it is the percentage that can be recovered in the form of a salable product. Among other things, therefore, a study must be made of the physical nature (e. g., size and toughness) of the graphite particles and of the amount of mica, pyrite, and other undesirable impurities present."

Circular 6118 of April, 1929, page 26:

"Some of the amorphous graphite mined in the United States has been nothing more than shale or slate containing only enough carbonaceous matter to make it black. Other qualities grade into anthracite. Usually it is the physical character of the product that is of utmost importance, and the value of crystalline graphite depends upon its structure and upon the size of the particle quite as much as upon its carbon content. Flake finer than 90 or 100 mesh, for example, is not acceptable to crucible makers, and much larger flake (up to about 12 mesh) is desired."

In connection with the above paragraph, our experience has been to produce the longest-life crucible or crucible which will give the greatest service we require a large-size flake; that is, of a size which will stand on a 60-mesh or even larger mesh. Up to the 90 or 100 mesh mentioned in Mr. Paul M. Tyler's paper would be of little use or value to crucible makers or graphite grinders generally at the present cost of the larger-size flake.

When the Joseph Dixon Crucible Co. was financially interested in the operation of graphite mines in Alabama, their experience was that the flake large enough to meet the requirements of size for making crucibles was such a small percentage of the total output of the mines, or, in other words, the principal marketable product of the mines, that the cost of recovery was so great to get this small percentage of usable graphite that the cost of the finished graphite was prohibitive and the mine could not make money.

Referring to Circular 6123 of May, 1929, issued by the Department of Commerce and edited by Mr. Paul M. Tyler, page 7, where it speaks of all kinds of graphite used:

"Ceylon plumbago has been universally recognized as the variety best suited for crucible use * * * but there is a wide divergence of opinion as to whether as good crucibles can be made commercially from 100 per cent flake graphite as from the usual mixtures containing a large proportion of Ceylon plumbago. Flake graphite was substituted to a large extent for Ceylon grades during the war, but even France, where Madagascar flake exclusively was used in crucibles during the later years of the war, has slowly reverted to the use of at least a small percentage of Ceylon plumbago. Ceylon graphite has much greater bulk with respect to its surface area. It is also said to be more nearly free from undesirable impurities such as mica and pyrite."

Circular 6122 of May, 1929, part 11, page 2:

"American graphite deposits, though numerous and often large, are characteristically low grade. They constitute an abundant source of potential supply, but in normal times they have proved relatively costly to work, and even at the same price the various products (domestic) have never been able wholly to displace certain imported qualities, notably crucible grades from Ceylon and pencil graphite from Mexico."

Page 3, regarding Alabama graphite:

"The rock is largely quartz with some mica and apatite, and with rarely more than 3 or 4 per cent of graphite. More efficient milling has made possible a 75 per cent recovery from rock containing only 2 per cent of graphite, the yield per ton being about 25 pounds of graphite."

The writer might state that if all this 25 pounds had a commercial value it certainly would not pay mining costs, because there is too small a percentage of large or medium size flake and too large a percentage of small flake.

Page 5, with reference to California, Mr. Tyler makes the statement, "The smallness of the flake makes it of little value for crucibles or refractories." The writer's experience of 22 years in graphite mining, and the manufacture of graphite products, satisfies him that the small size of the flake of domestic mines is one of the principal reasons why the mining of flake graphite in this country is not profitable.

Circular 6124 of May, 1929, page 1, Mr. Paul M. Tyler states that:

"According to one authority fully 600 graphite mines have failed in the United States, and the record shows that of all these properties scarcely a score have ever succeeded in operating for as much as a year or two. Throughout the country, in fact, there are scarcely a dozen States in which efforts have not been made at some time to exploit graphite deposits. Failures inevitably occur in all kinds of mining, but the disheartening feature of the record of graphite mining in this country is that so few ventures have even paid back the money put into them and that none has been a conspicuous success."

Page 2:

"Many persons seem to have a mistaken idea as to the actual size of the graphite industry. According to the testimony in the recent tariff hearings, 87 per cent of the domestic production of flake graphite is furnished by one company. This company, certainly the most successful now operating, has expended more than $2,000,000 in developing its mines and in the construction of milling equipment, and the gross value of its annual sales as indicated by the total value of domestic production in recent years has been substantially less than $200,000. Even were the margin between costs and selling prices very much greater than it actually is, the potential returns of new graphite mining ventures would not appear commensurate with the capital investment required."

"More significant even than the facts concerning the present small tonnage requirements of specified grades is the question which confronts a prospective new producer as to whether his product can be sold at all. For certain uses and in certain localities it may be possible to market a small quantity of almost any graphitic material provided it is cheap enough; and provided, of course, it contains a fairly high percentage of carbon. But if the price demanded, even for powdered material, is more than 2 cents a pound, the problem of satisfying buyers as to quality becomes of paramount importance."

Page 3:

"In the manufacture of crucibles, for example, various mixtures of clay and graphite are employed and each mixture has to be handled differently. Experience has shown that one kind of clay can not be substituted for another without changing other factors in the process, and that the same is true of different kinds of graphite. Since it takes at least a year to work out the manufacturing technique to test the merits of a new mixture in actual melting service, it is not surprising that manufacturers are reluctant to depart from established practices."

Right here the writer asks permission to say that the plumbago crucibles which the Joseph Dixon Crucible Co. makes and which give the best all-around service and best average service are largely if not entirely made of clay, Ceylon crucible lump, Ceylon chip, and in some cases a small percentage of Madagascar flake graphite, whereas other other crucible manufacturers accomplish their highest quality crucibles either entirely by the use of Madagascar flake or part Madagascar and part Ceylon graphite the average quality of crucibles produced by both groups is about the same.

Page 3:

"The graphite industry, it should be remembered, is in many respects a complicated one. Attempts to state its problems as broad generalities tend to obscure the facts that there are three or four wholly different types of graphite with several grades of each type. Moreover graphites of nominally the same

grade may not be interchangeable because of differences in purity and physical condition."

Page 4:

"Both Alabama and Pennsylvania graphite dust (and flake) were said to be of inferior refractory quality because of their large silica and mica content which fuses under heat."

The writer wishes to state in this connection that this silica and mica impurity spoils the quality of a crucible just the same as it spoils the quality of a foundry facing.

STATEMENT OF H. M. RIDDLE, JR., ASBURY, N. J., REPRESENTING GRAPHITE GRINDERS

Senator EDGE. Whom do you represent?

Mr. RIDDLE. I represent the graphite grinders and refiners.

Senator EDGE. Explain to the committee what "graphite grinders" means.

Mr. RIDDLE. Graphite grinders and refiners means the people in this country, or the industry, which handles the greater part of the foreign graphite, or any type of graphite that goes to the various industries where it is used. For instance, the Joseph Dixon Crucible Co. could also be classsified as graphite grinders and refiners. They refine their own product for crucibles, for stove polish, for paint, for lead pencils, and everything down the line.

Senator EDGE. Where do you sell your product after you grind it, or refine it?

Mr. RIDDLE. We sell it to people in competition with the Joseph Dixon Co. and other grinders using graphite for these purposes which I have just mentioned.

Senator KING. You take the raw product, grind it and purify it?

Mr. RIDDLE. Purify it, grind it, and mix it, using several types and formations from several different parts of the world, such as Ceylon and Madagascar. We mix the different types from each country.

Senator EDGE. Do you use any domestic?

Mr. RIDDLE. We have experimented with every type of domestic graphite we could get hold of, trying to use it in various forms and for every purpose, but we have never been successful.

Senator EDGE. It is being used to the extent of 2,600 tons by somebody.

Mr. RIDDLE. It is being used principally in the dry-battery trade for battery carbons.

Senator KING. What is that?

Mr. RIDDLE. That is the making of B batteries for radios, batteries to give light in flashlights, and things of that sort.

Senator KING. It is not being used for crucibles?

Mr. RIDDLE. It is not being used for crucibles.

Senator KING. Lead pencils and paints?

Mr. RIDDLE. No. It is used in a small way for paints.

Senator KING. Is that because of its inferior quality?

Mr. RIDDLE. That is because of its inferior quality.

Senator KING. Even though it is cheaper you do not use it?

Mr. RIDDLE. Even though it is considerably cheaper we do not use it.

Senator KING. Supposing you should buy some of the product of some of the previous witnesses, those who produce in Texas and sell it. Could you sell it for lead pencils, paints, and crucibles?

Mr. RIDDLE. We could sell it for paints. We could probably find some trade that is not particular, where we could put it in in other ways. But, as a general rule, we would have a hard time to get rid of it.

Senator EDGE. There is no reason for you to have any prejudice against it, if you had a market for it, is there?

Mr. RIDDLE. Absolutely not.

Senator EDGE. It is a domestic product.

Mr. RIDDLE. We certainly would not go half way around the world, to Madagascar and Ceylon, and carry 6 to 12 months' supply of graphite on hand, and be forced to take the chance of fluctuating markets if we could get the product here at home. And, on top of that, we have to pay considerably higher prices.

Senator EDGE. Do you wish to submit a brief?

Mr. RIDDLE. I have a brief statement here. It will take me only about two minutes to present it.

In behalf of the grinders, refiners, and users of foreign crystalline lump, chip dust, and flake graphite, I make a very earnest appeal to you not to add to our burdens by placing an additional duty on this material. Let me urge you instead to abolish the duty.

While no definite figures are available as to the actual capital involved in this industry, it is a very necessary one, and it is estimated that 90 per cent of the crystalline and flake graphite, other than that used in the manufacture of dry batteries, passes through the refiners of graphite, which interests I represent.

We call your special attention to the plumbago or graphite used for foundry facing. For this use we must have a plumbago that is pliable, unctuous, and yet not claggy. These qualities are found to a high degree in the foreign product, but do not appear in the domestic, which contains objectionable impurities, is harsh, and has no body; and is, therefore, unsuited for foundry use. In this connection, the United States Government in issuing specifications for green sand foundry facing stipulates Ceylon plumbago.

Do you know, gentlemen, that nature has placed deposits of plumbago in Ceylon that are superior to any in the world, and which we absolutely can not do without? We get plumbago from this island, 89–99 per cent pure in the crude, and in many different formations, each of which has a distinct advantage over the other for the many different products.

Senator KING. What is the American per cent?

Mr. RIDDLE. The per cent of graphitic carbon?

Senator KING. The witness stated 3 or 4 per cent.

Mr. RIDDLE. That is what they get out of the rock; but, so far as graphitic content is concerned, they refine it up to 92 or 95 in some cases.

Messrs. J. L. Prescott & Co., of Passaic, N. J., who produce approximately 80 per cent of the stove polish manufactured in the United States, and are one of the largest users of graphite in this country, wrote us as follows:

> Regardless of the duty placed on imported graphite, we will have to continue to use it, because we find it makes a much better stove polish than any domestic graphite.

It is not necessary to dwell on the fact that American graphite is not suited for motor brushes. Some of your members have already

received protests from this industry. Why penalize the motor brush industry by adding a duty on the material they use when the American product will not answer their purpose?

We have tried for years to use American graphite without success. Surely you can understand that we would not go half way around the world to Ceylon and Madagascar, pay higher prices, be forced to carry from 6 to 12 months' supply of crude material in our warehouses, and take the chances of loss from a fluctuating market, if we could get a supply in the United States on a few days' notice at a price considerably under that which we would have to pay for the foreign product.

It has been shown that even with the duty now in effect, tonnage in American graphite has constantly dwindled, and regardless of the amount of duty imposed, the American industries will be forced to continue to use the foreign product. Therefore, the proposed increase in the House bill would be a hardship on all industries that use plumbago or plumbago products.

Senator EDGE. Thank you. Are there any questions from the committee?

Senator KING. Have you experimented with the domestic product?

Mr. RIDDLE. Yes; we have. Considerably. In fact, we have gone into every part of the country to get it. We went into Georgia about two years ago, where there is a deposit that has not had very much done with it, and financed the taking out of a car of that material, even at a higher price than we would have to pay for Ceylon, to see if we could do something with it.

We have experimented with Annandale graphite. We purchased a couple of carloads from them and went to quite an expense to try to see if the crucible people could not use it. We furnished them with graphite for a test. We still have most of that at our plant.

Senator KING. Have you obtained any from Montana?

Mr. RIDDLE. We never have obtained any from Montana.

Senator KING. Any from Texas?

Mr. RIDDLE. Yes; indirectly. At one time we had, I would say, six or seven tons that we took from a cruicible manufacturer. We did not know what to do with it.

Senator KING. To what extent have you experimented for the purpose of proving the availability of the domestic product?

Mr. RIDDLE. We have taken the domestic product and refined it to percentages of from 10 to 100, and we mixed it in percentages of from 2 to 100, with grades that we are furnishing to various industries, in commodities such as stove polish, motor brushes, and other uses of graphite. We have taken it to them and asked them to use that material. They have experimented with it and turned it down.

Senator KING. Why is the domestic product unsuitable?

Mr. RIDDLE. In Ceylon you get three different types of formations, each suited for its special purpose. In Madagascar you get two different, distinct types, one a more or less thin flake—it is not a thin flake, but it runs thinner than the other. The other we call a needle flake. Each one of those has its particular use. One will not go in where the other does. For that reason the American flake does not run as the other types, and is not as good.

Senator KING. I can not understand yet, I confess, why a piece of carbon taken from a mine in Alabama, a piece as large as the end of

your finger, is not as good, if it is carbon, as a piece of the same size taken from Ceylon.

Mr. RIDDLE. Take foundry facing, for example. The graphite we get from Alabama is light and thin. When it is prepared for foundry facing it is something like carbon black. You probably know something about carbon black.

Senator KING. Yes.

Mr. RIDDLE. It will not stick on a mold. Bear in mind this, that for some purposes they could get along without using any facing, if they do not use hot iron, if they are not pouring it so hot, or if they are not particular. In that case it would work, because they could get along without anything. But in cases where they are pouring iron hot, and where they have coarse sand, that material will not stick and cover the sand mold, as will the heavier types we get from Ceylon, that are unctuous and pliable. You can put them on there and have a full coating.

Senator EDGE. Are you familiar with this new deposit that has been discovered near Annandale, N. J.?

Mr. RIDDLE. I am familiar with it.

Senator EDGE. Is it supposed to be better?

Mr. RIDDLE. I would estimate that we have probably taken from 20 to 30 per cent of all they produced in the last three years. I am not positive of that, but I know of only one concern that has bought any. We took that to experiment with to see if we could use it. We still have most of what we bought at our plant. That is very close to us and we certainly would like to use it if possible.

Senator KING. Did you pay less for it than for the foreign?

Mr. RIDDLE. We paid much less for it than for the foreign.

Senator KING. And you can not use it?

Mr. RIDDLE. We can not use it. I have an invoice here that shows that for the No. 1 flake, which is a very heavy type of graphite, made by rolls to make it heavy—this, I might add, was a sale, from their standpoint, and it did not show what the material cost them.

Senator KING. A sale by whom?

Mr. RIDDLE. By the Annandale Graphite Co. It did not show what the material cost them, but the amount that they have in the mine would not justify them in selling any graphite on that basis.

The price on No. 1 flake, 85 to 87 carbon, was $100 a ton, or 5 cents a pound. Their price on a grade running 46 per cent graphitic carbon, more or less, a mixture of flake and dust——

Senator EDGE. Have you any import invoices there?

Mr. RIDDLE. I have copies of some invoices here.

Senator KING. What are they?

Mr. RIDDLE. Here is a copy of an invoice showing 20 bags of 80 per cent dust, sold a couple of years ago at four and three-quarters.

Senator KING. Was that imported?

Mr. RIDDLE. That is imported. That is a high-grade dust, and, by the way, it is lower to-day than it should be. Ninety per cent lump graphite to-day is worth about 5 cents a pound.

Senator KING. Was that the price before the duty?

Mr. RIDDLE. That is the price after the duty is included.

Senator KING. You stated a few moments ago that you were paying more for foreign than for some of the domestic.

Mr. RIDDLE. As I mentioned, on a lot that would not justify their costs.

Senator KING. From Annandale?

Mr. RIDDLE. Yes. It would not justify their costs. It was a lot that was sold us so that we could experiment with it.

Senator EDGE. Have you any receipts there for any you bought for less than 5 cents a pound, of the domestic?

Mr. RIDDLE. No; I have not. This is much less than what we are paying for Ceylon or selling Ceylon at.

Senator KING. What are you buying Ceylon for laid down at your mill? What does it cost you?

Mr. RIDDLE. It all depends on the type. Dust running 55 per cent carbon, which there is nothing to compete with, probably, in the southern section, would be worth to-day about 2½ cents a pound. It varies. Seventy per cent dust to-day——

Senator EDGE. What is this stuff that costs 7 and 8 cents?

Mr. RIDDLE. That is all crucible flake and the crucible lump and chip.

Senator EDGE. You have not any invoices covering the purchase of that, have you?

Mr. RIDDLE. No; but I can tell you that we just sold a lot of crucible lump recently at a price of 8¾ cents a pound.

Senator KING. Is that the average price?

Mr. RIDDLE. That is the average price.

Senator KING. What is the average cost to you?

Mr. RIDDLE. That price, I think, is about three-quarters of a cent lower than what it was two years ago; that is, the material in the crude.

Senator EDGE. What do you pay for the material that you sell for 8 cents a pound?

Mr. RIDDLE. We do not grind the crucible lump.

Senator EDGE. I do not mean to ask you your business, of course. I want to get a little idea of what it costs f. o. b. New York.

Mr. RIDDLE. Our commission on that would be about $5 a ton.

Senator KING. Is the use of graphite in the United States as great now as it was a few years ago?

Mr. RIDDLE. I do not think it is. It has gone down in a good many ways. For instance, foundry facing has gone up, according to the statistics; but I think that increase is due to the fact that products like stove polish and crucibles are not using as much graphite as they did.

Senator EDGE. The electric process is taking its place?

Mr. RIDDLE. The electric process is taking its place; yes.

Senator KING. Then graphite is being threatened by the electric process?

Mr. RIDDLE. The crucible industry is being threatened by the electric furnaces.

Senator KING. And if the price of graphite were increased, that would possibly increase the use of electric furnaces?

Mr. RIDDLE. It would decrease the consumption of graphite in crucibles—the sales of crucibles.

Senator EDGE. Is that all? All right; thank you very much.

Mr. RIDDLE. Thank you.

BRIEF OF GEORGE A. SHARPE, REPRESENTING THE ANNANDALE GRAPHITE CO., ANNANDALE, N. J.

COMMITTEE ON FINANCE,
United States Senate.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I am secretary of the Annandale Graphite Co. of Annandale, N. J. I have been connected with the graphite industry for the past 12 years, being formerly president of the Alabama Graphite Co. of Ashland, Ala., which property we operated very successfully during the World War, when graphite produced in Ceylon and Madagascar (with cheap foreign labor) was obtainable only with difficulty. However, when the war closed this foreign graphite was again easily obtainable as it was permitted to come into this country free of duty. As a result we, like other graphite producers in the United States, were forced to discontinue operations, being unable to compete with the cheap imported product.

In 1921-22 when the Fordney-McCumber tariff bill was being prepared the American graphite producers sought relief from this foreign competition by petitioning for a tariff of 6 cents per pound. They were granted a tariff of 1½ cents per pound, which was inadequate, and which has been proven so by the lapse of time since 1921. Most of the graphite producers have gone into bankruptcy, and those remaining are barely hanging on hoping that some way may be found to enable them to continue to live and develop. Unless an adequate tariff is given immediately, there will be no such thing as graphite mining in the United States.

The Dixon Crucible Co., which almost have a monopoly of the graphite business in the United States, are large importers and are asking Congress to take away the small tariff protection we now have. This same company is at present protected by a high tariff on the products they manufacture of graphite. We contend that the producer of graphite is entitled to ample protection and equal consideration as is now being enjoyed by those who use his graphite in the manufacture of their products.

Graphite is a war essential, and in case of war we may not be allied with England and France. About 85 per cent of the crystalline graphite used in the United States comes from Ceylon belonging to England and Madagascar belonging to France. We contend that it is most important that the United States be in an independent position regarding this essential war mineral; and we further contend that it is the obligation of the Government to prevent the destruction of the graphite industry in this country, as a matter of safety and preparedness. In this connection attention is called to the absurd and selfish plan recently proposed by Mr. Schermerhorn of the Dixon Crucible Co. (see p. 1356 of the hearings before the Ways and Means Committee):

"In regard to war-time precautions * * *. It is felt that there is constantly maintained a sufficient stock of finished crucibles and graphite to take care of the needs for such a length of time as would be required to open new graphite producing operations in this country, were there none at all operating when the emergency arose."

The absurdity of this suggestion is readily apparent. To construct and operate plants capable of producing graphite requires considerable time, i. e., testing and developing ore deposits, assembling machinery and equipment, constructing plants and other buildings, and perfecting a working organization. If the industry were permitted to die, men familiar with the mining and milling of graphite would not be available and a great deal of time would be required and considerable difficulty experienced in training inexperienced men. All the information and experience acquired up to this time would be lost.

The selfishness of this suggestion is readily apparent. It is in keeping with the attitude manifested all along by our prosperous opponents. They would recommend that the large present investment of the American producers be destroyed and that the men now employed in the industry be thrown out of employment.

In the recent hearings before the Ways and Means Committee, Mr. Schermerhorn, vice president of the Dixon Crucible Co., stated that they had invested $200,000 in graphite property in Alabama and that they would be operating this property if the graphite were suitable. In the same hearings Mr. Schermerhorn at great length tells the committee that they are experts in the graphite business, having been in the business many years. We ask the committee if it does not seem strange that an expert in the graphite business, as he claims to be, should invest so much money in graphite property before ascertaining whether the graphite would be suitable for his needs. It happens that I am familiar with the

facts in their acquisition of this property, as I was associated at that time with the gentlemen who made the deal with the Dixon company.

The Dixon company knew the quality of graphite that was in this property because they used carload after carload out of it before they acquired it, their reason for putting this $200,000 into the property was to be assured of a supply of graphite which at that time was difficult to obtain from Ceylon and Madagascar.

The real reason why the Dixon company is not operating this property to-day is not because the graphite is unsuitable or inferior; but, rather, it is because they can purchase graphite from Ceylon and Madagascar cheaper than they can produce it here. For this same reason 40 other properties in Alabama and in other States are not operating. On page 1350 of the hearings before the Ways and Means Committee, Mr. Schermerhorn states that they had to close down their mine in New York State on account of high wages. He also stated that they had to haul their coal 14 miles, making their power cost them 5 cents per pound.

Mr. Schermerhorn, of the Dixon Crucible Co., in opposing tariff protection for the graphite producer, claims that the competition that his company is having with the electric furnace justifies their asking for additional protection by having graphite placed on the free list. We claim that the prosperous dividend record of the Dixon company refutes Mr. Schermerhorn's statement that they are suffering from any kind of competition. The records show that they are paying a 40 per cent annual cash dividend on $1,000,000, which was the amount of their investment in 1900; since then their capital stock has been increased to $5,000,000, but this was done out of profits and not with new capital.

Now as to the electric furnace: They made this same argument against the graphite producers in 1921, and judging from the way they talked about it then, it seemed that within six months or a year at most, the electric furnace would have completely displaced the graphite crucible. Now, eight years have passed, and they come forward with the same old argument.

We submit that if the graphite crucible is displaced by the electric furnace, it will be for either one of two reasons:

First, if the electric furnace is actually superior to the crucible for melting metals, the tariff will have nothing to do with it, whether it is increased or decreased; second, if the electric furnace displaces the graphite crucible, it will likely be due to the fact that the crucible maker is exacting too much profit on his products.

For example, Mr. Charles Pettinos, a large graphite importer and crucible manufacturer, testifying before the Senate Finance Committee in 1921 (see p. 1516 of the hearings) states: "The price of the crucible averages about 10 cents per number. The number is really the size of the crucible."

Mr. Pettinos also states that in a No. 70 crucible there are 17 pounds of graphite. Mr. Schermerhorn in his testimony before the Ways and Means Committee recently (p. 1354) says: "The largest item in materials for crucibles is graphite. Graphite composes almost 50 per cent by weight of the material in a crucible and around 75 per cent by value."

Therefore, it would appear that a No. 70 crucible selling for 10 cents a number would bring $7. This same crucible containing 17 pounds of graphite at 5 cents per pound will amount to 85 cents, which, according to Mr. Schermerhorn's testimony, is 75 per cent of the cost.

In the recent hearings the Dixon Crucible Co. again offers the argument which is the same as they made in 1921, and that is that the American graphite is an inferior product and that it is absolutely necessary for them to use the foreign graphite. We believe that this contention of the crucible makers has been worked overtime and is absolutely threadbare, and submit the following reasons:

First, the fact that American graphite was not only accepted but most welcome during the World War at a time when cheap graphite was not available. American graphite was used by all the American crucible makers, and in spite of the unusual and unfair conditions a most satisfactory service was obtained. By the phrase "unusual and unfair conditions," we refer to the fact that the great demand and rush of the war did not permit proper seasoning, a great many crucibles being used while green, and instead of the recognized clays it was necessary to use American clays, and more or less difficulty was experienced in finding a suitable clay. We contend that if the American graphite could be used to make satisfactory crucibles under circumstances like this, it certainly will make a satisfactory crucible now, as suitable clays are now obtainable and proper time for seasoning can be allowed.

It is not surprising that some complaints and trouble was had with these crucibles, all of which have been greatly magnified and emphasized by the cru-

ible makers in their fight against the American graphite producers. Before as thought of opposing the American producers in their effort to get adequate riff had entered their mind, the Jonathan Bartley Crucible Co. asserted and vertised in the trade journals an all-American crucible made of 100 per cent American graphite and clay, and they claimed this crucible to be superior to any other crucible and sold them under this representation.

Mr. Guthrie, head of the crucible department of the Crucible Steel Co. of America, made the statement before the Committee on Mines and Mining, United States Senate (H. R. 1159), page 284, that a perfectly good crucible could be made from 100 per cent Alabama graphite. He stated his company had demonstrated the fact and if they could depend on getting a regular and adequate supply of Alabama graphite, they would change their formula and use nothing in their manufacture but Alabama flake.

Second, the exhaustive tests made by the Bureau of Mines: These tests were not made in a laboratory, but were made under practical conditions on the foundry floor.

Third, the fact that practically all of the large foreign crucible makers are now using flake in preference to Ceylon lump.

Fourth, those crucible makers who are sincere in their contentions that they want Ceylon lump in preference to flake can find a supply for their requirements in Montana and Alaska.

Fifth, crucibles are not the only products made from graphite. In fact, only 13 per cent of the graphite consumed is used in crucible manufacturing. Foundry facings, lubricants, paints, stove polish, carbon brushes, lead pencils, dry cell batteries and other uses constitute the other 87 per cent. No claims have been made nor can they be sustained that American graphite is not equal to any foreign graphite for the above-mentioned uses.

As to the manufacture of crucibles, the Ceylon, Madagascar, or American graphites, whether alone or mixed together will all make satisfactory crucibles. In regard to superiority, the American graphite leads the others, and if the American graphite was as cheap as foreign graphite in price, the American crucible makers would admit its superiority.

Respectfully submitted,

GEORGE A. SHARPE.

Subscribed and sworn to before me this 8th day of July, 1929.

[SEAL.] R. S. HARRINGTON,
Notary Public.

My commission expires November 24, 1930.

BRIEF OF FRANK MORRISSEY, NEWARK, N. J.

COMMITTEE ON FINANCE,
United States Senate.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: Prior to the World War the United States was entirely dependent upon foreign sources for its supply of graphite. This was not a desirable condition, but so it was. It was not because our American graphite is in any way inferior to the foreign product, but simply because we could not produce it in this country at a profit in competition with the slave wage scales obtaining in the foreign mines. And that is the only reason the American graphite industry needs the tariff protection asked by the American graphite producers.

The manufacturers who oppose protection for the producers seem to wish to leave the impression that while they did use large quantities of American graphite during the war they merely used it as a makeshift and because they could not get anything else at the time. This is not true because for many years before the war there was a certain small production of the domestic product and these manufacturers bought it all, at their own price, and used it successfully. They would buy it now at their own price, and use it successfully, but the producer can not go on forever producing at a loss. The producers must have adequate protection or the industry must die, and the United States be reduced to a permanent dependency so far as this mineral is concerned. And the ramifications of such dependency are extensive and far reaching, particularly in case of war. Why should not the United States be the leader of the world with respect to graphite and graphite products, as she is in so many other lines? She can be, and can gain the supremacy she should hold just as she gained it and holds it with respect to steel rails and tin plate, and she can do it in the same way, viz., through the medium of adequate tariff protection. There is

no other way, and the proven quality and quantity of graphite available in this country surely justifies it.

We only ask from our Government equal consideration in the pending tariff bill with the manufacturers of graphite products, and we ask no more. In 1921 the manufacturers were protected in an ad valorem of 20 per cent on their graphite products. They told the Committees then that they did not need any protection at all; and were willing that their 20 per cent be taken off if only the producers were left on the free list, where they were at that time. When the Fordney-McCumber bill was finally passed it was found that the manufacturers had not only not lost their 20 per cent, which they said they did not need, but had got it increased to 45 per cent. The producers were given 1½ cents per pound specific on crystalline flake, 20 per cent ad valorem on lump, chip, and dust, and 10 per cent ad valorem on amorphous. These rates however do not protect, and the lapse of time since 1922 provides the proof of that statement. At the end of the World War there were 58 graphite mines operating in the United States, and if adequate rates had been granted to the producers a fair percentage at least of these mines would now be operating. But what is the fact? Only four of them are making any attempt to operate, and all of the four are losing money. The suggestion of President Hoover, in his message to Congress, that industries that had not been able to prosper under the rates of the Fordney-McCumber bill should receive adequate consideration in the pending bill, is sound and to the point. Graphite surely comes under that category.

The producers need the following rates to put them in a position to name a price for their product, which they have never yet been in a position to do, and to gradually make possible better graphite products and lower prices to the consumer, viz., 5 cents per pound on crystalline flake, 5 cents per pound on lump, chip, and dust, and 1 cent per pound on amorphous.

Under these rates the same results can, and will, be worked out as in the case of steel rails and tin plate. But naturally the manufacturers do not care to see their present comfortable position and enormous profits disturbed. A glance at some of the latter however would seem to indicate sufficient room for some slight disturbance, and will show clearly that the manufacturers are already in possession of ample compensatory protection in their present 45% rate. The disturbance in the profits of the manufacturer would be slight, but the general benefits that would accrue would be large and wholesome if the producer receives the protection he asks.

Graphite is not a local proposition, but is found in the States of California, Nevada, Wyoming, Montana, Colorado, Texas, Alabama, Georgia, North Carolina, Virginia, Pennsylvania, New York, New Jersey, Rhode Island, and Massachusetts, and the investors in graphite are even more widely scattered.

The United States can be perfectly independent of every foreign country in the world with respect to graphite, and can be a leader in this industry, as she is in so many others, or she can continue to occupy the unenviable dependent position she is now in and has always been in, except during the period of the World War when Americans put in their money, their brains and their brawn and rescued this Government from the serious difficulty it found itself in because of its dependence on foreign mines. In the performance of this duty nearly all of these producers were financially ruined, while at the same time the manufacturers of graphite products, who now as always oppose any protection for the producers, and who are themselves amply protected on their graphite products, were piling up millions in profits.

The tariff rates which will be granted to the producers in the pending bill will determine the question. If the producers are given the same consideration in this bill as the manufacturers are and have been enjoying, then both producers and manufacturers will prosper, and the United States will find herself in a position of perfect independence with regard to graphite and its products. Last but not least the American consumer can and will enjoy better graphite products at a less price than he is now paying. The manufacturer will dispute this, but he disputes the scientific findings of the Government itself, and he is wrong.

FRANK MORRISSEY,
Newark, N. J.

DISTRICT OF COLUMBIA, *ss:*

On this 9th day of July, 1929, personally appeared before me, a notary public in and for the District of Columbia, Frank Morrissey, the subscriber to the foregoing brief, who made oath that the facts stated therein are true to the best of his knowledge, information, and belief.

[SEAL.] CHAS. E. ALDEN,
My commission expires October 13, 1932. *Notary Public.*

LETTER FROM A. C. BOWLES, LOS ANGELES, CALIF.

JULY 8, 1929.

Hon. SAMUEL M. SHORTRIDGE,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I am very much interested in getting an adequate tariff on graphite in the tariff bill now being prepared by your committee. I understand that a duty of 5 cents a pound on crystalline and 1 cent per pound on amorphous graphite has been asked of the committee, and while I think this amount is hardly sufficient, it will unquestionably enable the graphite deposits of this State to be developed.

As you know, we have extensive deposits of very fine crystalline graphite in the State of California with which we have never been able to do very much because of the fact that we can not produce graphite in this country at a profit in competition with the low wage scales of Madagascar and Ceylon.

The bulk of the crystalline graphite used in this country is brought in from Ceylon and Madagascar and there is absolutely no need of doing this as there are ample deposits in California, both as to quantity and quality, to meet every requirement of the American market. The graphite industry should be permitted to develop in this country as it is a daily necessity and in time of war it is most essential and most desirable that we have our own graphite deposits to depend on. It does not seem right that our immense resources of this mineral should remain dormant and the United States continue to occupy a dependent position in this respect because certain foreign labor can be employed for a few cents per day. The only people benefited by the importation of this cheap graphite are a few importers.

There is no question as to the fact that our California graphite is equal in every respect to any foreign graphite. This has been proven time and again through scientific findings, although the graphite importer and graphite product manufacturer claim that the American graphite is inferior, for their own selfish interest. When the foreign graphite was difficult to obtain and the price of the foreign graphite was advanced, then they found the American graphite very suitable; now that the foreign graphite is obtainable by them at prices cheaper than we can produce graphite in this country, they claim that the foreign graphite is better and that the American graphite should not be protected.

But carbon is carbon, and facts are facts.

I was for many years manager of the Pacific coast branch of the Joseph Dixon Crucible Co. (in San Francisco), the largest of the graphite product manufacturers and importers, and to my own knowledge they have always used American graphite successfully; in fact, they operated a mine in New York State which they finally closed down on account of high wages. They also have a property in Alabama which they do not operate now because they can buy graphite cheaper in Ceylon and Madagascar than they can produce it here because of the great difference in wages in the United States and in the Orient.

In view of my personal knowledge in this regard I do not understand how that company can appear before the Senate Finance Committee and attempt to depreciate the quality of American graphite. Their position on that question does not at all match up with facts that are well known to them.

If it is possible I shall be glad if you will kindly file this letter with the Senate committee handling the graphite schedule and add any remarks that you think might be helpful to a fair consideration of this matter. If the producers are granted the rates they ask it will mean the rapid development of the graphite industry in this State and the employment of a large number of men.

Thanking you in advance for your kindness, I am,

Respectfully yours,

A. C. BOWLES.

FUSED QUARTZ AND FUSED SILICA

[Par. 214]

BRIEF OF THE THERMAL SYNDICATE (LTD.), BROOKLYN, N. Y.

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

DEAR SIRS: The Thermal Syndicate, (Ltd.), on whose behalf this brief is presented, have for over 21 years been engaged exclusively in the production of fused quartz and fused silica at Wallsend-on-Tyne, England. Your petitioner has been a member of their American staff for 18 years and for 11 years their manager and legal representative in this country.

Our company asks that the duty on fused quartz and fused silica be permitted to remain at 30 per cent ad valorem, as now payable under paragraph 214 of the tariff act of 1922. We are not asking for a reduction in the present rate, although at the time this was increased from 20 per cent ad valorem paid under the tariff act of 1913 the privilege of duty-free importation, applying to our product when sold to universities and other educational institutions, was also removed.

The report from the Committee on Ways and Means of the House of Representatives proposes an increase in rates to 50 per cent in utensil form, or 40 per cent in tubing form, placing these products under paragraph 218, sections (a) and (b), respectively. We agree that it is in the interest of clarity to have these commodities specifically mentioned as suggested, but feel that the proposed increases in duty are unnecessary and unwise.

Your petitioner has attended the hearings on Schedule 2, before both your honorable body and the Ways and Means Committee, and as far as he knows no one has appeared before or filed briefs with either committee, asking for any change in the duties on fused quartz or fused silica.

If our information is correct, these changes were proposed by the Ways and Means Committee in executive session, no doubt in connection with their deliberations on scientific glassware. Various witnesses had appeared before their body asking further protection to the domestic industry in the latter field, with which fused quartz and fused silica are grouped in the proposed paragraph 218, but the condition of the two industries is not at all similar.

No domestic manufacturer or consumer, as far as we are aware, is requesting further tariff protection on fused quartz or fused silica, and we are sincere in our belief that the domestic industry is in no wise depressed or struggling against foreign competition and that no change in tariff rates is necessary.

There are two important domestic manufacturers in this field, one located in Newark, N. J., and the other with head offices at Schenectady, N. Y., and fused quartz working plants at Lynn, Mass., and Hoboken, N. J. Both companies have been marketing their products over a considerable period of years. A third company, whose financial backing has changed from time to time, but whose technical direction has, we understand, remained essentially constant, is located in the city of New York.

The two former companies enjoy a large turnover of fused-quartz products and we believe find market prices and profits on these satisfactory. The third company and its predecessors have, according to our information, sold their products for years at prices materially lower than those charged for the imported wares, so it appears that none of the domestic manufacturers finds foreign competition at all serious.

Generally speaking, our company's sales in the United States consist chiefly of articles for which the consumer considers our higher prices justified, or else of articles not produced commercially in this country. On some items the domestic ware, and on others the foreign product, enjoy a natural preference owing to better facilities or technique at the command of the respective manufacturers.

There are no statistics available to us as to the relative magnitude and growth of the domestic and the foreign fused-quartz industry, but from our knowledge of the general situation we may say confidently that those domestic factories which are working along modern and efficient lines are on a profitable basis and in a healthy condition.

To the best of our belief the principal change in conditions in the fused-quartz field, since the enactment of the tariff act of 1922, has been the very

considerable advance in the production of fused quartz through mechanical working, by one of the largest domestic producers. We quote below from published articles describing improvements in fused-quartz manufacture by the Lynn plant of the General Electric Co.:

"A way of treating it in quantity has been found so much cheaper than the old way that it is now possible to use quartz wherever quality is the prime consideration, and price only a secondary one.

"Shapes of fused quartz have been worth several times their weight in gold. To-day it is possible for the manufacturer to give away cigarette holders as souvenirs to a fairly large company of guests." (Scientific American, July, 1924.)

"More recently machines have been developed so that we are able to produce tubing, such as I have referred to, of almost absolutely uniform bore, certainly as uniform as any glass tubing which you can purchase, and quite free from bubbles. This is a product of such a machine and perhaps the most interesting part of this whole development is that we have removed the work from the class of hand labor and are producing such material without manipulation and by means of ordinary labor.

"The power needed to melt quartz is remarkably small, it requiring only from 1 to 5 kilowatt-hours per pound." (Illuminating Engineering Society Transactions, July, 1926.)

According to the General Electric Review for April, 1925, the company distinguished the following employees with its Charles A. Coffin Foundation Award, for signal contributions to fused quartz production on the commercial scale: P. K. Devers, B. F. Niedergesass, and L. B. Miller.

Fused quartz, a transparent ware made from rock crystal, and fused silica, a nontransparent or translucent ware made from pure glass sand, are electric furnace products requiring a high degree of technical skill for their manufacture and finding their aplications almost exclusively in technical fields, such as chemical manufacture, high temperature electrical insulation, and scientific research. They do not touch the life of the consuming public except in the most indirect way.

The industry is not a large employer of labor or extensive consumer of raw materials. Sand, electric current, and labor costs in the United States compare favorably, I believe, with those in England. Rock crystal, the raw material for fused quartz, has to be imported into either country.

Fused quartz and fused silica are relatively new products which are gradually finding greater recognition in the industries, but only owing to the large sums spent by the more important companies, including our own, in sales research, development, and service. The "spread" between gross and net profits is consequently much greater than in standardized products, such as glass, owing to much higher sales overhead expense.

It seems to us quite conclusive that the domestic industry does not require further protection and that any increase in the rates on these commodities would either penalize the domestic consumer or the manufacturer abroad without benefit to the manufacturers in the United States.

The Bureau of Standards is a relatively large user of fused quartz and fused silica scientific and laboratory apparatus and is, no doubt, in a position to inform your honorable body as to quotations received from this company and from its domestic competitors and the reasons for the business placed with each.

In the absence of any data to the contrary, we trust that Congress will heed our plea for a continuation of the present 30 per cent ad valorem rate on fused quartz and fused silica.

Should there, however, be any confidential data accessible to your committees with which we are not familiar, which in view of this brief still convinces you that an increase in these rates of duty is desirable, we strongly urge the provision of a lower rate of duty than those proposed in the case of fused quartz or fused silica chemical equipment, and the includsion of rod or cane with tubing rather than with utensils and similar articles, as it is comparable both in methods of production and in uses with the former.

Chemical manufacturing equipment should take a lower rate of duty than laboratory utensils, tubing, and similar small articles, for the reason that its materially higher packing cost automatically operates to increase the duty itself in accordance with the provisions of section 402 (b) of the tariff act of 1930.

We suggest the following wording of the paragraphs relating to fused quartz or fused silica ware, in the event that you are unable to grant our request for a continuation of the present rate of duty:

(*a*) Utensils, articles, cylinders, pipes, etc., of all kinds, whether open or closed, wholly or in chief value of fused quartz or fused silica, capacity not less than 2 liters, 35 per cent ad valorem.

(*b*) Tubes, tubing, rods, or cane of whatever cross-sectional shape, with ends finished or unfinished, wholly or in chief value of fused quartz or fused silica, 40 per cent ad valorem.

(*c*) All other articles and utensils for whatever purpose, wholly or in chief value of fused quartz or fused silica, 50 per cent ad valorem.

Respectfully submitted.

THE THERMAL SYNDICATE (LTD.),
WM. W. WINSHIP, *Manager*.

I hereby declare that the foregoing statements are true, to the best of my knowledge and belief.

WM. W. WINSHIP.

Subscribed and sworn to before me this 24th day of June, 1929.
[SEAL.] GENEVIEVE C. CALVERT,
Notary Public.

My commission expires April 10, 1934.

ELECTRIC LIGHTING AND THERAPEUTIC CARBONS AND ELECTRODES

[Par. 216]

BRIEF OF THE NATIONAL CARBON CO., JERSEY CITY, N. J.

COMMITTEE ON FINANCE,
United States Senate:

By the passage of the tariff act of 1922 a duty of 45 per cent ad valorem was placed upon carbons and electrodes for producing arc light. At that time it was felt that this rate was adequate to meet the needs of American industry.

Within the past two years the American manufacturers of arc-light carbons have been requested by the United States War Department to develop carbons suitable for superhigh intensity searchlights. These searchlights are to be used in the coast defense, antiaircraft defenses, and other places in the national defenses where searchlights are generally necessary. Such superhigh intensity searchlights and carbons have already been developed in Germany and are in use there. The American carbon manufacturers are working and will continue to work upon this development.

As a result of intensive research to meet a growing need in light therapy in medicines, carbon electrodes have been produced which will generate light that almost exactly duplicate natural sunlight. It is a well-known fact, substantiated by the records of the Bureau of the Census, that most of the northern part of the United States is deficient in the amount of available natural sunlight. This has a profound adverse effect upon the health of the Nation and the data of the Bureau of the Census shows that the mortality rate of the country varies inversely with the amount of available sunlight. There is a lag of about two months between the time of maximum sunlight and minimum mortality or between minimum sunlight and maximum mortality, showing that it takes about two months for the effects of sunlight to become apparent.

Other carbons have been developed, some of which are of special use to the medical profession in producing ultra-violet, infra-red, and other forms of light. Still other carbons recently developed are used in poultry and animal husbandry in the production of more eggs and better stock. In horticulture and agriculture they are used to control maturity of flowers, fruits, and vegetables.

These developments have resulted in a growing demand for carbon electrodes of diameters less than one-half inch. Recent changes in other industries requiring carbon arc light have shifted the bulk of production from the larger to the smaller diameter electrodes. The proportion of labor in the cost of the finished product is higher in the smaller diameter electrodes. In these small

carbons labor represents more than three times the material cost. American wages in this industry are more than three times those of European wages in the same industry. In addition large scrap losses occur in the manufacture of carbons of these smaller diameters on the extruding, baking, and finishing operations. Foreign competition has fixed much lower prices for the smaller diameter carbons than the cost of production in the United States.

Imports of carbons for arc lighting are equal to one-third of the total domestic production. The United States Government has been in litigation with the importers of foreign carbons, which has just resulted in the issuance of a dumping order. As a consequence governmental statistics could not be accurately recorded until the litigation was finally closed.

To enable the American manufacturer to remain in this business we therefore request that section 2, paragraph 216, be changed. It will be noted that the only change in rate requested is for the smaller diameter carbons.

"216. Carbons and electrodes of whatever material composed (*of one-half inch or greater diameter or equal cross-sectional area*) and wholly or partly manufactured for producing electric arc light; electrodes, composed wholly or in part of carbon or graphite, and wholly or partly manufactured, for electric-furnace or electrolytic purposes; brushes, of whatever material composed, and wholly or partly manufactured, for electric motors, generators, or other electrical machines or appliances; plates, rods, and other forms, of whatever material composed, and wholly or partly manufactured, for manufacturing into the aforesaid brushes; and articles and wares composed wholly or in part of carbon or graphite, wholly or partly manufactured, not specially provided for, 45 per cent ad valorem. (*All other carbons or electrodes, of whatever material composed, of less than one-half inch diameter or equal cross-sectional area, and wholly or partly manufactured, for producing electric arc light, 65 per cent ad valorem.*)"

Respectfully submitted.

NATIONAL CARBON CO.,
By JOHN F. KERLIN, *Vice President.*

DISTRICT OF COLUMBIA, *ss:*

John F. Kerlin, being duly sworn according to law, deposes and says that he is a vice president of the National Carbon Co. aforesaid, and that the facts set forth in the above brief or statement are true to the best of his knowledge, information, and belief.

JOHN F. KERLIN.

Sworn to and subscribed before me this 20th day of June, 1929.

[SEAL.] MARGUERITE H. COLLIERE,
Notary Public.

My commission expires October 8, 1932.

SUPPLEMENTAL BRIEF OF NATIONAL CARBON CO.

COMMITTEE ON FINANCE,
United States Senate:

The National Carbon Co., an American manufacturer of carbon products, has plants located at Jersey City, N. J.; San Francisco, Calif.; Cleveland, Ohio; and Clarksburg, W. Va.

We filed a brief before the Committee on Ways and means of the House of Representatives, in which we stated that we were satisfied with the present rate of duty set forth in paragraph 216, with the exception of one item contained therein, to wit, electric lighting carbons of less than one-half inch in diameter.

In our brief we requested the Ways and Means Committee to advance the rate on this particular item from 45 to 65 per cent ad valorem. We have reduced to affidavit form the brief heretofore mentioned, and are filing it anew with your committee. In addition thereto, we are filing this supplemental brief, setting forth facts which we believe are of interest in the determination of our case, and which are especially important because of the opposition to our request for this advance in duty which has been raised by the German manufacturers of small carbons and their representatives in the United States.

The brief filed by the representatives of the German carbon manufacturers, the Arco Electric Co. and Hugo Reisinger, is purposely intended to mislead the Government experts and the legislative committees.

HEARING BEFORE THE UNITED STATES COMMISSIONER OF CUSTOMS

If the expert advisers of your committee will examine, as it has the right so to do, the Treasury Department's files on the dumping case against the manufacturers of German carbons, in the fall of 1928, it will find as follows:

The Treasury agent in the United States found, and so reported, that the United States consumption of electric lighting carbons is approximately 20,000,000 pieces per year. The American manufacturers testified that they sold approximately 12,000,000 pieces in 1927. This leaves 8,000,000 carbons per year sold in the United States from foreign imports.

The importers' conjecture as to quantities is, therefore, without any foundation whatever and is simply a wild, unauthenticated statement.

Your committee will further find that the dumping order issued by the Secretary of the Treasury is still in effect. There are only two elements which constitute dumping: (*a*) Injury to a domestic industry. This was found by the Secretary of the Treasury and is not reviewable in any court, and is not now before the United States Customs Court. (*b*) Sale in the United States at less than sale price in Germany. This fact was found by the special Treasury agent abroad and by the special Treasury agent in the United States, and was not controverted or denied by the importer before the Commissioner of Customs at the hearings. The importers did deny "injury." When the case of undervaluation was before the Customs Court before the dumping charge was lodged by the appraiser, the attorneys for the importer agreed that the carbons should be reappraised at prices which exceeded the prices shown on their consular invoices, at from 52 to 72 per cent, and the appraiser advanced the value in that amount.

The statement of the importers on page 1362 of the hearings before the Ways and Means Committee, Volume II, that a "decision of the Customs Court will be favorable when a fair consideration is given to all of the facts," is absolutely unfounded, because the Customs Court can not review the question of injury, and the importer has previously admitted undervaluation before the Customs Court. What the Customs Court can do now is to fix the dumping penalty and assess the monetary damages against the importer.

IMPORTERS' REFERENCE TO CARBON ELECTRODES

This is entirely misleading. In the brief of the American manufacturers, electric-lighting carbons are properly called "carbon electrodes." The importer is endeavoring to imply that the words "carbon electrodes," as used by the American manufacturer, refer to electric-furnace electrodes, which range from 6 inches to 3 feet in diameter. Inasmuch as domestic manufacturers are only asking for an advance in duty on carbons of less than one-half inch in diameter, the importers' argument is intended to mislead.

THERAPEUTIC CARBONS

The importers' statement that the "number sold is so small as to be negligible and they can not be imported and sold in competition" is also misleading. The importers themselves within the last few months are importing these carbons from Germany and are selling them at a less price than the American manufacturers. These facts are laid before your committee.

The importers, who are direct representatives of two German concerns, do not come into court with clean hands. They are still subject to the dumping order, and their brief filed here should be dealt with in the same manner as the Treasury Department dealt with their alleged defense to the dumping proceeding, and with their open and confessed undervaluation.

IMPORTS

As stated above, the domestic consumption of electric-lighting carbons is 20,000,000 pieces annually. The Tariff Commission in its survey on Schedule II, finds that the importers of same in 1926 were 4,731,833 pieces; in 1927 it had increased to 6,160,909 pieces. In 1928, while the dumping order was pending

before the United States Treasury Department, the imports fell off to 4,488,428 pieces. In 1929, however, the imports have increased to an alarming rate. For the first four months of 1929, statistics of the United States Department of Commerce show that the imports of these carbons from abroad were 3,181,543. During the month of April, 1929, the imports from Germany alone were 1,440,500. If this rate of increase is followed for the whole year, the imports will constitute 90 per cent of the total domestic consumption.

HIGHER COSTS OF SMALL CARBONS

Figures submitted to your committee show that American wage costs are from four to five times those paid in Germany. It also shows that the labor costs constitute a much larger percentage of the cost of finished products in the small than in the large carbons. It costs practically as much to make a carbon one-fourth inch in diameter as it does to make one five-eighths inch in diameter, though competition reduces the actual selling price. It is more difficult to put cores in the center of these small carbons and although they must be sold at a lower price, many of them cost more than the larger size carbons. The scrap loss is much greater in small carbons than in the large ones; in the extruding operation, due to cracking, beading, and splittings; in the baking operation, due to warpage and cracking; in the finishing operations, due to breakage in the grinding and polishing; and on the final inspection, due to necessary tolerances for straightness, which is very difficult to accomplish in the smaller diameters. The therapeutic lamps which use these carbons are operated by machinery, and any variation in size, or any warpage, will stop the operation of the lamp. The rejects or scrap loss here is very high. In the 8-millimeter by 12-inch therapeutic carbon, the scrap loss is 41.2 per cent; in the small moving-picture carbon, 9 millimeter by 20 inch, the scrap loss due to the nicety of requirements by the moving-picture machines is 25.4 per cent. In the therapeutic carbon above named the labor cost is 41.2 per cent, the material cost 6.7471; in the small projector carbon the labor cost is 25.4, material cost 19.4698. Compare this with the figures on the larger size carbons, the five-eighths inch by 12 projector, where the scrap loss there is 13.6, the material cost 8.51 and labor 13.6. See following table which has been submitted to the experts of your committee for verification.

Illuminating carbons (each)

	Per cent scrap	Material	Labor
7 millimeter by 8 inch cored projector	14.2	5.1656	14.2
8 millimeter by 8 inch cored projector	19	5.1055	19
8 millimeter by 12 inch therapeutic	41.2	6.7471	41.2
9 millimeter by 20 inch high intensity projector	25.4	19.4698	25.4
⅝ inch by 12 inch cored projector	13.6	8.51	13.6

FINDINGS OF THE UNITED STATES TREASURY DEPARTMENT AS TO SALES PRICES OF FOREIGN AND DOMESTIC CARBONS

In the fall of 1928, only a few months ago, the United States Treasury Department agents visited the plants of the American manufacturers of lighting carbons and went over their books of sales. They also visited the offices of the representatives of the foreign manufacturers as well as many of the customers of both, checking over and verifying hundreds of sales of both American and foreign carbons. In every case, and there was not one exception, they found and so reported that the sales price of the imported was lower than the sales prices of the domestic carbons. Since 1928 no Government investigation of prices has been conducted, but we are reliably informed and so believe that the present sales price of the imported is still lower than that of the American-made carbons.

TREASURY DEPARTMENT FINDINGS AS TO PROFITS OF AMERICAN MANUFACTURERS

It was testified before the Commissioner of Customs, and was subject to verification by the experts of the United States Treasury Department, that the

profits of the principal American manufacturer on the sale of these lighting carbons for the year 1927 was $16,000 on an outlay of and expenditure for plant and equipment of over $1,000,000. This shows why many other American manufacturers of carbons have been unable to enter into competition with the foreign manufacturers of carbons. This is due solely and simply to the fact that the present tariff rate on these small carbons, i. e., 45 per cent, is grossly inadequate, and that an increase in rate of 65 per cent is necessary if the manufacture of these carbons is to remain an American industry.

We therefore again repeat, as we have in our previous brief, our request that your committee recommend a change in rate for the small diameter carbons under one-half inch in diameter, and that paragraph 216 be amended so as to read as follows:

"PAR. 216. Carbons and electrodes of whatever material composed (*of one-half inch or greater diameter or equal cross-sectional area*) and wholly or partly manufactured for producing electric arc light; electrodes, composed wholly or in part of carbon or graphite, and wholly or partly manufactured, for electric furnace or electrolytic purposes; brushes, of whatever material composed, and wholly or partly manufactured, for electric motors, generators, or other electrical machines or appliances; plates, rods, and other forms, of whatever material composed, and wholly or partly manufactured, for manufacturing into the aforesaid brushes; and articles or wares composed wholly or in part of carbon or graphite, wholly or partly manufactured, not specially provided for, 45 per cent ad valorem. (*All other carbons or electrodes, of whatever material composed, of less than one-half inch diameter or equal cross-sectional area and wholly or partly manufactured for producing electric arc light, 65 per cent ad valorem.*)"

Respectfully submitted.

NATIONAL CARBON CO.,
By JOHN F. KERLIN, *Vice President.*

JUNE 19, 1929.

DISTRICT OF COLUMBIA, *ss:*

John F. Kerlin, being duly sworn according to law, deposes and says that he is a vice president of the National Carbon Co. aforesaid, and that the facts set forth in the above brief or statement are true to the best of his knowledge, information, and belief.

JOHN F. KERLIN.

Sworn to and subscribed before me this 20th day of June, 1929.

[SEAL.] MARGUERITE H. COLLIERE.
Notary Public.

LETTER FROM THE STACKPOLE CARBON CO., ST. MARYS, PA.

HON. DAVID A. REED,
United States Senate, Washington, D. C.

MY DEAR SENATOR REED: The Stackpole Carbon Co. of St. Marys, Pa., was organized in the year 1907. Since that time we have been in the manufacture of carbon brushes, plates, rods, electrodes and other carbon products. From a small beginning our business and plant has increased until we are now the largest industrial concern in St. Marys and one of the largest in Elk County.

This we realize could not have been done without a protective tariff, which has made it possible for us to compete with carbon products of foreign manufacture. We are still anxious to grow and feel that one of the best avenues of expansion is that of the therapeutic arc light carbon. We have spent a considerable amount of money in the development of this carbon with the idea in mind that the duty would be raised to such an extent that the American manufacturer would be protected. We are anxious to go into the manufacture of this carbon at the earliest possible moment on account of the potential market for it, now in existence, in this country.

We would, therefore, ask you to do whatever you can to add to paragraph 216 of the tariff bill, the words:

"All other carbons and electrodes of whatever material composed, of less than one-half inch diameter or equal cross-sectional area and wholly or partly manufactured for producing electric arc light, 65 per centum ad valorem."

We assure you that we would not make the above request unless it were essential to the advancement of the carbon industry in this country.

Yours respectfully,

STACKPOLE CARBON CO.
LYLE G. HALL, *General Manager.*

STATE OF PENNSYLVANIA,
County of Elk, ss:

L. G. Hall being duly sworn according to law, deposes and says that the facts set forth in this affidavit are true to the best of his knowledge, information and belief.

LYLE G. HALL.

June 18, 1929.
[SEAL.]

VIOLA DINSMORE,
Notary Public.

My commission expires December 31, 1932.

BRIEF OF THE ARCO ELECTRIC CO. (INC.) AND HUGO REISINGER (INC.), NEW YORK CITY

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

This statement is filed by Arco Electric Co. (Inc.) and Hugo Reisinger (Inc.), importers of projection and other carbons, in rebuttal of the arguments and reasons set forth by the National Carbon Co. (Inc.), in a brief filed with the Ways and Means Committee of the House of Representatives and printed on pages 955–956 of the printed record, and a similar brief which we understand has been filed with your committee, and in opposition to the increased rates of duty requested.

The statement is made by the National Carbon Co. in its brief that "the *only* (italics ours) change in rate requested is for the smaller-diameter carbons." The word "only" is divested of the meaning that would ordinarily attach thereto, and which the National Carbon Co. apparently intended should so attach when we inform your committee that more than 70 per cent of the carbons in use to-day, and practically all of those imported, are under one-half inch in diameter.

The effect of this apparently modest request on the part of the National Carbon Co. would result in the elimination of the only competition that company has, and thereby make it secure in its monopoly of the carbon business in this country.

The National Carbon Co. has admitted that its sales in the United States of projection carbons in 1927 were approximately 12,800,000 pieces and the sales of other carbons at least 5,000,000 pieces. From our knowledge of the requirements of the thousands of moving-picture theaters in the United States, we believe that the number of projection carbons sold by the National Carbon Co. in 1927, were nearer 18,000,000 than 12,800,000.

However, taking the figures conceded by them, it will be seen that this company did 71 per cent of the business in that year in projection carbons. It has practically the entire business in searchlight carbons, carbons used in moving-picture studios, and by photo-engravers, and also in light therapy. It controls the entire business of carbon electrodes for smelting furnaces.

The reasons advanced by the National Carbon Co. in its brief in support of its request for increased rates of duty furnish no basis upon which such increases could be properly asked for.

They refer to the requirements of the United States War Department for carbons for searchlights. No searchlight carbons are imported, as sales are impossible under the existing rates of duty.

They also speak of the growing need in light therapy for carbons. A few, and a very few carbons, are sold by importers for this purpose. The number is so small as to be negligible. They can not be imported and sold in competition with the National Carbon Co.

They also refer to the growing demand for carbon electrodes, and in this connection they refer to the differences in the scale of wages paid to the

American and European workmen. It makes very little difference what the comparison is between the wages paid in the United States and in Europe, for the reason that no carbon electrodes have been imported for many years, and this because foreign carbon electrodes can not be sold in this country in competition with the American product. The demand for carbon electrodes is very large, but the business is controlled 100 per cent by the American manufacturers.

During the period of the World War there were no carbons imported, and consequently, the National Carbon Co. had a monopoly of the business. They fixed their own prices, and in 1919 they increased their prices 25 per cent to cover higher costs of material and labor. The prices which they fixed, that is with the 25 per cent increase, remain the same to-day with some slight variations. These prices were adopted by the importers after importations were resumed. The National Carbon Co. did not fix its list prices to meet the prices of the importers, but on the contrary the importers' prices were fixed to accord with those of the National Carbon Co.

In the meantime prices have increased in Germany, and the importers are now paying 30 per cent more for their carbons than they were a year ago.

Further, the importers are compelled to sell to a comparatively few independent dealers who are not members of what is known as the National Theater Supply Co. This company was organized in 1925, and prior to that time there were a large number of independent dealers, many of whom were customers of the importers presenting this brief.

This proposal of the National Carbon Co., therefore, that only a change in rate be made for the smaller size carbons, will have but one result if adopted by your committee, and that is to place an embargo on the importation of the small percentage of carbons now coming into the United States, and to secure the National Carbon Co. in a monopoly of this business.

Reference is made in the brief to "dumping" litigation. In order that your committee may not have any misconception of this reference, we wish to state that the imported carbons were not "dumped" in this market, that is, were not sold at prices lower than the prices fixed by the National Carbon Co. in their own price list, but were sold in fair competition. This question of "dumping" is not finally closed, as stated by the National Carbon Co. in its brief, but as a matter of fact is now pending in the United States Customs Court, and the importers believe that the decision of that court will be favorable when a fair consideration is given to all of the facts, as that court will undoubtedly do when the case is tried before it.

We, therefore, submit to your committee that—

1. The National Carbon Co. now supplies from 70 to 80 per cent of the demand in the United States for projection carbons, and we believe 80 per cent to be the right figure.

2. Ninety per cent of the carbons imported are less than one-half inch in diameter, and would therefore be affected by the proposed change in rate.

3. Carbon electrodes have not been imported for many years, as foreign carbon electrodes can not compete with the American product.

4. There are no imported carbons sold for use in searchlights, and this for the reason that such carbons can not be sold in this country in competition with the American product.

5. There are practically no imported carbons sold for use in motion-picture studios, and by photo-engravers as this business is almost entirely controlled by the National arbon Co.

6. The quantity of imported carbons sold for therapeutic purposes is negligible, and this business is almost wholly controlled by the National Carbon Co.

We therefore respectfully submit to your committee that if any changes are to be made in the rate of duty now assessed in paragraph 216 on carbons and electrodes, the present rates should be reduced and not increased.

We believe that it is the purpose of this Government, as reflected in many enactments, to discourage and not to create monopolies. We believe, as we have stated, that the increases asked for would be to create a complete monopoly in carbons.

Respectfully,

ARCO ELECTRIC CO. (INC.).
HUGO HEISINGER (INC.).

LETTER FROM THE SPEER CARBON CO., ST. MARYS, PA.

Hon. DAVID A. REED,
United States Senate, Washington, D. C.

DEAR SENATOR REED: The Speer Carbon Co. is one of the pioneer companies making carbon products in the United States. We have been in business for 31 years in the manufacture of carbon brushes, plates, rods, and other carbon products of the highest quality, and our factory in St. Marys is classed as one of the principal industries in this part of Pennsylvania.

For years Europe enjoyed the monopoly in the manufacture of carbons for electric lighting purposes. When imports were shut off during the war, we equipped our plant for the manufacture of moving picture carbons, searchlight carbons and other similar products, spending large sums of money and producing carbons of the very highest quality.

Unfortunately, in the tariff act of 1922 we were only given a duty of 45 per cent ad valorem, which was not enough to protect us. German carbons especially flooded the market and were sold here at less than our cost of manufacture, despite this duty. Consequently, we as well as other American companies making projector carbons, were forced to discontinue this branch of our manufacture. This left only one American manufacturer in the field, who was only able to continue because he was also a large manufacturer of other products. Since we discontinued manufacture, foreign carbons have come into this country in increased quantities, so that now they are taking over the domestic market. We were advised last year that a dumping order had been issued against German carbons because they were actually sold here cheaper than abroad and this order is still in effect. Notwithstanding this dumping order, imports have been increasing and during the first quarter of this year the statistics of the United States Bureau of Commerce show that over 3,000,000 pieces or units of carbon for electric lighting and therapeutic purposes have been imported. Total this up for the year and it would mean 12,000,000 pieces or 80 per cent of the total domestic consumption.

We and other carbon manufacturers in America, of which there are nine, can make both moving-picture carbons and therapeutic carbons of the highest quality. We can not do this, however, unless the tariff on these carbons is increased. There is increasing use in America of carbons for therapeutic purposes for use in lamps as a substitute for natural sunlight. This use would mean an opening for more capital and employment of more labor in all of our plants.

We therefore ask that paragraph 216 be amended so that we may get an increased duty on carbons of one-half inch and less in diameter from 45 per cent, the present rate, to 65 per cent, which we believe is absolutely necessary for us to again give consideration to their manufacture. The scrap loss in these small carbons is very great and the smaller the carbon the greater proportion is the increase in labor cost. Statistics show that we pay from three to four times as much in America for our labor as they pay in Continental Europe.

We join, therefore, with the other carbon manufacturers and ask that you add to paragraph 216, the following words:

"All other carbons and electrodes of whatever material composed, of less than one-half inch diameter or equal cross-sectional area and wholly or partly manufactured for producing electric arc light, 65 per centum ad valorem."

Respectfully submitted.

SPEER CARBON CO.,
J. BELMONT MOSSER,
Sales Manager.

P. S.—We ask no change in the rest of the paragraph, which covers the bulk of the carbon industry, but on this specific size of carbon, we must have the change suggested if we are to again commence their manufacture.

STATE OF PENNSYLVANIA,
County of Elk, ss:

J. Belmont Mosser, being duly sworn according to law, deposes and says that the facts set forth in the aforesaid are true to the best of his knowledge, information, and belief.

J. BELMONT MOSSER.

Sworn and subscribed to before me this 18th day of June, A. D. 1929.

JACOB ZELT,
Justice of the Peace.

My commission expires first Monday in January, 1930.

BEST AVAILABLE COPY

LETTER FROM THE CARBON PRODUCTS CO., LANCASTER, OHIO

Hon. THEODORE E. BURTON,
United States Senator, Washington, D. C.

MY DEAR SENATOR BURTON: As an Ohio manufacturer, I am asking if you would be good enough to lay this letter before the Hon. Walter E. Edge, chairman of the subcommittee of the Senate Finance Committee in charge of Schedule 2, and to ask him, as well as the other members of the Finance Committee, to give this matter their earnest consideration.

Under paragraph 216 of the present tariff act carbons for electric lighting are assessed at a duty of 45 per cent ad valorem. The National Carbon Co., with plants in New Jersey, Ohio, and California, appeared before the Ways and Means Committee of the House of Representatives during the present tariff revision, filed a brief and asked that the duty on carbons under one-half inch in diameter be advanced from 45 per cent to 65 per cent. We are in favor of this increase and on our own behalf earnestly urge this to your consideration for the following reasons:

Before the war Germany was practically the only manufacturer of carbons which are used for projecting moving pictures upon a screen. When the war shut off imports, the National Carbon Co. and other American manufacturers began to experiment, spent large sums of money, and as a result were able to produce carbons of a very good grade, which were used by American exhibitors of moving pictures. The new tariff act was soon after framed and a duty of 45 per cent ad valorem was granted on these carbons. Unfortunately, this duty was too low and only one concern in the United States was able to stay in business, the National Carbon Co.

We ourselves have spent many thousands of dollars on a plant and equipment for experiment and research and have produced and sold these high-grade carbons. The imports of the foreign carbons were so great and so many and they were selling so cheap that we were forced to discontinue regular production and all selling efforts. Several other American carbon companies who were and still are in business were also forced to discontinue all production and sale of moving-picture carbons. This left the National Carbon Co. as the only competitor of the German carbons. I happen to know—because I sat in at several hearings before the Treasury Department where it was so brought out by the Treasury investigators—that the National Carbon Co. had made very little money on the sale of these carbons and that they were only able to produce them because they could absorb the loss in their other manufactured products, such as batteries, flashlights, and brushes. The other carbon companies, which did not have the capital or varied items of manufacture of the National Carbon Co., could not do this and have not been able to stay in the projector-carbon business.

Our concern is one of the smaller companies, but there are a number of others who will appear before your committee. The foreign competitors have done everything to wreck the American manufacture of these products. They have sold them cheaper here than they sold them abroad, and this led to a dumping order being imposed by the Secretary of the Treasury. During this dumping hearing the Treasury investigator reported that the annual domestic consumption of these carbons per year was 20,000,000. The National Carbon Co. testified that it sold 12,000,000 of these. That means that 40 per cent of the moving-picture carbons used in the United States are imported. (We would like very much to have this business and can get it if properly protected.) There is no reason for this except that the tariff is not high enough to protect us. There are between 12 and 15 plants in the United States making carbon products, and any of these could make these moving-picture carbons. Instead, imports are constantly increasing.

From Germany alone in 1923 the imports were 4,754,770 pieces; in 1927, 6,090,550. During the first four months of the present year foreign imports of these carbons were 3,181,543 pieces, which would mean a total importation during this present year of 12,000,000 carbons, or 60 per cent of the domestic consumption.

During the last two years a new use has sprung up for carbons for therapeutic purposes as a substitute for sunlight. We or any factory that make moving-picture carbons can make these therapeutic carbons, and there is a tremendous and increasing field for them in America.

On small carbons of less than one-half inch in diameter, labor is by far the principal cost factor. Our labor in America receives four times as much as they do in Germany and France.

In the manufacture of these small carbons the scrap loss is much higher than in the large carbons, running, in many cases, up to 35 per cent of the total production.

For these reasons we believe that an increase in tariff duty of from 45 to 65 per cent on carbons of less than one-half inch in diameter is justified, and earnestly urge you to ask the committee to grant it, so that we and other small American manufacturers can again commence making moving-picture and therapeutic carbons. We ask this advance in rates only on the smaller sizes of carbons, leaving the great bulk of carbon products covered by paragraph 216 of the present law unchanged.

Specifically we ask that the following words be added to Paragraph 216:

"All other carbons and electrodes, of whatever material composed, of less than one-half inch diameter, or equal cross-sectional area, and wholly or partly manufactured for producing electric arc light, 65 per cent ad valorem."

Respectfully submitted.

THE CARBON PRODUCTS CO.,
H. B. HILLEMAN, *President.*

THE CARBON PRODUCTS CO.,
Lancaster, Ohio, June 29, 1929.

STATE OF OHIO,
County of Fairfield, ss:

I, H. B. Hilleman, being duly sworn according to law, deposes and says that the facts set forth in the aforesaid are true to the best of his knowledge, information, and belief.

H. B. HILLEMAN.

Subscribed and sworn to before me this 20th day of June, 1929.

[SEAL.] E. S. HERBERT, *Notary Public.*

CARBOYS

[Par. 217]

BRIEF OF THE GAYNER GLASS WORKS, SALEM, N. J.

Senator EDGE. I have here a brief submitted by Mr. John M. Gayner. The reporter will please make a note that the Gayner brief is sworn to.

(The brief above referred to is as follows:)

BRIEF OF THE GAYNER GLASS WORKS, SALEM, N. J.

To the SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: It is of vital importance that we secure, in the tariff revision now pending, the listing of glass bottles or containers that are commercially known as "carboys" and sometimes referred to as "demijohns." These are hand-made glass containers over 5 gallons in capacity and are used principally by the chemical and pharmaceutical trade as containers for acids and similar liquids. They are usually boxed or covered in some manner to facilitate handling; therefore, their listing should include the naked bottle as well as the bottle covered or boxed.

There has never been any schedules provided for glass containers of this character, excepting as applied to paragraph 217, which provides a duty of 1 cent per pound for bottles over 1 pint capacity. This duty may have afforded ample protection up to the present time for bottles made by machines, but is entirely inadequate for bottles over 5 gallons in capacity, inasmuch as none of these can be made by machines because of their size and have to be made by the hand-blown process, employing highly skilled and highly paid glass-blowers.

To illustrate the entire inadequacy of the protection afforded at 1 cent per pound, we give the following data:

The standard container in general use by the chemical industry is of 12 or 13 gallons capacity, and weighs an average of 21 pounds each. The average sales price for 60 to 70 per cent of such containers produced in this country is $1.75 each, while the remaining 30 to 40 per cent will be sold for from $1.75 each to $1.85 each. These prices are delivered prices and include freight from factory to destination, making an average f. o. b. factory price of $1.55 each.

From all the available data on costs of labor, material, managerial and overhead expenses in Germany, our chief source of competition, these 12 and 13 gallon containers can be manufactured at from 57 to 60 cents each in Germany, which, with an ocean transportation charge of approximately 25 cents each makes a total cost c. i. f. New York of 82 to 85 cents each. From this it is clearly indicated that the difference between the American costs and foreign costs on the 12 and 13 gallon containers c. i. f. New York is the difference between $1.55 and 85 or 70 cents each. The present duty of 1 cent per pound under paragraph 217 on these containers, which average 21 pounds each, would be 21 cents, which is entirely too low.

We petitioned the Ways and Means Committee of the House of Representatives to add a clause to paragraph 217 to include these containers on a basis of 3 cents per pound, which would provide a duty of 63 cents per container, and the facts presented above present to you clearly the necessity of providing for this class of hand-made ware.

When we state that these containers are hand made, we mean that all of the labor involved in producing them is done by highly skilled workmen and that no machinery whatever is used in any way in their manufacture. The work is of a highly skilled nature, requiring years of training before proficiency is attained. These men are not available in the general trade but must be trained in our own plant, and an interruption in our production would be disastrous, as the corps of highly skilled workmen would be scattered into other vocations and the art lost. This would not only affect us, the manufacturers, but also approximately 300 skilled workmen as well.

We feel ourselves under the greatest threat of competition at the present moment, because some time ago when renewing our contract with General Chemical Co., New York City, who are large users of these containers, we faced competition from Germany. Naturally our customer was reluctant to give us full details; they simply used this information to force us down with our price to meet this German competition. Our customer frankly told us that they were renewing contract with us simply because of the element of time involved, and that the new source would not be in a position to get deliveries scheduled soon enough, but that we would necessarily need to consider the German importer as a competitor for this business in the future, which naturally resolves itself into the necessity of getting adequate tariff protection without delay.

It seems needless to stress the importance of our industry, particularly as to its relation to this particular class of containers, as glass is the only commercial container used for the transportation of numerous chemicals. Our particular plant is the only one at this time producing this type of container, but we have adequate facilities to not only take care of the requirements of the country on these items but facilities to expand with any increasing demand. This was clearly evidenced by our expanding about 300 per cent during the World War, when these containers were so badly needed by the chemical companies in their warfare program.

Containers of this character are important articles of commerce in ordinary times of peace, but become of the utmost importance in times of war. This was recognized by our Government during the World War when they placed the manufacturers producing these containers on the preferential list in the same class with the manufacturers of munitions.

As previously stated, we are the only company left in the United States who manufacture these containers, and we can not survive unless accorded adequate tariff protection. This protection should be provided to preserve an industry so vital to any national-defense program.

In conclusion we urgently request that paragraph 217 be so written as to provide duty of 3 cents per pound for any glass container mentioned therein if holding more than 5 gallons.

Respectfully submitted.

GAYNER GLASS WORKS,
JOHN M. GAYNER, *Treasurer.*

DISTRICT OF COLUMBIA,
City of Washington, ss:

On this 20th day of June, 1929, personally appeared before me, Charles E. Alden, a notary public in and for the District of Columbia, John M. Gaynor, the subscriber, who made oath that the facts stated in the foregoing brief are true to the best of his knowledge, information, and belief.

[SEAL.] CHARLES E. ALDEN,
Notary Public, District of Columbia.

My commission expires October 13, 1932.

Senator KING. One reason why I want some of these big manufacturers here is to have them testify as to their earnings, their stock, whether it is watered or otherwise, and their profits.

Senator EDGE. A lot of them will be here on Monday—the Pittsburgh Plate Glass Co., and that class of people. You will get them all Monday. They are all represented here. I know this concern. It is a small concern, employing about 50 people, in the southern part of my State.

BRIEF OF THE GLASS CONTAINER ASSOCIATION OF AMERICA

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: The Gayner Glass Works, Salem, N. J., who are members of the Glass Container Association of America, have filed with your committee a brief requesting an addition to paragraph 217, H. R. 2667, to place duty on hand-made glass containers holding more than five gallons at 3 cents per pound.

The Glass Container Association are fully acquainted with the facts presented; are in full accord with the request and petition your favorable consideration.

Respectfully submitted.

GLASS CONTAINER ASSOCIATION TARIFF COMMITTEE.
WALTER R. LEACH, *Chairman.*
H. O. BRAWNER, *Member.*
JAMES MORRISON, *Member.*

AMPOULES

[Par. 217]

STATEMENT OF WILLIAM SCHNORR, REPRESENTING THE INDIANAPOLIS MEDICAL GLASS WORKS, INDIANAPOLIS, IND.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. SCHNORR. I am the owner of the Indianapolis Medical Glass Works, Indianapolis, Ind.

Senator EDGE. Just a moment before you start. Let me find out what you want to do. The House, in paragraph 217, has removed the words "Plain green or colored, molded or pressed, and flint, lime, or lead glass bottles," and inserted "bottles" and "ampoules." What is an ampoule?

Mr. SCHNORR. I have a few here [producing samples].

Senator KING. A sort of syringe?

Mr. SCHNORR. I am just speaking of ampoules.

Senator EDGE. That is all he is representing—ampoules. They have inserted "bottles" and "ampoules" in the paragraph but have not changed the duty. They have simply transferred you from some other paragraph to this? Is that it?

Mr. SCHNORR. That is it, Senator.

Senator EDGE. What duty did you pay in your previous classification?

Mr. SCHNORR. Fifty cents per gross, regardless of whether they were 1 c. c., 50 c. c., or 100 c. c.

Senator EDGE. You paid 50 cents per gross?

Mr. SCHNORR. Per gross.

Senator EDGE. Now you go under paragraph 217, as it now appears, and you would be paying what?

Mr. SCHNORR. Fifty cents per gross.

Senator EDGE. The same thing?

Senator KING. No increase?

Mr. SCHNORR. No increase.

Senator KING. You want it reduced, do you not?

Mr. SCHNORR. I have a little memorandum here that I got up.

Senator EDGE. All right; read it.

Senator KING. Let me see if I understand you. It is only ampoules that you are interested in?

Mr. SCHNORR. Ampoules are the only thing I am interested in just now.

Senator EDGE. Before you start to read that, what is the object of transferring you from one paragraph to another when the duty is the same?

Mr. SCHNORR. The idea of it is that there is the same duty on one-half c. c. or 1 c. c. as there is on 100 c. c.

Senator EDGE. That is what you are going to deal with in your brief?

Mr. SCHNORR. That is what I am going to deal with in my brief.

Senator BARKLEY. What do you mean by "c. c."?

Mr. SCHNORR. Cubic centimeters—German scale.

Senator BARKLEY. If I put "c. c." on a letter, I would mean "careful consideration." [Laughter.]

Senator KING. You are speaking of the contents?

Mr. SCHNORR. The contents, as cubic centimeters.

Senator KING. What would that be [indicating one of the samples produced by the witness]?

Mr. SCHNORR. That is a 50 c. c.; this is a 100 c. c.

I am a manufacturer who is vitally interested in that part of paragraph 217 covering ampoules, which under the present act take the same rate of duty as ordinary mould-blown bottles.

Under Treasury Decision 42542, glass ampoules, for the first time are given a definite classification under that part of paragraph 217 covering bottles, vials, jars, demijohns and carboys, while ampoules are made of glass, and are used as containers. The present protection on size applied to over 5 c. c. is far from adequate.

I hereby request that the type of container known as ampoules to be hermetically sealed, fabricated from glass tubing or otherwise, capacity up to 5 c. c.; maintain its present specific duty of 50 cents per gross; over 5 c. c., 50 cents per gross specific, and in addition thereto 50 per centum ad valorem.

The principal use of ampoules is for containers of medical and biological products. Their use is increasing every year.

Below I hand you my actual costs and selling prices, and also a copy of a letter kindly lent me by one of my customers, showing

competitive prices. This is the original letter which was sent in, addressed to the Swan-Myers Co., Indianapolis [reading]:

C. G. GREINER & SOHNE,
November 14, 1928.

The Swan-Myers Co.,
Indianapolis.

GENTLEMEN: Your reference H. M. Clain, SF. We duly received your favor of the 24th ultimo and with our heartiest thanks for your amiable reception of our Mr. Franz Greiner at your office, we have to state that he meantime brought us your samples. Under separate cover you receive our counter-samples in ampoules made of alkali-free Jena Fiolox glass with longitudinal stripe warranting absolute uniformity and neutrality of quality which you will kindly examine. We are offering these ampoules as follows:

Mold No. 3:	
1 cubic centimeter	$2.10
2 cubic centimeters	2.80
50 cubic centimeters	33.40
Mold No. 4:	
5 cubic centimeters	4.85
10 cubic centimeters	7.70
20 cubic centimeters	14.45

Per 1000, cash net after receipt and control of goods, delivered c. i. f. New York—Messrs. Hensel, Bruckmann & Lorbacher, New York, who certainly will report you re freight New York-Indianapolis. The duty amounts to $0.60 per gross.

The quantity mentioned in your above-cited favor will be delivered within 3 to 4 weeks after order's arrival and the fact that we are regular suppliers since many years of Messrs. Eli Lilly & Co., Indianapolis, Parke, Davis & Co., Detroit, etc. will certify that we are well accustomed in accuracy and reliability.

In the hope to be favored with your kind order for prompt and careful effectuation, we are, dear sirs,

Very truly yours.

Senator EDGE. Who is that letter from?

Mr. SCHNORR. It is from C. G. Greiner & Son, addressed to the Swan-Myers Co., of Indianapolis. C. G. Greiner & Son are a firm in Germany. I am leaving a copy with the Senate committee of this letter.

Senator KING. I do not see the relevancy of it yet.

Mr. SCHNORR. Now, here I have the costs. I am giving you actual costs.

Senator KING. You are giving the German costs?

Mr. SCHNORR. No; I am giving you my costs now.

Senator KING. You are doing that in order to show the contrast, to justify you in getting a larger tariff?

Mr. SCHNORR. That is what I am doing now, Senator.

Senator EDGE. In other words, you are quoting from a proposal made by this firm to an American firm, giving the prices at which they would sell their goods, where?

Mr. SCHNORR. C. i. f. New York.

Senator EDGE. C. i. f. New York—all right.

Mr. SCHNORR. The cost on a 1 c. c. ampoule is 77 cents per gross.

Senator KING. That is your cost?

Mr. SCHNORR. That is my cost, with the duty.

Senator BARKLEY. How much is that?

Mr. SCHNORR. Seventy-seven cents.

Senator EDGE. Give your costs right along the same line, so that we can compare them.

Mr. SCHNORR. Our cost is 77 cents. Our selling price is 80 to 90, according to the quantities.

On 2 c. c.'s our cost is 83 cents; selling price, 85 to 95 cents.

On 5 c. c.'s, our cost is $1.44; selling prices, $1.60 to $1.70.

We do not want any increase of duty up to 5 c. c. We want it to stand as it is.

When it comes to a 10 c. c., our cost of manufacturing is $2.14 per gross. That is a 10 cubic centimeter ampoule, which is quoted f. o. b. New York in this letter at $1.60 a gross.

Senator EDGE. And what is your cost?

Mr. SCHNORR. My cost of manufacturing is $2.14.

On our 20 c. c. ampoule the cost is $3.55 for manufacturing; their price laid down in New York, $2.06.

Our cost of a 50 c. c. ampoule is $10.10 per gross, against the cost of $4.77 laid down in New York.

This is where we would like to have an increase of 50 per cent—on these items above 5 c. c.

The German ampoule, 5 c. c., is laid down in New York at $1.19 plus duty, and we are not asking any increase on that.

Last year we manufactured 40,000 gross of ampoules, which is about 65 per cent of our business.

We also manufacture antitoxin syringes, serum vials, test tubes, and homeopathic vials; but ampoules represent about 65 per cent of our business.

Senator BARKLEY. What is the production of these ampoules in the United States?

Mr. SCHNORR. I figure that there were at least 150,000 gross imported last year.

Senator BARKLEY. I am talking about production, not importations.

Mr. SCHNORR. The production? Our production was 40,000 gross last year, which is one-half of the production of the United States. I am talking for the Ruth Glass Co., of Conshohocken; the Kimball Glass Co., of Vineland, N. J.; the Vineland Scientific, of Vineland, N. J.; and I wish also to talk for the Moser Glass Co., of Conshohocken; the American Research, of Philadelphia; the A. H. Beck Co., of Philadelphia; the C. G. S., of New York City; and the Steele Glass Co., of Philadelphia.

Senator EDGE. What is the American Research? Is that glass manufacturer?

Mr. SCHNORR. That is a glass manufacturer.

Senator BARKLEY. I see here, in the Tariff Commission's report, this statement of competitive conditions. [Reading:]

Foreign competition in domestic markets in the comparatively heavy common glass bottles and other glass containers is not important. Glass containers made of relatively thin glass, such as ampoules and small tubes for holding candy and other commodities are imported, but the amount is comparatively small.

Is that correct?

Mr. SCHNORR. Well, I will say there is about 120,000 to 150,000 gross of these ampoules imported each year. What we are right up

against now is this: We are manufacturing as high a grade of glassware as is being imported.

Senator EDGE. Let me get from you again just what you are asking for, different from this paragraph as it comes from the House.

Mr. SCHNORR. I am asking for an additional 50 per cent ad valorem above 5 c. c.

Senator KING. Fifty per cent ad valorem?

Mr. SCHNORR. That is, plus the 50-cent duty—in addition to the 50 cents specific duty.

Senator BARKLEY. What is the value of these? You say 140,000 or 150,000 gross are imported. What is their value laid down in New York?

Mr. SCHNORR. We manufactured in the neighborhood of $90,000 worth of ampoules last year. That represented 40,000 gross.

Senator BARKLEY. I am speaking of the value of these that are imported, not those you manufacture.

Mr. SCHNORR. Well, according to their price, 100,000 gross at 21 cents a gross; the small ones, would not amount to much.

Senator KING. Were these small or large?

Mr. SCHNORR. All sizes. They are going after these large sizes now, on account of having this duty of 50 cents a gross on them. They can import these, laid down in New York, at $5.27 a gross where they cost us $10.10 a gross to manufacture.

Senator EDGE. You say you are not asking for this 50 per cent ad valorem excepting on the larger sizes?

Mr. SCHNORR. Over 5 c. c.

Senator KING. What proportion of your output consists of the 5 c. c. and over?

Mr. SCHNORR. What proportion?

Senator KING. Yes; what proportion of your 40,000 gross production?

Mr. SCHNORR. I will say that 65 per cent of our production is 5 c. c. and under.

Senator EDGE. Why would not that apply in the same sense to any container, whether it be an ampoule or a bottle, when we are segregating in sizes?

Mr. SCHNORR. Well, it may come to sizes; but I just thought I would bring up ampoules, because that was going to hit me. I am on the verge of losing, say, about $40,000 worth of business in the next year if we do not have some protection on these larger ampoules.

Senator BARKLEY. Who uses these ampoules, mostly?

Mr. SCHNORR. Pharmaceutical laboratories. Now, remember, if that 50 per cent is put on, that is going to mean about $2.50 a gross, which will mean less than 2 cents on an ampoule.

Senator EDGE. The price in New York per gross averages how much?

Mr. SCHNORR. With the 50-cent duty on this, it is $5.27.

Senator KING. Now?

Mr. SCHNORR. Now. With the increase of 50 per cent ad valorem it will mean $7.645, or about $2.45 less than it costs me to produce.

Senator EDGE. Did you set that forth in the brief?

Mr. SCHNORR. I have it right here.

Senator EDGE. Are you going to turn that in?

Mr. SCHNORR. I am going to turn it in; and the 22 c. c. would cost $3.59 with the added duty, and it costs me $3.55 to produce.

Senator EDGE. I want those figures in the record so as to study them.

Mr. SCHNORR. I am going to put them in.

Senator EDGE. Then your request or proposal is also contained in what you have presented?

Mr. SCHNORR. It is contained right in this.

(The table of figures above referred to by Mr. Schnorr is as follows:)

Cubic centimeters	American cost	German selling price	C. i. f. New York	Plus duty, 50 cents	Duty asked, 50 cents and 50 per cent
1	77	30	80	80	45
2	83	40	90	90	90
5	144	60	110	110	165
10	214	110	160	215	240
20	356	206	256	369	435
50	1,010	477	527	784½	1,200

Over present selling price.

Senator EDGE. Are there any questions?

Senator KING. Yes. Mr. Schnorr, last year we imported from all over the world only $246,000 worth of glass bottles—unfilled bottles—which would include these, the duty upon which was $97,000.

Mr. SCHNORR. $246,000?

Senator KING. $246,000. That was the value of all of the imports. Are you sure your figures are right?

Mr. SCHNORR. I am; there is away over 100,000 gross imported each year.

Senator KING. How do you know that?

Mr. SCHNORR. I know there is one concern in the United States that imports in the neighborhood of seventy or seventy-five thousand gross a year.

Senator KING. Of what kind?

Mr. SCHNORR. Of all sizes.

Senator KING. Of ampoules?

Mr. SCHNORR. Of ampoules.

Senator KING. Alone?

Mr. SCHNORR. Alone.

Senator KING. What firm is that?

Mr. SCHNORR. Parke, Davis & Co., of Detroit.

Senator KING. Have you sold them any?

Mr. SCHNORR. No; I never sold Parke-Davis any, but I am on the verge of losing at least one-half of my business if we do not get this increase.

Senator KING. If 150,000 gross are imported, that leaves, then, a very small amount of imports from all over the world, because the entire amount, as stated, was only $246,000 worth.

Mr. SCHNORR. Well, if we figure that ampoules on an average would cost $2 a gross, 100,000 gross would mean $200,000 in ampoules.

Senator KING. But that means all unfilled bottles. This covers all unfilled bottles; and certainly the ampoules are only a small propor-

tion of the unfilled bottles imported from all over the world. Is not that true?

Mr. SCHNORR. That is true.

Senator KING. I think there must be something wrong with your figures.

Mr. SCHNORR. Well, this is the first time I have been before a Senate committee, and I came down here to protect the business I started.

Senator KING. But you came down to tell the truth, of course?

Mr. SCHNORR. To the best of my ability; yes, sir. I had the figures here that I wanted to lay before the Senate committee and see if I could not protect this business.

Senator KING. Well, now, let us come to this other matter. I want to know where you get your knowledge that there were 150,000 gross of ampoules imported last year.

Mr. SCHNORR. Parke, Davis & Co. import in the neighborhood of 70,000 gross.

Senator KING. How do you know that?

Mr. SCHNORR. By the quantity that they use.

Senator KING. Did they not buy some domestic production?

Mr. SCHNORR. Not here lately, that I know of.

Senator KING. No; but you say that they are consuming 70,000 gross. Do you know that that is all imported?

Mr. SCHNORR. I do not know of any of the other manufacturers that supply them. I practically know all of them, and none of them are making ampoules for Parke, Davis & Co.—not one of the manufacturers that I know of.

Senator KING. There are others that you do not know. Do you tell the committee now that Parke, Davis & Co. import all of their ampoules?

Mr. SCHNORR. Practically all.

Senator KING. You know that, then, from your inquiries?

Mr. SCHNORR. I know that Eli Lilly & Co., of Indianapolis, import 80 per cent of their ampoules.

Senator KING. You produce 40 per cent of the ampoules that are made in the United States?

Mr. SCHNORR. I produced 40,000 gross of ampoules last year.

Senator KING. What proportion of those consumed in the United States do you produce?

Mr. SCHNORR. I will say one-half. I manufacture one-half the ampoules that are made in the United States.

Senator EDGE. The Senator asked you how that compares with the actual consumption.

Senator KING. Yes; what is the number of ampoules used in the United States, big and little?

Senator EDGE. Imported and domestic.

Senator KING. Yes.

Mr. SCHNORR. I think I manufacture about 20 per cent of the ampoules used in the United States.

Senator KING. How long have you been in business?

Mr. SCHNORR. Since 1912.

Senator KING. Alone?

Mr. SCHNORR. Alone.

Senator KING. What capital have you put in?

Mr. SCHNORR. I had between two and three thousand dollars when I started.

Senator KING. Between two and three thousand dollars?

Mr. SCHNORR. Yes, sir.

Senator KING. And you have made profits, and they have gone back into the business?

Mr. SCHNORR. Yes, sir; I did a business of $134,000 last year, and made $9,000 profit.

Senator EDGE. And you are proud of it.

Senator KING. But you started in with $2,000?

Mr. SCHNORR. Yes, sir.

Senator KING. And you have put in no new capital?

Mr. SCHNORR. No; my earnings.

Senator KING. It is simply the surplus that you derived?

Mr. SCHNORR. Yes.

Senator KING. You have lived out of your business?

Mr. SCHNORR. I have.

Senator KING. You have expanded it?

Mr. SCHNORR. Yes; I have.

Senator KING. You have a larger factory?

Mr. SCHNORR. Yes.

Senator KING. You expanded last year?

Mr. SCHNORR. Well, not to amount to a whole lot.

Senator KING. Was there any expansion?

Mr. SCHNORR. Well, can I answer you that question?

Senator KING. Yes; to be sure. That is what I am asking it for.

Mr. SCHNORR. I am a glassworker by trade. I started this business——

Senator KING. Oh, no; I beg your pardon: Did you expand last year? I will get through in a hurry if you will answer me.

Mr. SCHNORR. About 8 per cent.

Senator KING. Did you expand the year before?

Mr. SCHNORR. About 5 or 6 per cent.

Senator KING. And the year before?

Mr. SCHNORR. Yes; a little.

Senator KING. So you have been expanding right along every year; and in 1928, with all of this situation that you have described, you expanded 8 per cent?

Mr. SCHNORR. Yes; I did.

Senator EDGE. Would you get that order from this man named Lilly, in Indianapolis, and the other large firm you mentioned, if this duty should be granted by Congress?

Mr. SCHNORR. I will get more business from different houses throughout the country, and I would not lose this order here of Swan & Myers. Swan & Myers last year bought $24,000 worth of ampoules from me.

Senator EDGE. And they told you that they could not pay your price because they——

Mr. SCHNORR. They told me that there would have to be something done, or they would have to import the ampoules to compete with the other concerns.

Senator BARKLEY. How many men do you employ?

Mr. SCHNORR. I run about 50 people, and I run one foreman and a secretary in the office, and I do the rest of the work. My traveling expense last year was $341. That is the way I work and earn my money.

Senator EDGE. Let me have these figures, if you have not already put them in—the actual cost in New York of that particular business that you say you are going to lose, and the type of ampoule, and the price that you would charge, if that is not giving away business secrets. I do not want it if it is. Will you put that in the record?

Mr. SCHNORR. Will I put it in the record?

Senator EDGE. Yes.

Mr. SCHNORR. I certainly will. I will put anything in the record.

Senator KING. Have you examined any of the invoices of imports?

Mr. SCHNORR. No; I have not.

Senator KING. This last year?

Mr. SCHNORR. I have not.

Senator KING. As to the price, you know nothing except this letter which you have offered?

Mr. SCHNORR. That is the only thing that I know, Senator.

Senator KING. Who are some of the importers of ampoules—some of the New York importers?

Mr. SCHNORR. I could not name the New York importers, but I can name a few of the concerns that use them.

Senator KING. I was wondering, if there were any imports there in New York, if the German glass people had representatives.

Mr. SCHNORR. Greiner has a representative. His name is in the list.

Senator KING. These ampoules are used in all pharmaceutical and medicinal factories?

Mr. SCHNORR. Yes, sir; they are.

Senator KING. And, of course, an increase in the price, whether it is little or big, would be carried on to those who buy the medicines?

Mr. SCHNORR. Well, these are mostly used by doctors. An increase would mean about $2 on a box of 100 cc. ampoules.

Senator EDGE. You said, a while ago, about 2 cents a container.

Mr. SCHNORR. Yes. That is $2 on a box of a hundred.

Senator EDGE. If that duty were imposed as you have asked, it would apply to everything else in paragraph 217, unless it should be made to apply specially to ampoules. You see, you are in a class here with bottles, vials, jars, demijohns, and carboys; and if we make any change it would apply to everything, and not merely to your ampoules.

Mr. SCHNORR. If you could specify ampoules—you see, we manufacture a great deal of other glassware, and I have reduced prices on ampoules from 15 to 80 per cent in the last five years.

Senator EDGE. Why?

Mr. SCHNORR. On account of foreign competition. I raised the wages of some of the men last year and the year before—they all work on the piecework system—up as high as 25 per cent on certain lines of ampoules. I have cut down on most of my overhead to see if I could not compete against this competition; but it has gotten so that it is going to be a hard drag if we can not get this.

Senator BARKLEY. Is this product made by machinery?

Mr. SCHNORR. No; it it is all made by hand, everything; and the average wage of the men making ampoules is from $26 to $36 a week. It is the highest pay; and you can not cut down the wages any lower, because the men are just about making enough to get along on, if they can get along on that.

Senator EDGE. Are there any other questions?

Senator KING. Mr. Schnorr, the rate on tubing—which is the raw material for the ampoules; is it not?

Mr. SCHNORR. Yes.

Senator KING. The rate on tubing is 65 per cent, shown in paragraph 216–b. The rate on 50 c. c. ampoules is 5 per cent. Now, at 50 cents per gross, this would give a preminence on the foreign production of ampoules, and might lead to the importation of the tubing rather than the ampoules.

Mr. SCHNORR. We are not going to import any tubing. As long as we can get tubing in this country we are going to handle American tubing.

Senator KING. But the ampoules would come over in the form of tubing rather than in the form of ampoules if you increased this rate on ampoules, so that you would lose by having cheaper tubing here which would take the place of the ampoules.

Mr. SCHNORR. I can answer you that. A few years back, Eli Lilly & Co. imported some tubing, and I think the price with the duty was 90 cents a pound.

Senator KING. I have not made this clear. I will ask Mr. Alverson, of the Tariff Commission, to explain it.

Mr. ALVERSON. The point is this: The rate on tubing as it now is in the House bill is 65 per cent; under the present act 55 per cent. The rate on 50 c. c. ampoules is only 5 cents. If your price is $10, 50 cents a gross would be 5 per cent. That would encourage the importation of tubing in the form of ampoules at 5 per cent, rather than pay the 65 per cent rate.

Mr. SCHNORR. I will answer you that. It takes 20 pounds of tubing to make a gross of 50 c. c. ampoules, which would be a dollar a gross duty; would it not? Is not that exactly 5 cents a pound?

Senator EDGE. I confess it is a little too deep for me.

Mr. ALVERSON. Five per cent.

Mr. SCHNORR. It takes 20 pounds of tubing to make a gross of these ampoules. Remember, there is about 40 to 50 per cent waste on making ampoules.

Senator EDGE. What is the point, Mr. Tariff Expert, that you are trying to make there?

Mr. ALVERSON. I am not trying to make any. I am interpreting this.

Senator KING. Mr. Minnich, here, is one of the Treasury experts. I will ask him to make a statement in regard to that.

Mr. MINNICH. The rate of 5 per cent on the 50 c. c. ampoules would encourage the importation of the finished product, because the duty on the raw material is 65 per cent, just as you say; and if you allow the 65 per cent rate on the raw material there should be some compensation on the finished ampoules. The rate on the 1 and 2 c. c. is a little over 100 per cent at 50 cents per gross.

Senator KING. One hundred per cent tariff now?

Mr. MINNICH. Yes; 50 cents per gross is 100 per cent on the 1 and 2 c. c., but it is only 5 per cent on the 50 c. c.

Senator EDGE. I see your point. I wish you would work that out on this basis, so that I can study it.

(Mr. Schnorr also submitted, for the record, the following table, referred to by him in the course of his testimony:)

	Glass	Labor	Overhead	Cost	Selling price
1c. c.	$0.40	$0.22	$0.15	$0.77	$0.80-$0.90
2c. c.	.45	.22	.15	.83	.85- .95
5c. c.	.72	.44	.28	1.44	1.60- 1.70
10c. c.	1.13	.58	.43	2.14	2.60
25c. c.	2.08	.77	.70	3.55	4.25
50c. c.	6.00	2.10	2.00	10.10	12.00

With 50 cents per gross:

10 c. c. with 50 per cent ad valorem	$2.15
20 c. c. with 50 per cent ad valorem	3.50
50 c. c. with 50 per cent ad valorem	7.04½

SCIENTIFIC GLASSWARE

[Par. 218 (a)]

STATEMENT OF RALPH BARBER, VINELAND, N. J., REPRESENTING AMERICAN MANUFACTURERS OF BIOLOGICAL INSTRUMENTS

[Including glass rods, par. 231]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Barber, you represent the American manufacturers of biological instruments, I understand.

Mr. BARBER. Yes, sir; biological instruments covered in paragraph 218 (a).

Senator EDGE. Are you a manufacturer?

Mr. BARBER. No, sir. I am a production superintendent.

Senator EDGE. Of what?

Mr. BARBER. I do not own a manufacturing plant. I am a manufacturer, in the capacity of superintendent of the Vineland Flint Glass Works.

Senator EDGE. You are here to discuss paragraph 218 (a), where it is proposed to raise the duty from 65 per cent ad valorem to 85 per cent.

Mr. BARBER. Yes.

Senator KING. You testified, and I find your testimony in the House hearings on page 1461.

Mr. BARBER. Yes.

Senator KING. Are you going to add anything to that?

Mr. BARBER. I am going to add to that, but not repeat anything that was offered at that hearing.

I would like to present this statement, if I may.

I represent the American manufacturers of chemical, biological, and metallurgical glassware covered by paragraph 218 (a), page 40, House bill H. R. 2667.

Following your suggestion, I would like to call your attention to the following pertinent facts developed since our appearance before the Ways and Means Committee in January:

It is a matter of record that this relatively new industry is a master key industry. This has been confirmed by such bodies as the Tariff Commission, War Department, medical supply department, American Chemical Society, and by the British Empire by their passing of the Safeguarding Act in 1921.

Senator KING. Are you speaking of glassware generally?

Mr. BARBER. Glassware generally; particularly chemical and laboratory glassware. I am not speaking of the entire list. Paragraph 218 is a very large paragraph in the glass industry.

Senator EDGE. You are not speaking of plate glass.

Mr. BARBER. I am not speaking of plate glass, window glass, or decorated glassware. I am speaking of chemical, biological, and metallurgical glassware only.

Government figures show that the volume of imports have increased consistently from $62,000 in 1919 to well over one-half million dollars in both 1927 and 1928. The total volume of the business done by domestic manufacturers in 1918 was estimated at $3,000,000. This has naturally decreased in proportion to the increased imports. Figures available show the imports for the first three months of this year to be over $125,000. These figures, if converted into their equivalent value in America, represent one-quarter million dollars, or practically one-third the volume of a very small but important industry.

In 1918 our industry employed approximately 2,000 skilled and unskilled workmen, due somewhat to American productive methods, but largely to the flood of foreign-made ware. To-day throughout this country there are idle plants and the number of employees is reduced over 50 per cent. Men and management have cooperated to the fullest extent in reducing costs and to-day you will find wages for both skilled and unskilled labor the lowest of any department in the entire glass industry.

Senator EDGE. Did I understand you to say that the employment had decreased 50 per cent?

Mr. BARBER. The employees have decreased 50 per cent.

Senator EDGE. In view of the statement made by the previous witness, that this business has increased in volume, and that 80 per cent was handled by domestic producers——

Mr. BARBER. That is syringes alone. This is another part of the glass industry. Paragraph 218 is very confusing.

Senator EDGE. Paragraph 218 contains everything under the sun.

Mr. BARBER. It covers practically eight distinct departments in the glass industry, that are just as far apart as two industries could be, and yet they are all glass.

Senator EDGE. They are subdivided.

Mr. BARBER. They are subdivided in some cases, and in other cases they are mixed up.

The American workmen's wages for the year 1928 were as follows: Skilled, $35 per week; unskilled, $15 per week.

Again this as manufacturers we must compete with an average wage of $12 per week for skilled labor and $5 per week for un-

skilled, which are the current rates to-day in this class of labor through central Europe for the same class of work.

They work longer hours, and produce more per day than we produce.

Senator KING. That appears very clearly in your testimony before.

Mr. BARBER. That appears in there. We are trying to call attention, Senator, to the fact that there has been a reduction in the employees in this line of work, even at the reduced wages that our men have accepted since 1918.

In January the manufacturers submitted to the Ways and Means Committee samples and analyzed figures of their comparative costs and foreign f. o. b. New York City duty-paid prices. These costs were a representative or bread and butter items of our line. Computing an average of these figures, it will be interesting to know that glass represented less than 10 per cent of the total cost, while skilled labor represented over 35 per cent and unskilled 5 per cent. The American manufacturers' average cost of their articles was 30 per cent over the foreign cost laid down, including the present duty. It is, therefore, quite evident that this industry, depending largely on skilled labor, most certainly deserves further protection to cope with foreign-made goods which have an advantage of over approximately 200 per cent in labor costs alone.

Prior to 1915 practically all this ware was manufactured and imported to this country from central Europe. The reason for this was that under the previous tariff act, the major portion of chemical ware was imported free of duty by educational institutions.

I sat here yesterday and listened to Mr. Johnson on this item. I could not help thinking that if that same condition existed to-day we would have a new industry to build up to-day. The only thing that has kept this industry together is the protection being given by the Government to-day.

Senator EDGE. In other words, if you had not had the 65 per cent duty, your plant would be closed.

Mr. BARBER. Yes; 50 per cent of them are now closed.

At the beginning of the war the Government called the manufacturers to Washington, forming what was known as the apparatus section of the Council of National Defense. When war came to England, the English manufacturers extracted the promise of protection for their industry which they would have to develop.

The American manufacturers did not ask for promises. They went ahead and have developed this industry.

It will be rather interesting to know the effect of American prices under the protection afforded by the act of 1922. This has been brought out in an editorial in the April issue of Industrial and Engineering Chemistry, which is the official organ of the American Chemical Society, who are large users of our product.

Following is an extract from this editorial and applies particularly to the class of goods, in which, as manufacturers, we have a very sincere interest:

> Comparing prices of 1920 with those of 1929, it is found that with a quality and accuracy higher than at the earlier date, the average price of chemical glassware, such as resistance glass, flasks, beakers, burettes, cylinders, pipettes, separatory funnels, and chemical funnels is 24 per cent lower.

As manufacturers, we are pleased to present this information to your committee and feel confident that the information contained herein will be a benefit to you in your consideration.

Senator KING. What did you produce in 1928?

Mr. BARBER. What did we produce in volume?

Senator KING. Yes.

Mr. BARBER. Those figures I have not with me at the present time, but they are in the brief submitted by the manufacturers of glassware.

Senator EDGE. In round figures; do you remember?

Mr. BARBER. About $3,000,000, I should say.

Senator EDGE. How many people do you employ in your Vineland factory, when you are working at capacity?

Mr. BARBER. Working at capacity, we probably have, in the Vineland factory, including the Kimball factory, and all of them bunched together, probably 2,000 employees.

Senator KING. Let me ask you a question. I am asking now about the entire product under the schedule to which you are referring, chemical and other scientific glassware.

Mr. BARBER. About $3,000,000.

Senator KING. Isn't it more than that?

Mr. BARBER. It may be more than that. I have not the figures available.

Senator KING. In 1926 it was only $2,250,000. So, you have increased it.

Mr. BARBER. That included what? The entire glass industry of Vineland produced a great deal more than that.

Senator KING. Chemical and other scientific glassware. That is the heading that I was calling attention to. The estimate of the Tariff Commission is that in 1926 two and one-quarter million represented the entire production in the United States. Now you say it is over $3,000,000.

Mr. BARBER. I do not know, but I say roughly, about $3,000,000. I have not the figures available, so I am only giving you an answer from my personal knowledge.

Senator EDGE. You produce other things besides scientific glassware?

Mr. BARBER. Oh, yes. We produce lots of things. The entire paragraph, practically, is covered at our plant.

Senator EDGE. I notice that the imports here of scientific glassware, so itemized, have constantly increased from 1919, at $62,000, to $545,000 in 1928.

Mr. BARBER. Correct.

Senator EDGE. The imports have constantly been increasing year by year.

Mr. BARBER. The first three months of this year the imports were $125,000, foreign value.

Senator KING. The Senator might mention that your exports for 1928 were $235,647 in value.

Mr. BARBER. They were to Mexico, Canada, and Cuba.

Senator EDGE. On this side of the Atlantic?

Mr. BARBER. Yes.

Senator KING. You export to China?

Mr. BARBER. We do export to China.

Senator KING. And to Canada, Cuba, and Mexico?

Senator EDGE. Is there any other information you want to give the committee? Your brief that has been filed with the Ways and Means Committee, of course, we will not reprint.

Mr. BARBER. No. I have another small brief here pertaining to paragraph 231, rods, and so forth. There is a conflict between 231 and 218. If there is no objection I will file this brief with the secretary, to cover the entire proposition.

Senator KING. What does it relate to?

Mr. BARBER. Paragraph 231 has rods in with tile and other stuff, where it really does not belong. The volume of business there is practically $200,000 or $300,000; business that should be classified in a place where it properly belongs, in 218 (a). Let me read just the first paragraph, Senator. This will probably clear it up:

We would respectfully invite your attention to paragraph 218 (a) biological, chemical, metallurgical, pharmaceutical, and surgical articles and utensils of all kinds including all scientific articles, utensils, and rods, whether used for experimental purposes in hospitals, laboratories, schools or universities, colleges, or otherwise; all the foregoing finished or unfinished, wholly or in chief value of glass, 85 per centum ad valorem, and (b) tubes and tubing with ends finished or unfinished for whatever purpose used, wholly or in chief value of glass, 65 per centum ad valorem.

Senator EDGE. What is it in paragraph 231?

Mr. BARBER. It is 40 per cent. We want that put in paragraph 218, where it rightfully belongs.

Senator EDGE. What particular commodities?

Mr. BARBER. Glass rods.

Senator EDGE. I can not see any glass rods in it.

Mr. BARBER. Oh, yes. Read down further.

Senator EDGE. You want that taken out because it only gets 40 per cent, and want it put somewhere where it gets 85?

Mr. BARBER. It is not properly classified.

Senator EDGE. I want to get your thought.

Mr. BARBER. We are not asking that that go to 85 per cent. We are not asking the advance. The Treasury Department has already passed upon it.

Senator EDGE. All right, Mr. Barber.

Mr. BARBER. I will file that with the committee.

(Mr. Barber submitted the following brief:)

BRIEF OF AMERICAN MANUFACTURERS OF BIOLOGICAL INSTRUMENTS

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

GENTLEMEN: We would respectfully invite your attention to paragraph 218 (a), biological, chemical, metallurgical, pharmaceutical, and surgical articles and utensils of all kinds including all scientific articles, utensils, and rods whether used for experimental purposes in hospitals, laboratories, schools or universities, colleges, or otherwise, all the foregoing, finished or unfinished, wholly or in chief value of glass, 85 per cent ad valorem, and (b) tubes and tubing with ends finished or unfinished, for whatever purpose used, wholly or in chief value of glass, 65 per cent ad valorem.

It will be seen by comparing the wording in H. R. 2667 with the present law that the House of Representatives saw fittingly and properly that tubing was separated from biological, chemical, metallurgical, pharmaceutical, and surgical articles, and distinctly classified this item in suparagraph (b) at a lower rate of duty; that is, 65 per cent. The House, however, it appears, overlooked glass rod and left it in subparagraph (a) at 85 per cent.

As the manufacture of tubing and rod is an analogous industry we would further invite your attention to what seems to be a conflict and injustice inasmuch as glass rod is also classified at 40 per cent in paragraph 231; that is, smalts, frostings, and all ceramic and glass colors, fluxes, glazes, and enamels, all the foregoing ground or pulverized, 30 per cent ad valorem; in any other form 40 per cent ad valorem; opal enamel or cylinder glass tiles, tiling, and rods, 40 per cent ad valorem.

It is apparent that the inclusion of glass rod or rods in paragraph 231 covering tiles and tiling is an error. The process in the manufacture of glass rod is almost identical with the manufacture of glass tube and tubing. The fact that it is opal or colored increases the manufacturers costs from both the material and labor standpoint, thus placing a greater burden on manufacturers meeting this type of competition.

The glass rod referred to has several major uses, roughly divided into two classes; that is, the manufacture of buttons and imitation jewelry, and that of glass bars for bathroom accessories such as towel bars, cloth racks, etc. Through the peculiar classification of this class of ware the supply of American made glass rod for these purposes has been seriously affected.

It is a matter of record in the hearings before the Committee on Ways and Means of the House of Representatives in the Seventieth Congress, second session, page 1628, paragraph 231, glass rods, that Mr. Thomas C. Thompson, a manufacturer of glass and vitreous enamels and colored and special-type glass rods, Wilmette, Ill., states that his glass-rod business has not been operating for four years on this account. Figures are not available as to the value of imports.

The manufacturers submitting this brief are producing this item in limited quantities, filling only special and small orders. It is, however, conservatively estimated that the volume of this business would approach $100,000 per annum, the great majority of which is now foreign ware.

American skilled labor on this class of ware averages $34 per week; unskilled labor averages $16 per week. Comparative central European labor costs are as follows: Skilled labor, $10.75; unskilled labor, $4.25 per week.

That this very apparent injustice may be rectified, we urge your committee to make the following changes in H. R. 2667:

1. Paragraph 218 (a), page 40, line 18: Insert "and" after the comma following the word "articles" and strike out the words "and rods" and the comma following.

2. Paragraph 218 (b), page 40, line 19: Insert the words "and rods" after the comma following the word "tubing" and insert comma after the word "rods."

3. Paragraph 231, page 48, line 2: Insert the word "and" after the comma following the word "tiles" and strike out the words "and rods" and the comma following the word "rods."

(Presented by Ralph Barber for the manufacturers of opal and colored glass rod.)

DeMuth Glass Co.,
Brooklyn, N. Y.
Vineland Flint Glass Co.,
Vineland, N. J.
Greiner Glass Co.,
Brooklyn, N. Y.
Ralph A. Barber.

STATEMENT OF THEODORE M. JOHNSON, NEW YORK CITY, REPRESENTING THE EDUCATIONAL BUYERS' ASSOCIATION

[Including optical instruments, par. 218 (a); also surgical instruments, par. 359; scientific and laboratory apparatus, par. 360]

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. Johnson. I am the president of the Educational Buyers' Association of America, and also purchasing agent of New York University.

I am here, gentlemen, on an entirely different problem, perhaps, than what you have been accustomed to listening to for the last three or four days.

I am here in the interest of 186 universities and colleges throughout this country, representing the Educational Buyers' Association, of which Rutgers, the University of Michigan, and the University of Virginia are all members. I should like to read some of the facts in the general brief that I have here.

Senator EDGE. We want you to read it, but I should like to find out, before you start your brief, the purpose of your appearance.

Mr. JOHNSON. I am here on paragraph 218 (a) and paragraph 228. Of course we are also interested in paragraphs 359 and 360; but they are so far in advance that they will doubtless be taken up at another hearing.

Senator EDGE. All right; go ahead.

Mr. JOHNSON. I should like to have permission, gentlemen, to submit both the general brief and an individual brief of Harvard University, which will characterize the number of individual briefs that members of the Senate Finance Committee have received.

Senator KING. Have you the Harvard brief here?

Mr. JOHNSON. Yes, sir; I have.

The Educational Buyers' Association of America, made up of 186 leading universities and colleges, appreciates this opportunity to appear before your honorable committee with facts which it feels confident will be of considerable interest to you, in that they bear a direct relationship to the question of duty on educational equipment, educational supplies, and scientific apparatus, which question is now having your consideration. We particularly refer to paragraph 218, in which it is proposed to raise the duty from 65 per cent to 85 per cent ad valorem; paragraph 228 A, in which it is proposed to increase the duty from 45 per cent to 60 per cent; and paragraph 359, in which it is proposed to increase the tariff from 35 per cent to 70 per cent.

At this hearing the university and college members should like to present a proposal protesting against the present excessive tariff as well as the recommended duty increase on scientific equipment and supplies. These are purchased for the purpose of encouraging research and advancing education, imported in good faith by any educational institution in the United States. This protest is made with a full realization of the economic soundness of imposing duties on imports for the purpose of protecting our American commercial industries. We, as the purchasers of our institutions' materials of equipment and supply, wish to be placed on record as being in favor of doing business with American manufacturers in preference to foreign manufacturers in every instance where such adherence to the principle of protection does not interfere with the advancement of science. Evidence of this fact may be readily seen when we report that out of the total amount expended for scientific apparatus and supplies, approximately $16,300,000, only $1,531,000 was spent in foreign markets, or approximately 9 per cent of the total purchases.

Senator EDGE. Let me get this a little clearer. I do not know whether my colleague understands it or not. Do I understand that you are here representing these colleges?

Mr. JOHNSON. Yes, sir. I am purchasing agent of New York University, and president of the Educational Buyers' Association.

Senator EDGE. Do you mean to say that all these 186 colleges have one purchasing agent?

Mr. JOHNSON. No, sir. That is, not a service agency.

Senator EDGE. What do you mean by "purchasing agent"?

Mr. JOHNSON. I buy the material for my own university.

Senator EDGE. Which is your own university?

Mr. JOHNSON. New York University.

Senator EDGE. You are simply purchasing agent for New York University, then?

Mr. JOHNSON. Yes, sir. They have an association. We formed an association nine years ago of the various purchasing agents of these universities throughout our country, and I am president of the association.

Senator EDGE. And you are appearing for them in opposition to——

Mr. JOHNSON. To the increased tariff.

Senator EDGE. In opposition to any increases at all in these paragraphs?

Mr. JOHNSON. Yes, sir.

Senator EDGE. You are opposed to all of them?

Mr. JOHNSON. Well, my proposition is, we would like to consider the educational institutions—that is, colleges and universities—as a separate proposition.

Senator EDGE. Do you mean to say that all these 186 purchasing agents have delegated you to appear in opposition to everything in the nature of a raise?

Mr. JOHNSON. Almost all of the 186 have.

Senator EDGE. Almost all of them?

Mr. JOHNSON. Yes, sir.

Senator EDGE. That is rather remarkable, it strikes me—that 186 colleges should send a man here to make a blanket protest on a tariff bill. I want to find out something about it.

Senator KING. I think it is very sensible.

Senator EDGE. I want to get it in the record.

Mr. JOHNSON. We feel that the universities, the scientists, are being handicapped by a tariff arrangement which I will point out.

Senator EDGE. These paragraphs refer specifically to "articles and utensils of all kinds * * * used for experimental purposes in hospitals, laboratories, schools or universities, colleges, or otherwise."

Mr. JOHNSON. Yes, sir. Paragraph 228 refers to spectrographs, spectrometers, spectroscopes, refractometers, saccharimeters, colorimeters, prism binoculars, cathetometers, interferometers, haemacytometers, polarimeters, polariscopes, photometers, ophthalmoscopes, slit lamps, corneal miscroscopes, optical measuring or optical testing instruments, testing or recording instruments for ophthalmological purposes, and so forth.

Senator EDGE. Before you read that brief, why should the position be any different of manufacturers of glassware of that particular kind and manufacturers of drinking glasses, for example?

Mr. JOHNSON. It is very important to get the instruments of proper precision, and it is very technical. It is more technical, in fact, than I could explain to you.

Senator EDGE. You mean the glassware is?

Mr. JOHNSON. Yes.

Senator EDGE. But you have no criticism of the type of product they produce, have you?

Mr. JOHNSON. The product of the American manufacturer?

Senator EDGE. Yes.

Mr. JOHNSON. Not in 91 per cent of the amount of our purchases; but in the other 9 per cent we do, and that is the 9 per cent that I am talking about.

For instance, the total purchases of all the colleges—by the way, all colleges combined have over $200,000,000 appropriations for expenditures. Of that amount, $16,300,000 are expended for scientific apparatus and supplies.

Senator EDGE. Yes; but the point about which I am trying to get your view is this: While I recognize that everybody likes to get his goods purchased as cheaply as possible, if the theory is correct of protecting one type of glass production, why should it not apply to those very delicate instruments you speak about that are for experimental and laboratory purposes, that are purchased for schools and universities? Schools and universities get their endowments, of course, and all that kind of thing; but why should the manufacturer of the particular product they use be placed in a different position from any other? I am trying to find out what the difference is.

Mr. JOHNSON. I am only appealing from the standpoint of colleges and universities; not the industrial research institutions, but the schools of education.

Senator EDGE. I know; but we are here to decide one way or the other. My colleague and I may have different viewpoints as to the principle of protection; but I want you to explain, if you will, why the producer of a piece of glass of a very delicate type that is bought by a college should not be protected just the same as the man who manufactures any other kind of glassware.

Mr. JOHNSON. I have stated here, Senator Edge, that I believe in that principle entirely.

Senator EDGE. But you say you want no duty on it.

Mr. JOHNSON. We buy $16,300,000 worth of merchandise, of which we only buy $1,531,000 worth abroad, which is only 9 per cent of the total volume of purchases for scientific apparatus and supplies.

Senator EDGE. You buy 9 per cent abroad?

Mr. JOHNSON. We buy 9 per cent abroad.

Senator EDGE. Good. Now, what will be the result if you have your way with the pending tariff bill? What would be the percentage?

Mr. JOHNSON. If the universities could receive a special concession, if your honorable committee could decide to give the universities and colleges a special concession of duty—before 1922, you know, the universities and colleges had their material imported duty free.

Senator EDGE. Carillons—these bells and chimes for churches—used to be on the free list, you know; but the theory was that in the case of a given article, whether it is for a university or a church

or a home, either the principle of protection is correct or it is not correct, so that particular article was taken off the free list.

Mr. JOHNSON. My point is to explain to you how science is handicapped on account of the tariff that we are now paying.

Senator EDGE. You have a right to your opinion. Go ahead with it.

Mr. JOHNSON. To point out that the American manufacturers in a good many of these lines are amply protected to-day, I think this fact shows it—that we spent so much money in America, and such a small amount abroad. As further proof that the American manufacturer is amply protected, we have learned that an instrument covered by paragraph 228, and used extensively in every American university and college, is sold to Canadian educational institutions by the American manufacturers for less than $65 each.

Senator KING. Do you mean that they sell the same instrument for $65 below what they sell it for to the American universities?

Mr. JOHNSON. No; Senator King; they sell it for $65 in Canada, while they sell the same item to us for $108, which is an increase of 66 per cent. That is evidence that the American manufacturer should sell at a lower price to the American universities. This marked difference is a result of the existing high tariff rates.

Senator KING. It shows that he is either charging you too much or discriminating against American universities.

Mr. JOHNSON. Yes, sir.

It should be pointed out, however, that there are many instances where we are compelled to purchase in foreign markets. This is so because of the present superior position some foreign manufacturers hold, owing to their having had a considerably longer time than their American competitors to experiment with new scientific inventions. In fact, in some cases America has yet to enter some of the more highly specialized fields. This statement is frequently corroborated by public statements of our leading scholars.

Senator KING. Let me ask you a question there, if you will pardon the interruption. Could you indicate specifically the various kinds of articles for educational work which are produced abroad and which are not produced in the United States?

Mr. JOHNSON. And which can not be produced here?

Senator KING. Yes; that are not produced here.

Senator EDGE. That would be very interesting. I should like to hear that, too.

Mr. JOHNSON. My experience in purchasing for New York University is just this: For instance, here is a motor generator which any one would feel that the American manufacturers could make. I appealed to the American manufacturers—the General Electric Co. and some of the larger ones that we do business with constantly—to make this motor generator. It was of slow velocity, and very special in specifications. I finally had to give the order to a firm in Germany, just because I could not get it here.

Senator KING. And had to pay the duty?

Mr. JOHNSON. And had to pay the duty.

Senator EDGE. You appeal for a reduction of the duty on this particular type of glassware, rather inferring, as I follow you, that because it is being used in colleges a special concession should be made.

Mr. JOHNSON. Let me cite a case.

Senator EDGE. Let me finish the question first. Why would not the same principle hold good, that you should appeal for a reduction in duty on anything that goes in to build or furnish a college? It is all for high educational purposes, it is true; but it seems to me this whole question is a question that is either right or wrong, and I do not understand why you are just after this glass schedule so particularly.

Mr. JOHNSON. Let me cite the case of a spectograph.

Senator EDGE. You do not answer my question.

Senator KING. Senator, pardon me; I think it has been recognized for years that in Germany, particularly, certain instruments are made of very fine character, used in scientific investigations, that are superior to those produced in the United States, and many of them are not produced in the United States. So far as I am concerned, I am perfectly willing that those instruments that are not produced in the United States, and are absolutely essential in our educational investigations, shall come in free. I think they ought to.

Senator EDGE. I have absolutely no disagreement with you on that proposition; but this gentleman is not coming here for that.

Senator KING. Oh, yes, he is.

Senator EDGE. He is coming here to get the duty reduced on things that are made in the United States.

Senator KING. Well, let us wait and hear his statement, if you have anticipated him.

Senator EDGE. I want to know why he is confining it to glassware.

Mr. JOHNSON. Gentlemen, the point is this: I agree entirely with what you two Senators are talking about; but I think the scientist is the man who should decide whether American material can be used or foreign material can be used, because it is the scientist that I deal with in our universities. It is the scientist that all the purchasing agents deal with.

Senator KING. Let us come right down to the crux of this matter. As I understand you—and you have not made yourself clear; pardon me for so saying—your position is this: That there are certain instruments needed in your scientific work in the universities—and I use the word "instruments" there as covering various kinds of mechanical and chemical and astronomical and other devices—that there are many of those instruments that are not produced in the United States, which you would like to take out from under this high tariff.

Mr. JOHNSON. That is true.

Senator KING. There are some instruments that are made in the United States that are not comparable in quality with those that can be imported?

Mr. JOHNSON. Yes, sir.

Senator KING. And your position is that these scientists here in the United States ought not to be compelled to take the inferior article produced in the United States under the penalty of paying this heavy tariff?

Mr. JOHNSON. Yes, sir.

Senator EDGE. Did I not understand you to say that 91 per cent of your purchases are made in the United States?

Mr. JOHNSON. Because they are acceptable to the scientists—91 per cent are.

Senator KING. He is not talking about them. He is talking about the 9 per cent.

Senator EDGE. I am talking about the 91 per cent.

Senator KING. I am speaking for the 9 per cent. You see, we are at cross purposes.

Senator EDGE. You probably would not get the 91 per cent if you did not have the duty. I can not see a bit of difference between this and anything else; but tell your story.

Mr. JOHNSON. The scientist is being handicapped. They will tell you, "Can you get this article for me?" I will tell them, "Yes, sir; I can get this article for you. Which one do you want?" They would say, "Well, we investigated the American product"—take a spectrograph; I think there is one other company that makes it in America—"and we find that we have got to have the one from abroad." That cost about $5,000; and when I told that man he would have to pay $2,500 more to make that purchase, he said, "Well, I will have to wait another year." By waiting another year we have delayed the advancement of science for the theory that that scientist had in mind.

Now, what we would like to have is a special concession to universities of a reduced tariff. We are willing to pay a certain amount of duty on that merchandise, but we do not like to pay 60 per cent duty. Twenty-five per cent would be reasonable.

Senator KING. You are paying the regular duty now upon all those things?

Mr. JOHNSON. We are paying 45 per cent duty now, Senator King.

Senator KING. Forty-five per cent? It is 70 per cent on some things.

Mr. JOHNSON. I am talking particularly about paragraph 228 just now. It is 45 per cent, and is recommended to be 60 per cent. I should like to have the 45 per cent reduced. For instance, the president and fellows of Harvard College have asked the purchasing agent to protest against making any increase of duty on scientific and laboratory apparatus.

Senator EDGE. What is the increase proposed in the bill, without looking it up?

Mr. JOHNSON. It is 15 per cent in paragraph 228—from 45 to 60 per cent.

Senator EDGE. Is there no difference in paragraph 218?

Mr. JOHNSON. In paragraph 218 it is from 65 to 85 per cent.

Senator KING. Paragraph 228 covers spectrographs, spectrometers, spectroscopes, refractometers, and these other optical and scientific instruments—very delicate instruments.

Mr. JOHNSON. Very technical.

Senator KING. Very delicate and technical instruments. They have put on them in this bill a tariff of 60 per cent ad valorem. Now, on those articles you want either a lower rate of duty or no duty at all?

Mr. JOHNSON. I have not asked that they be put on the free list. I have asked for a reduction to not more than 25 per cent, at the discretion of the committee.

Senator KING. What percentage of those things that you buy now are not made in the United States?

Mr. JOHNSON. Of that one million?

Senator KING. Of the sixteen million.

Mr. JOHNSON. $1,531,000. Some of those are manufactured here; there is competition on them, but the scientists will not accept the competition on that $1,531,000.

Senator KING. You mean they will not accept the competition because they are inferior?

Mr. JOHNSON. They are inferior in quality.

Senator KING. What proportion of the $1,531,000 is not made in the United States?

Mr. JOHNSON. This would be a rough guess on my part, Senator King, but I should say that close to $900,000 of that amount is not acceptable to scientists and is not made in the United States.

Senator KING. And you are paying a duty now of 45 per cent on those instruments?

Mr. JOHNSON. Yes, sir.

Senator KING. So that there is practically $450,000 added to the cost of those instruments which are not in competition with any made in the United States?

Mr. JOHNSON. That is true.

Senator EDGE. But your first proposition, as I understood, was that instruments of inferior quality were made here.

Senator KING. These are not made here at all.

Senator EDGE. If they are not made in the United States—I think you have asked him to do this—if you can furnish the committee with a list of those instruments that are not made in the United States, we shall be very glad to give it further consideration.

Senator KING. I think we will be very sympathetic with the thought of putting it on the free list.

Mr. JOHNSON. I appreciate that, Senator King.

Senator EDGE. But I can not see any difference between glass and anything else as a matter of principle.

Mr. JOHNSON. Here are the figures on optical glass that I got from the Tariff Commission:

Senator EDGE. Do you want to read that? Why do you not just file it?

Mr. JOHNSON. It is about three items. In 1925 the value of the production of optical glass was $53,654,000. The imports for that same period were $1,462,000; so you see there was not very much optical glass imported at that time.

Senator KING. I deduce from your last statement that you are making a plea there for a reduction in the tariff on optical glass because there is practically no competition there?

Mr. JOHNSON. On those instruments, particularly.

Senator KING. I shall be glad if you will supplement your statement here, as indicated by Chairman Edge, by pointing out the articles that are not manufactured in the United States, and then the articles——

Mr. JOHNSON. That the scientists will not accept?

Senator KING. Yes; those that are manufactured in the United States, but which are so inferior that the scientists will not accept

them, going into detail, and, if necessary, come down here again before the committee. I think you had better come down, and take a day or two, or a week, if necessary, in order to be here when the matter is considered.

(Mr. Johnson submitted the following briefs:)

BRIEF OF THE EDUCATIONAL BUYERS ASSOCIATION OF AMERICA

The CHAIRMAN SENATE FINANCE COMMITTEE,
United States Senate, Washington, D. C.:

The Educational Buyers Association of America, made up of 186 leading universities and colleges, appreciate this opportunity to appear before your honorable committee with facts which it feels confident will be of considerable interest to you, in that they bear a direct relationship to the question of duty on educational equipment, educational supplies, and scientific apparatus, which question is now having your consideration. We particularly refer to paragraph 218, in which it is proposed to raise the duty from 65 per cent to 85 per cent ad valorem; paragraph 228A, in which it is proposed to increase the duty from 45 per cent to 60 per cent; and paragraph 359, in which it is proposed to increase the tariff from 35 per cent to 70 per cent.

At this hearing the university and college members should like to present a proposal protesting against the present excessive tariff, as well as the recommended duty increase on scientific equipment and supplies. These are purchased for the purpose of encouraging research and advancing education, imported in good faith by any educational institution in the United States. This protest is made with a full realization of the economic soundness of imposing duties on imports for the purpose of protecting our American commercial industries. We, as the purchasers of our institutions' materials of equipment and supply, wish to be placed on record as being in favor of doing business with American manufacturers in preference to foreign manufacturers in every instance where such adherence to the principle of protection does not interfere with the advancement of science.

Evidence of this fact may be readily seen when we report that out of the total amount expended for scientific apparatus and supplies, approximately $16,300,000, only $1,531,000 was spent in foreign markets, or approximately 9 per cent of the total purchases. As further proof that the American manufacturer is amply protected, we have learned that an instrument covered by paragraph 228, and used extensively in every American university and college, is sold to Canadian educational institutions by the American manufacturers for less than $65 each, while the identical article is sold in American institutions for $108 each, or an increase exceeding 66 per cent. This marked difference is a result of the existing high tariff rates.

It should be pointed out, however, that there are many instances where we are compelled to purchase in foreign markets. This is so because of the present superior position some foreign manufacturers hold owing to their having had a considerably longer time than their American competitors to experiment with new scientific inventions. In fact, in some cases, America has yet to enter some of the more highly specialized fields. This statement is frequently corroborated by public statements of our leading scholars.

Let us look at the situation from the viewpoint of these scholars. We find them telling us that the utility of equipment for scientific work should be taken into consideration. The American scientist should be on a par with the European scientist when it comes to his tools and should not be required to use inferior tools, or tools not adapted to his work, because of the fact that Americans are not yet producing with his particular requirements in mind.

The Educational Buyers' Association will be glad to submit evidences of any number of instances where they have paid duty on purchases which they were compelled to make from foreign manufacturers.

Educational institutions, whether they are privately endowed or supported by the State, are not operating on even a self-supporting, let alone a profit, basis, and it is generally known that the amount of tuition collected does not begin to pay for the cost of the education given in return.

Then, too, there is another consideration; a pecuniary reason why an import duty has often hampered the making of an important experiment. The scientist is often restricted to a specific sum in his budget, and he has to wait

until he can accumulate enough funds to pay the duty, along with the cost of the merchandise. We feel quite certain that an increased duty will not tend to decrease importations and bolster American sales, but will increase the price both in this country and abroad. The college professor can only accomplish his work with the instruments and supplies he chooses after careful selection and will postpone his work until he can raise funds necessary to make this purchase or discontinue his research and investigation entirely. In research, the factor of quality predominates.

There are many State universities and agricultural colleges who are directly supported by State treasury funds. Part of these funds are used for the purchase of scientific equipment and supplies upon which they must pay the import duty. A condition such as this is not only economically unsound, but its legality is doubtful. At a recent conference a comptroller of a Western State university made the assertion that he had a request to purchase a spectrograph, valued at $5,000 complete, but it would have to wait another year because he could not find the $2,250 extra he would have to pay for duty. This spectrograph is an article that is not manufactured in the United States, and no competitive issue was involved.

College laboratories are assisting some of the Government departments in a very large way by cooperating with them in making studies of certain conditions. About a year ago, one of the Government departments circularized all the universities in this country asking for volunteers to make tests for commercial industrials who frequently ask the governmental testing laboratories for assistance. The university laboratories are now making many of these tests and investigations for industrials without charge, for they believe that research is the basis, not only of progress in the sciences, but also of unnumberable manufactories.

With the foregoing remarks, it is not exaggerating in the least to state that education is being taxed, a condition which is universally accepted as being a deterrent to education advancement. We ask, therefore, that your committee will consider recommending the following:

That scientific apparatus and supplies covered by paragraphs 218, 228, 359, and 360 be imported at a substantial reduction of the tariff rates as presented in the tariff act of 1922. This reduction should be determined by your honorable committee, who will undoubted recall that prior to the tariff act of 1922, universities and colleges were allowed duty free importation. Such importations shall prevail, of course, when the American manufacturers are not in a position to make or compete with foreign manufacturers and that the equipment shall be specifically used for research and educational purposes in all educational institutions in the United States. It is understood that said scientific apparatus and supplies thus purchased must not be sold after importation. Violation of this ruling should be subjected to a heavy penalty.

Respectfully submitted.

Cornell University.
THEO. M. JOHNSON,
New York University Committee.

BRIEF OF HARVARD UNIVERSITY, CAMBRIDGE, MASS.

JUNE 14, 1929.

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

DEAR SIR: The president and fellows of Harvard College have asked me to file with you a protest against making any increase of duty on scientific and laboratory apparatus and glassware, and other articles as listed and taxed under the following paragraphs of the tariff act of 1922:

PARAGRAPH 218. Biological, chemical, metallurgical, surgical articles, and utensils of all kinds, whether for experimental purposes in hospitals, laboratories, schools and universities, colleges, or otherwise, composed wholly or in chief value of glass, which it has been proposed to raise from 65 per cent ad valorem to 85 per cent.

PARAGRAPH 228 (*a*). Spectographs, spectrometers, colorimeters, prism binoculars, haemacytometers, polarimeters, ophthalmoscopes, optical measuring and testing instruments, etc., which it has been proposed to raise from 45 per cent ad valorem to 60 per cent.

PARAGRAPH 359. Surgical instruments, which it has been proposed to raise from 45 per cent ad valorem to 70 per cent.

Dental instruments, including hypodermic needles and syringes, which it has been proposed to raise from 35 per cent ad valorem to 60 per cent.

It is their belief that not only should the tariff not be raised on these paragraphs, but that exemption should be made in favor of educational institutions, relieving them from paying any duty on articles covered by these paragraphs and also on articles covered by—

PARAGRAPH 360. Philosophical, scientific, and laboratory instruments, apparatus, etc., composed wholly or in chief value of metal, the duty on which it has not been proposed to raise but which remains at 40 per cent ad valorem as in the act of 1922.

Before the tariff act of 1922 all of the above items were on the free list for educational institutions.

Harvard University, during the last fiscal year which will end on July 1, imported articles covered by these paragraphs of a foreign value amounting to $4,734.81 upon which a duty was paid of $2,032.31. During the same period Harvard has bought from American manufacturers and dealers articles of the same kind estimated to be of a value amounting to $92,000, showing thereby that the American manufacturer already has ample protection.

Of the $4,700 that was spent for foreign goods without exception these were bought because it was believed that satisfactory results could not be obtained with goods of American make. These were nearly all apparatus of a highly technical and special nature designed solely for the advancement of scientific knowledge and for experimentation.

In addition to the sums expended by Harvard large sums have been expended by Harvard students, many of whom are earning their support in whole or in part by outside work, for surgical, dental, and technical instruments and equipment. In our dental school and medical school alone this sum would amount to over $23,000 per year.

We do not feel that there is the need to-day that there was in 1922 for requiring the payment of this duty by our educational institutions. Commercial organizations are rapidly installing chemical and research laboratories of their own in sufficient numbers to greatly increase the market for this kind of material and if protection to American industries is required the burden should be borne by these commercial organizations who make a money profit from the results of their research and not by institutions who get no money return from their results but who, on the contrary, give the new knowledge thus acquired freely to the world for the good of humanity.

May we cite as an example the new cure for pernicious anæmia discovered recently by Doctor Minot, of Harvard. As soon as this discovery was made it was given freely out to the whole medical profession and to the public, and when it was impossible to procure the liver extract necessary to effect this cure Harvard equipped, at considerable expense, a special laboratory to make this extract, and supplied it to suffering patients in hospitals all over the country, until it was possible for them to procure it commercially.

There is little doubt that the proposed increase in the tariff on these articles will result not in a decreased use of articles of foreign manufacture and an increased use of the domestic at our institutions, but only in an increase in the price that we must pay for the American goods as well as for the foreign ones. We have already had the price of an interferometer which we ordered from Carl Zeiss at Jena, Germany, increased from $428 to $473.50 and we believe solely because this firm thinks that the present threatened increase in duty will prevent our refusing to accept it at the advanced price. This they have done after having quoted us and accepted our order at the lower price.

It is vital for our research laboratories that they keep abreast of foreign discoveries and the work of foreign scientists and exemption from duty on apparatus of the nature described in the above paragraphs of the tariff act will materially aid them in doing so.

We believe that American manufacturers will benefit more from our exemption from these duties than they would gain from the protection of a tariff.

Again we take the liberty of calling to your attention the work of our Cruft Laboratory in the radio field, of our chemical laboratory, and of our engineering school and physics laboratory, all of whom are in close and constant touch with American industry.

Yours very truly,

W. G. MORSE,
Purchasing Agent, Harvard University, Cambridge, Mass.

STATEMENT OF FRANK HAYDEN, REPRESENTING BECTON & DICKINSON CO., RUTHERFORD, N. J.

(Hypodermic syringes; clinical thermometers)

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You are representing the firm that has heretofore been referred to as Becton & Dickinson?

Mr. HAYDEN. Becton & Dickinson Co., Rutherford, N. J., sir.

Senator EDGE. It has been urged by a previous witness, as you have probably heard, that you control 65 per cent, I think he said, of the domestic business.

Mr. HAYDEN. Eighty per cent of the domestic business, he said.

Senator KING. Of syringes only?

Mr. HAYDEN. I can assure you that if we did, my job as sales director would be much easier than it is.

I would like to present a brief statement.

Senator KING. I think, to be accurate, he said the domestic manufacturers produced 80 per cent instead of Becton & Dickinson alone.

Senator EDGE. We always like to get the angle on which the witness appears.

Senator KING. You want an increase.

Senator EDGE. You are favorable to the 85 per cent, I presume?

Mr. HAYDEN. We are opposed to the 85 per cent.

Senator KING. Good.

Mr. HAYDEN. That is, we want more. We want what we put into the House Ways and Means schedule.

Our industry, and the parts to which I want to refer here, glass syringes, and, incidentally, clinical thermometers, is essential in the equipment of every branch of the medical profession, human and veterinary. It is especially necessary to public health and important in time of national emergency, whether epidemic or martial. We are a part of the surgical instrument industry, concerning which the Tariff Commission has made a considerable fact-finding inquiry.

Before the World War two plants were producing 25 per cent of the American needs. During the war expansion there were 11 plants, producing 95 per cent of the American needs. After the war, with the resumption of international trade relations, there was better organization on the part of foreign makers, greatly lessened prices on imported goods, and the American market was invaded, so that at the present time there are but three plants, producing about 50 per cent of American needs of hypodermic syringes.

Senator EDGE. Did you submit this same brief in the House record?

Mr. HAYDEN. A part of this. This will not be filed as an additional brief. I am simply emphasizing this so that you may get a picture of the situation in connection with the surgical industry.

The present schedule is classified with other biological glassware in paragraph 218, with a tariff of 65 per cent ad valorem. We requested of the House Ways and Means Committee an 85 per cent ad valorem tariff and a sliding scale specific tariff according to the size of the syringe, and 85 per cent ad valorem and 12 cents specific tariff on each thermometer. The need for this increase arises because of the

difference in the labor costs here and abroad. I may say that 90 per cent of the costs of hypodermic syringes and 87 per cent of the cost of thermometers is labor.

The schedule as filed with the Ways and Means Committee shows a ratio of about $4 American wage to $1 German wage for the same operations on organized business and an even greater spread on unorganized business. By that I mean little lots of stuff that are made in the homes and brought into the factory as against factory operation.

The effect of this is shown in response to requests for bids by the Federal Government.

A bid calling for 2,400 syringes of various sizes, opened May 29, 1929, brought quotations on the 2 c. c. size from 23.4 to 62.5 cents. The 39-cent bid was made under conditions as outlined by the manufacturer on page 10449 of the tariff readjustment hearings of the House of Representatives, wherein he testified that he made an arrangement with his workmen to accept a much less wage on an order of that size in order to keep his organization together.

I am also referring to clinical thermometers, because they come under the same category. A bid for clinical thermometers, opened on May 1, 1929, for 12,000 instruments, was responded to by 13 bidders. The prices of the importers of foreign-made goods ranged from $3,000 to $4,000; on American-made goods from $5,160 to $8,040. It is also reflected in prices in general merchandising in this country, and I have copies of invoices showing the syringe of 2 c. c. capacity sold as low at $2.40 a dozen in the New York market.

Senator EDGE. You say you have copies of those invoices?

Mr. HAYDEN. Yes, sir.

Senator EDGE. Are you filing them?

Mr. HAYDEN. I will file those.

These show the results of the tremendous spread between the foreign and the domestic scale of wages. The House bill provided 85 per cent ad valorem but did not grant the specific duty. In view of the foregoing, and considering the importance of the industry in the interest of public health, both preventative and remedial, and the vital importance in time of national crises, the necessity of the continuance of this industry to operate in this country is obvious.

I wonder if you realize, gentlemen, that within six months we have gone through two very bad epidemics, which, if the industry had not been established or had not been on the basis it is now, probably would have been very serious. If you had had to wait for foreign interspinal needles when meningitis was raging through the country, the population would have been depleted before the goods could have gotten in here. Instead of that we were able to throw our American organization into the work, taking them from one part and throwing them on another, and we were able to do in two weeks what ordinarily we would have wanted four months to do.

The same situation obtained with respect to thermometers. When you had the flu epidemic last fall, if you had not had reserve stocks in this country, when we were called upon to supply three or four times the customary amount of those goods to the profession of the country, the situation would have been very serious.

Senator EDGE. With respect to these rapidly rising imports to which I have referred before, approximately $545,000 in the past year, and rapidly going up ever since 1919, when there were $62,000, is that a class of goods that you actually manufacture, or do some of those imports represent goods that you do not manufacture?

Mr. HAYDEN. We sell nothing but what we manufacture.

Senator EDGE. I understand that, but do you produce everything that the foreign manufacturer produces?

Mr. HAYDEN. No, not everything. We do in syringes and thermometers.

Senator EDGE. Does this $545,000 represent direct competition, or does it represent, in part, some thing that you do not produce?

Mr. HAYDEN. Possibly part of it represents some things that we do not produce. We are credited with a much greater business on syringes, Senator, than we are entitled to credit for.

Senator EDGE. If it is not a trade secret, what is your gross ouput?

Mr. HAYDEN. Our total business of all our departments is between $2,000,000 and $3,000,000, but our business on this particular line of stuff probably would not run more than $300,000; and on the glass syringe situation not that much. But it has been decreasing in the last two or three years instead of increasing, as the former witness testified.

Senator EDGE. It has been decreasing?

Mr. HAYDEN. It has been decreasing, and our business has been diverted to foreign goods in so many instances and in so many directions that we have shown, month after month, in the glass syringe business, less business than we did in the same month the year before.

Senator EDGE. Syringes are being used by the profession to a greater extent.

Mr. HAYDEN. They are using syringes, but they are using foreign syringes. They are using syringes produced on a basis of $1, against ours, produced on a basis of $4.

Senator EDGE. You heard the previous witness say that he was entirely satisfied to have 65 per cent duty.

Mr. HAYDEN. The previous witness is an importer, sir.

Senator EDGE. I understand. But 65 per cent is sometimes considered a fair duty. He is entirely satisfied. Do you assume that that is because he can still undersell you?

Mr. HAYDEN. Absolutely; he can. The best thing I know, of and the highest price I have heard quoted on foreign stuff, is $4.80 a dozen, as against our $7.50.

Senator EDGE. It is so unusual to have an importer want any duty at all that I would like to get your view on it.

Mr. HAYDEN. I do not know what his viewpoint was. Do not ask me that.

Senator EDGE. That is probably not a fair question.

Mr. HAYDEN. I am asking you to consider this in connection with what is going on the surgical instruments when the metal schedule is up.

To accomplish this, and to keep the skilled labor now engaged in the making of these goods, and to encourage other labor to enter its ranks, we urge the adoption of the schedule filed with the Ways

and Means Committee of the House. Otherwise the industry is bound to be diverted to other countries.

With reference to the hospital situation, we feel this way. They are large users of goods. Their income, whether through contributions or through earnings, is very largely from American industry, American industrial plants making large contributions, and the people treated themselves being very largely from American industry. The income is from American industry. My plea is for the maintenance of an industry so tremendously important.

Senator EDGE. What is your answer to the witness last evening, if you heard him, representing the purchasing departments of various colleges? His view apparently was that because of the nature of the activity of a college, there should be more consideration given as to price.

Mr. HAYDEN. I do not feel that there should be. If there are articles that absolutely can not be produced in this country advantageously and economically, then I have no objection to their coming in free of duty. If they can be produced, or if, by the appearance of a duty, there is a possibility of building up the American industry, then I think the duty should be there.

Senator EDGE. In other words, if you want to endow a college, you want to endow it as an individual, and not as a business.

Mr. HAYDEN. Absolutely. Not only that, but my experience of many years with some of the scientific people is such that I feel that sometimes they can use what they say they can not.

Senator EDGE. If the witness who was here last night, Mr. Johnson, can furnish a list—and you rather indicate that there are some commodities not produced in this country—there is no reason why there should be any duty on those, is there?

Mr. HAYDEN. No; not if they are not produced and can not be produced.

Senator EDGE. Are there goods that come under those two categories?

Mr. HAYDEN. The point is that if the present duty on those goods is not sufficient to warrant Americans making them, then the duty is not high enough, if there is enough demands for Americans to make them.

Senator KING. I notice that the exports for 1928, as against the imports of $545,000, were $285,000.

Mr. HAYDEN. Very little of that comes under the scope of our goods. Our exports are very small, because there we are in open competition with these same foreign manufacturers.

Senator KING. I say, there are exports here of $235,000, and they are increasing somewhat.

Mr. HAYDEN. Our own export business is not.

Senator KING. There is some export of the articles you have been describing, and for which you are asking this tariff.

Mr. HAYDEN. Yes; some slight export.

Senator KING. To China, to Mexico, to Canada, and to Cuba.

Mr. HAYDEN. Our own is principally in Latin America; Cuba and Latin America.

Senator KING. Are you increasing your exports?

Mr. HAYDEN. No. Our export business is not increasing because we are up against the open markets on this same wage scale.

Senator KING. How long have you been connected with this company?

Mr. HAYDEN. Eighteen years.

Senator KING. When was it formed?

Mr. HAYDEN. Thirty-three years ago.

Senator KING. What did they manufacture 33 years ago?

Mr. HAYDEN. Practically the nucleus of this same line of goods, plus lines of metal surgical instruments, which have been discontinued for the very reason that they can not be produced at a profit.

Senator KING. It is not a new business, then?

Mr. HAYDEN. Oh, no. It is not a new business.

Senator KING. What was your output, say, in 1913?

Mr. HAYDEN. I could not tell you.

Senator KING. You have expanded since 1913?

Mr. HAYDEN. Oh, yes. Our general business has expanded, but remember, this is just one——

Senator KING. You have answered the question. Have you expanded since 1921?

Mr. HAYDEN. In general business, yes.

Senator KING. Since 1922?

Mr. HAYDEN. Yes.

Senator KING. Your output has increased.

Mr. HAYDEN. Yes.

Senator KING. You have enlarged your factories, have you not?

Mr. HAYDEN. Yes.

Senator KING. Materially?

Mr. HAYDEN. Not materially.

Senator KING. You have a new plant that is worth three or four times the value of the plant you had in 1912.

Mr. HAYDEN. Yes; because the first additions to our plant, I think, were made in 1912.

Senator KING. Well, your plant is very much larger than it was in 1913. Your assets are more than treble what they were in 1913?

Mr. HAYDEN. That I can not tell you. I am not in the accounting department, and I do not know anything about the balance sheet. I am in the sales and publicity end of it.

Senator KING. Your sales are greater than they were in 1913.

Mr. HAYDEN. Yes.

Senator KING. Or 1917.

Mr. HAYDEN. Yes, sir.

Senator KING. Or 1918, 1919, 1920, 1921, or 1922.

Mr. HAYDEN. May I answer that in general?

Senator KING. Are they greater?

Mr. HAYDEN. They are. Every year. with the exception of three years, our sales of our lines of goods have bene greater.

Senator KING. Greater in 1928 than they were in 1927?

Mr. HAYDEN. Yes.

Senator KING. And they are greater for the first four months of this year than they were the first four months of last year.

Mr. HAYDEN. Yes, sir.

Senator KING. There have been derived from the activities of the business annually, with one or two years' exception, surplus profits which have gone into the business?

Mr. HAYDEN. That I can not tell you.

Senator KING. You can not say?

Mr. HAYDEN. No, sir.

Senator KING. You do not know how much has been added from surplus and from earnings?

Mr. HAYDEN. I have no knowledge of it whatever, Senator.

Senator EDGE. You are the sales manager.

Mr. HAYDEN. Sales director, in charge of sales and publicity. I have nothing to do with the accounting.

Senator KING. Before this hearing is ended I would like statements, under oath, of the activities of this company since 1913; the capital stock then; and how much has been added by surplus and by undivided profits.

Mr. HAYDEN. You make that request of our officials, I presume?

Senator KING. I make it of you, to have you get it.

Mr. HAYDEN. Do you want me to convey that message?

Senator KING. I want you to convey that message.

Mr. HAYDEN. All right.

Senator KING. If you do not, I shall ask somebody to come over here from the firm with full information in regard to your business every year, and your earnings every year, and what has become of those earnings. That is all.

Mr. HAYDEN. May I say this, that the glass syringe business, of course——

Senator EDGE. You may say anything you want to say. Go ahead.

Mr. HAYDEN. The glass syringe business and the thermometer business combined, which are the two subjects under this paragraph, represent a small part of our business—less than a third of our business. We have five other departments producing goods, on which we are asking——

Senator EDGE. How many employees, approximately, do you have in your New Jersey plant?

Mr. HAYDEN. Between 600 and 700.

Senator EDGE. You have been prosperous?

Mr. HAYDEN. We have worked very hard.

Senator EDGE. Speaking personally, I think that is the bedrock of American prosperity and success. If we could not be prosperous we would not be of much use to society.

STATEMENT OF SUNDEL DONIGER, REPRESENTING S. DONIGER & CO., NEW YORK CITY, AND OTHERS

[Hypodermic syringes]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent whom?

Mr. DONIGER. S. Doniger & Co., of New York; Kni-Scheerer Co., of New York; the Clay Adams Co., of New York; and Popper & Kline.

Senator EDGE. You are here to discuss paragraph 218 (a), are you not?

Mr. DONIGER. Yes. I appear in connection with all-glass hypodermic syringes.

The increase proposed is 65 to 85 per cent ad valorem on paragraph 218. We oppose that.

Senator EDGE. You are opposed to the increase, is that it?

Mr DONIGER. Yes. We would like to leave it where it is.

Senator EDGE. You are satisfied to leave it where it is?

Mr. DONIGER. Yes, sir.

Senator EDGE. This deals primarily with these scientific instruments. Have you any samples?

Mr. DONIGER. These [producing samples] are hypodermic syringes.

I want to say first, gentlemen, that this is a very small industry but a very important one. The general public is not concerned with it at all. In fact, it is a crime to sell one of these syringes except against a doctor's prescription. The only people who are concerned with these are the hospitals, the physicians and surgeons, and the nurses.

Senator EDGE. Are you a manufacturer or an importer?

Mr. DONIGER. We are importers. The bulk of these goods—we estimate about 60 per cent—is sold to hospitals; about 25 per cent to physicians and surgeons; and 15 per cent to nurses.

Senator EDGE. You say you want the duty to remain as it is. Then, as an importer, you do not consider it a hardship, or unfair, to have a duty of 65 per cent, is that correct?

Mr. DONIGER. That is correct. When you have in mind that 65 per cent of these goods are used in hospitals, and hospitals are carrying on under chronic deficits, I think that the demand for increased protection deserves to be very closely scrutinized. What are the facts? The domestic manufacturers control to-day fully 80 per cent of the total number of syringes sold in the United States.

Senator KING. Who are they?

Mr. DONIGER. One concern alone, Becton & Dickinson Co., of Rutherford, N. J., control approximately 70 per cent of the entire sales of syringes in the United States.

Senator EDGE. Are they manufacturers?

Mr. DONIGER. They are manufacturers. They are not importers.

Senator EDGE. They sell their own product?

Mr. DONIGER. They make it here and they sell it. They sell 70 per cent of all the syringes. They have a representative here. Colonel Dickinson, in testifying before the Ways and Means Committee, estimated that the total sales of hypodermic syringes in the United States were $1,200,000. That is approximately correct. That is also our estimate, $1,200,000.

Senator EDGE. Let me get this clear again. You are an importer, and, of course, you are dealing with those goods of this character that are manufactured abroad, and yet, in answer to a previous question, you have no complaint to make of the existing duty of 65 per cent. What percentage of the domestic trade is represented by the goods you import—I mean of the entire domestic business?

Mr. DONIGER. I was just coming to that; about 20 per cent of the entire trade is imported.

Senator EDGE. And 80 per cent is manufactured and sold here?

Mr. DONIGER. Eighty per cent is manufactured here.

Senator EDGE. With respect to that type that is imported, are comparable articles made here at all of that particular 20 per cent type?

Mr. DONIGER. Yes, sir. This [producing sample] is the syringe of the Becton & Dickinson Co. I have two sizes.

Senator EDGE. That is the domestic article?

Mr. DONIGER. That is the domestic, and this [indicating] is the imported.

Senator EDGE. Then, you are in competition.

Mr. DONIGER. We are in direct competition.

I want to say here that the Becton & Dickinson Co. is a splendidly organized company and enjoys the profound respect of the entire trade. They dominate the industry, and their goods are, in the main, specified by hospital buyers, surgeons, and so forth. We submit that an industry that already controls 80 per cent of the market does not need any further protection.

What are the costs of production at home and abroad? That, I take it, is what you gentlemen are interested in. Colonel Dickinson testified before the Ways and Means Committee, and I will just read one sentence——

Senator KING. He testified before the House committee that it cost 56¼ cents to manufacture a 2-cubic centimeter syringe in this country.

Mr. DONIGER. Yes. But he also said:

> The German manufacturer comes to this country and sells these goods on a basis of 21 cents each, landed, but the same instruments cost my company, including all overhead, from the start until the money is in the cash drawer, 56¼ cents.

That statement is misleading—undoubtedly unintentionally so—in two vital respects. First, he compares a cheap importation from Germany, which he states is landed at 21 cents. That, however, is not the price at which the bulk of the syringes that are imported into the United States land. Our syringe, and the syringe of Popper & Kline, the one with the gold plunger, that you hold in your hand, Senator, is laid down in New York at 33 cents each, and not 21 cents each. We submit that it is not fair to compare a cheap syringe of this character with the syringe that we import. Here is the syringe that is comparable to this [producing sample].

Senator KING. I think both of you are charging too much, from the testimony we have had as to the cost of glassware.

Mr. DONIGER. It costs us 33 cents, and we sell it at 50 cents. That is not very much, Senator.

Senator EDGE. With respect to the other one, which he said cost him fifty-odd cents, what does that sell for wholesale?

Mr. DONIGER. That sells for 62½ cents.

Senator EDGE. That is not a great spread either.

Mr. DONIGER. There is not a great spread.

The other vital respect in which Colonel Dickerson's testimony is somewhat misleading in his statement that his cost is 56¼ cents. Let us analyze this.

He sells it for 62½ cents. Obviously that spread of 6 cents is only profit. It certainly could not include such items as 12 per cent selling expense, which is the standard amount in this country, overhead expenses, taxes, and everything esle.

We believe—and it is based on statistics that we have been able to gather from other manufacturers in this country—that it does not cost more than 25 or 30 cents, at the outside, to manufacture a 2 c. c. syringe in this country. While the total cost may be 56¼ cents, we submit that the comparable cost, the true comparison, should be between the cost of that syringe at their factory door, and our landed cost. From the time that we land that syringe we also have our overhead and our advertising expense, and our general operating expense, so that we have a comparison in costs abroad of 35 cents, as against a maximum of 30 cents cost to produce that syringe in this country to-day. We believe that with the Becton & Dickinson Co.'s very splendidly and efficiently organized factory, with their large scale and efficient production, it costs them decidedly less that 30 cents to manufacture that 2 c. c. syringe in this country.

Senator KING. By the way, do any of the syringes have any metal?

Mr. DONIGER. They do not. These are all glass. The ones to which you refer would come under paragraph 359.

Senator KING. Paragraph 359 says "including hypodermic needles, hypodermic syringes, and forceps, composed wholly or in part of iron, steel, copper, brass, nickel, aluminum, or other metal, finished or unfinished, 70 per centum ad valorem." You do not come under that?

Mr. DONIGER. No. We have always come under this paragraph. It is possible to put a little metal plunger handle on this syringe, which possibly might make it come under this new paragraph; but under the present tariff act——

Senator EDGE. Irrespective of the duty, now, for the moment, do you consider this revision and transfer of the paragraphs in the interest of clarity? Is it better?

Mr. DONIGER. You mean the wording in 359?

Senator EDGE. A transfer has been made, as I follow it, of biological, chemical, metallurgical, pharmaceutical, and surgical articles and utensils of all kinds, finished or unfinished, wholly or in chief value of glass, 85 per centum ad valorem; wholly or in chief value of fused quartz or fused silica, 50 per cent ad valorem. That has been transferred from 214, page 46 of this print.

Mr. DONIGER. I do not, Senator, regard that as a good change, and I am going to ask, at the end of my comments, that a separate paragraph be made for syringes separating them from the rest of the scientific glassware, because they do stand in a class by themselves.

Senator EDGE. Why are they not scientific glassware?

Mr. DONIGER. They are scientific glassware, but the same reasons that prevail for no increase in the duty there may not prevail with respect to the other glass, and if you do feel that the other items in the scientific glassware are entitled to this increased duty, we submit that at least syringes are not.

Senator EDGE. I get your point. In other words, if the duty is raised, you want them out. If it is not raised you do not care.

Mr. DONIGER. That is it exactly. Just a word to give you a picture of this industry. Six years ago there were practically no syringes imported. The Becton & Dickinson Co. enjoyed a virtual monopoly. The reason for that was that the quality of German importations was very poor. The syringes would leak at this needle tip, and expensive medicament would be lost. It would back flow at this point [indicating].

Senator EDGE. Concentrate your testimony as rapidly as you can. We can not give half an hour to each witness this morning. We belong to the union, and we propose to leave at 12 o'clock. Every one of these witnesses must be through before that time. We want the facts, and quickly.

Mr. DONIGER. Since that time there has been a slight increase in the importation of syringes, but the American manufacturers have not lost any business. They have gone ahead as well. The reason for that is the whole trend——

Senator EDGE. The reason for that is that business is better.

Mr. DONIGER. Not only that, but the whole trend of medical science is toward the greater use of direct medication, and these are the instruments that do that work.

Senator EDGE. That is a little apart from the tariff.

Mr. DONIGER. Just a word to sum up, now. When you consider that 65 per cent of these instruments are used in charity hospitals, where either the work is done free or at a cost way below the per diem charge, and there is no sound business reason for the increase, we submit that there is a very good human reason why there should not be a further burden or tax placed upon the manufacturers. We hope you will leave it where it is. I want to file this brief with you gentlemen, and if there are any statements made by the representatives in question that would call for new facts, I would like to reserve the right to file a supplementary brief.

Senator KING. You had better stay here and listen to them.

Senator EDGE. That must be done right away. We can not keep that rolling along forever. We had that argument here the other day with the pottery people. Each one wants to answer the other.

Mr. DONIGER. We did not have an opportunity, and did not appear before the House committee on this.

Senator EDGE. You have stated your case in the brief, now, have you not?

Mr. DONIGER. Yes, sir. Thank you.

(Mr. Doniger submitted the following brief:)

BRIEF OF IMPORTERS OF HYPODERMIC SYRINGES

The undersigned importers of glass hypodermic syringes and clinical thermometers respectfully urge that no increase in rates of duty be made in H. R. 2667 over those in the Fordney-McCumber bill on the foregoing products.

HYPODERMIC SYRINGES (PAR. 218)

In the proposed tariff act of 1929 the ad valorem rate has been increased from 65 to 85 per cent.

This increase in rate or additional protection is wholly unnecessary. Hypodermic syringes, as well as clinical thermometers, classified under paragraph 218, must be distinguished from the ordinary merchandise of commerce. These syringes and thermometers, like surgical instruments, are health merchandise

sold to and used by those only who are specially qualified to minister to the health of the people at large. These articles are not sold to the public; the hospitals, physicians, surgeons, and nurses only purchase this health merchandise.

The increase in rate seems to have been prompted in part by the appeal of three domestic manufacturers of hypodermic syringes, and the testimony of their spokesman, Col. F. S. Dickinson. (See hearings, Ways and Means Committee, p. 1426 et seq.) While accurate data are not available, it is the opinion of those who are well informed in the trade that fully 80 per cent of the total sales of hypodermic syringes in the United States are made by the three domestic manufacturers referred to above. In fact, one of these three concerns, Becton, Dickinson & Co., of Rutherford, N. J., is generally credited with enjoying the control of approximately 70 per cent of the total sales in this country.

The industry is a comparatively small one. According to Col. F. S. Dickinson, the total value of syringes annually sold in the United States is $1,200,000, which we must assume is the total selling price at wholesale prices. Of this amount, the wholesale selling price of the imported syringes does not exceed $250,000. The purchasers of the syringes, as heretofore mentioned, are confined to hospitals, physicians, surgeons, and nurses. The total amount paid by these ultimate consumers naturally is substantially in excess of the foregoing sum of $1,200,000, and probably amounts to $2,000,000.

An industry which can control and hold fully 80 per cent of the total domestic trade, and has done so from its very inception, can scarcely claim that it is in need of any additional protection. In his testimony and also in his brief, Colonel Dickinson makes several statements which require comment and correction. After stating that six years ago scarcely any syringes were imported into this country, he states that now approximately 50 per cent of the total consumption is imported. It is a matter of common knowledge in the trade that the one domestic concern alone controls approximately 70 per cent of the total sales in this country. The plant of the Becton, Dickinson & Co., at Rutherford, N. J., has had a consistent record of steady and substantial growth, and is to-day one of the "show places" among manufacturing plants of the East. It is another illustration of the truth of the theory that the upbuilding of a well-organized business can be effected into a very large one, what had before been a comparatively small business into a very large one, if the application of the principles of mass production can be inaugurated and enforced.

Colonel Dickinson also stated that a 2 cubic centimeter syringe which can be imported at a landed cost of 21 cents is the same syringe which costs his company 56¼ cents. He is mistaken in saying that a syringe of German make, which is the equivalent of the syringe costing his company 56¼ cents, can be imported for 21 cents, duty paid. It may well be that some of the cheap soft-glass syringes can be imported at the price named by him. As a matter of fact, however, a German syringe made of a good quality of heat-resisting glass costs the importer 33 cents, laid down in New York. The foreign or export value of this type of syringe is 19 cents, to which must be added 65 per cent duty and 10 per cent freight, commission, and other charges, which bring the cost up to 33 cents.

The several items of expense constituting the total cost of 56¼ cents were not disclosed in the testimony of the witness. Obviously, there must have been included, in addition to cost of direct labor and materials, such items as selling expense, advertising, administration charges, and all the overhead, including rent or its equivalent, power, light, heat, transportation, taxes, depreciation, breakage, etc. In any event, it is misleading to compare a high-grade Becton-Dickinson syringe with the lowest-grade imported syringe. The witness did not state at what price the importer sells the syringe in this country. The statement is that the German manufacturer "sells these goods on a basis of 21 cents each landed." The witness must have known that the landed cost of the syringe equal to his 56¼-cent type was not 21 cents, and he must have known at what price that equivalent imported syringe is being sold to the trade.

Colonel Dickinson said, "I am not informed what it costs some of our manufacturers to make these goods * * *." These other manufacturers admit that the cost of producing in this country a 2-cubic-centimeter syringe is about 30 cents, and these manufacturers are not equipped to manufacture on as economical a basis as is the Becton & Dickinson Co. We question whether the Becton-Dickinson manufacturing cost ever exceeds 30 cents, packed ready for

shipment. The Army and Navy have purchased very good American-made syringes for 41 cents. Soon after submitting their brief to the Ways and Means Committee, one of the manufacturers signing the same offered to supply the Medical Department of the Army with syringes at 31 cents each. Is it possible that the domestic manufacturers, in an excess of zealous patriotism, are selling to the Government at a loss and at the same time asking Congress to raise the duty to 225 or 250 per cent so that the hospitals, doctors, and nurses may be compelled to pay enormously increased prices?

Colonel Dickinson is not correctly informed as to foreign labor costs. He states that the average wage per hour for the male worker is 15 cents. According to information recently received from a syringe manufacturer in Germany, the average wage, as fixed by the Ceramic Union, is 19 cents per hour for male workers, and 8 cents per hour for girls instead of 6½ cents, as stated by the witness. It has been the habit of many witnesses to state that the American wages, broadly speaking, are four times those prevailing in Germany. This may be true in many instances, but, according to the information which the undersigned have been able to obtain by direct inquiry from German manufacturers, we believe it to be more correct to state that the average American wage is not more than two and a quarter to three times the amount of the average German wage. It is also a fact that the scale of wages prevailing in this particular industry in the United States is very low, scarcely more than twice the German scale, notwithstanding the table given in the manufacturers' brief. The accuracy of that table may be judged from the fact that no difference is shown in the wages paid to skilled and unskilled labor in Germany. When the American rates are given as 47 cents for unskilled and 72 cents for skilled, it taxes one's credulity to be told that the skilled laborer and the unskilled laborer in Germany each receives only 15 cents per hour.

There is another important factor entering into the cost of the German article which Colonel Dickinson has entirely forgotten to take into consideration, and that is the multiplicity and large aggregate amount of taxes with which every manufacturing plant in Germany is burdened. According to a report recently received by one of the undersigned importers from a manufacturer of scientific instruments in Freiburg, Germany, there are 10 different kinds of taxes, assessed upon every manufacturer, including an income tax ranging from 10 to 20 per cent, a tax upon the amount of capital invested, a tax upon the individual interest of each owner, real property tax, a separate municipal tax, a chamber of commerce tax, another type of city tax (Kommunale Betriebsvermögenssteuer), a federal tax, a city income tax (7.23 per cent), and a church tax. Our information is that the manufacturing concern pays approximately 40 per cent of its income, and 9 per cent of its capital investment in taxes. Therefore, in discussing the matter of overhead, we must bear in mind that the German manufacturer has a greater tax burden than his American competitor.

COMPARISON OF COSTS

The cost to the American manufacturer to produce ubic centimeter syringe of good quality and the landed cost at New York to t porter of a comparable or equally good German syringe, is, in each case, as ws:

American syringe (cost to produce, dozen)

Labor	$2.75
Materials	.35
Factory overhead	.50
Total	3.60

German syringe (cost to land, per dozen)

Labor	$1.25
Materials	.25
Overhead, taxes and foreign profit	.75
Duty, 65 per cent	1.46
Freight, commission, etc	.25
Total	3.96

QUALITY OF SYRINGES

We have heretofore stated that the 21-cent German syringe referred to by Colonel Dickinson, must have been of the cheap, soft-glass variety. There are some importations of that type, but in fairness to the undersigned importers, we must emphasize the fact that the syringes imported by them are, for the most part, of the type made of fine, heat-resistance glass. This type of syringe (2 cubic centimeter size) costs approximately $2.24 in Germany, making a landed cost in New York of about $3.96 per dozen. The imported syringe is made of hard, high-fusion glass, properly annealed, which resists corrosion or other deleterious effects, due to the action or reaction of chemicals placed within the syringe, and which, furthermore, withstands sudden and violent changes in temperature, such as plunging the syringe from a bath of boiling water into one of cold water, the so-called shock test. In one of the catalogues of a domestic manufacturer, under the heading "The Care of Luer Syringes," is found the following: "Caution: Do not sterilize in distilled water or in a solution containing sodium bicarbonate, as both will cause disintegration of the glass."

The fine quality of glass in the imported syringe was promptly recognized and appreciated by the hospitals, the surgeons, and the nurses, notwithstanding the cynical comment of Colonel Dickinson that "the average doctor, the average nurse, the average hospital can not tell one from the other, except by the mark on it." The day of the soft-glass syringe has passed and no mere trade-mark of any kind can prevent its eventual extinction. The American makers are now following the lead of their foreign competitors in using hard glass, and will hereafter gradually discontinue the making of soft-glass syringes.

THE PUBLIC HEALTH

The only consumers of hypodermic syringes are the hospitals. physicians, surgeons, and nurses. We do not know of any statistics showing the relative percentages of purchase by the three general classes of consumers. Those who sell the syringes are best qualified for making a rough estimate, and the prevailing opinion in the trade is that the hospitals purchase approximately 60 per cent, physicians and surgeons 25 per cent, and the nurses 15 per cent of all syringes used. We do not know whether this estimate will meet with the approval of Colonel Dickinson who testified that "3 per cent of what the nurse pays for silk stockings and 5 per cent of what the doctor pays for neckties will pay all the duty necessary to protect this essential industry." We must confess to a lack of knowledge of the sums expended by nurses for silk stockings, but can not help expressing our admiration for the perspicacity which can measure the effects of an increase in tariff rates in terms of the cost of silken hosiery of our up-to-date Florence Nightingales.

The important fact is, that the hospitals and all those engaged in the splendid work of the preservation of the public health. are entitled to obtain the very best instruments and apparatus, at a minimum cost. It is a fact that the great bulk of the imported syringes are of a fine quality. and their importation into this country is compelling the domestic manufacturers to abandon the soft-glass syringe which they have been selling for years. It is also a fact that at the present rate of duty, namely, 65 per cent, the American manufacturers can make the best grade of syringe, and still continue to hold their present share of the domestic market, with a generous profit to themselves.

Increase in the rate on hypodermic syringes will result in two things:

(*a*) It will enable the domestic manufacturers, now in the business, to increase their prices and make greater profits.

(*b*) It will compel the hospitals. physicians, surgeons, and nurses to pay a greater price for all syringes purchased by them.

The increase which the three domestic manufacturers requested before the Committee on Ways and Means, namely, a duty of 225 to 250 per cent, would result in a complete embargo on foreign-made syringes. In fact, it would not require very much of an increase over the present rate to bring about an embargo. A complete embargo is usually followed by a cheapening of the quality of the domestic product, especially in an industry like that of hypodermic syringes, where the competition between the domestic manufacturers is almost nil.

The domestic industry has prospered and grown large under the existing rate of 65 per cent, and the conditions in the industry, particularly in view of

the fact that the cost of German labor and German overhead is increasing, do not justify any increase in rate, the burden of which will fall most heavily upon our hospitals.

SECTION 402, VALUE

We strongly urge the complete elimination of section 402, subdivision (b) concerning the finality of the appraiser's decision, on the broad ground that the importer is deprived of the right, which has heretofore never been questioned or abridged, of having his protest or complaint properly tested by judicial proceedings in a duly constituted court of law.

We shall not burden the committee with our arguments in extenso, which would doubtless be but a repetition of what has already been presented. We concur in the statement heretofore presented by the Merchants Association of New York.

UNITED STATES VALUE

The assessment of duty on the basis of the United States value in our line of merchandise would mean an actual duty ranging from one and one-half to two times the amount of duty when assessed on the foreign or export value. This is particularly true in the foregoing line of merchandise, due to the fact that the selling expenses are abnormally heavy and to the slow turnover of the stock.

CONCLUSION

While the rates of duty in the act of 1922 are higher than the welfare of the domestic industry requires, we respectfully urge that, inasmuch as the domestic manufacturers, the consumers, and the importers have all satisfactorily adjusted themselves to those rates, the Hawley bill be revised and the rates and provisions of the act of 1922 be retained with respect to the matters herein before set forth.

Dated June 19, 1929.

Respectfully submitted.

S. Doniger & Co. (Inc.), by Sundell Doniger, president; Popper & Klein, by M. Klein; Clay-Adams Co. (Inc.), by Lloyd T. Hilborn, president; the Kny-Scheerer Corporation of America, by Monroe W. Rothschild, vice president; Ernest W. Stratman, counsel.

LETTER FROM PETER J. PECORELLA, BROOKLYN, N. Y., IN BEHALF OF THE ASSOCIATED THERMOMETER MANUFACTURERS

[Clinical thermometers]

JUNE 24, 1929.

Mr. ISAAC M. STEWART,
Clerk United States Senate, Washington, D. C.

MY DEAR MR. STEWART: I wired you the following message which I trust you received in time to be printed, and that you treat same as a brief for the Associated Thermometer Manufacturers. The brief message wired you read as follows:

"I speak for Associated Thermometer Manufacturers; membership over 50 per cent clinical thermometer industry; revised tariff not high enough to protect our business; many engaged in this line had to give up; already industry in very dangerous position; average cost domestic clinical thermometers per gross $72; imported $30 duty paid. Must have specific duty on finished and unfinished thermometers 25 cents each besides present duty. Please enter this as our brief.

Yours very truly,

PETER J. PECORELLA.
Associated Thermometer Manufacturers.

TUBULAR GAUGE GLASSES

[Par. 218 (b)]

STATEMENT OF WILLIAM A. TUCKER, REPRESENTING JENKINS BROS., NEW YORK CITY, AND OTHER IMPORTERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Tucker, you are representing what firm?

Mr. TUCKER. I represent a group of importers. I notice you have it down as Jenkins Bros., with whom I am connected.

I have been in this business for 49 years; for 45 years with one concern and 4 years with Jenkins Bros.

Senator EDGE. You are interested in tubes and tubing, paragraph 218 (b)?

Mr. TUCKER. Yes.

Senator EDGE. Of fused quartz and fused silica.

Mr. TUCKER. Yes, sir. So far as tubes and tubing are concerned, they have now been put in that paragraph. Heretofore they have been segregated.

Senator KING. What paragraph were they in before?

Mr. TUCKER. 218.

Senator EDGE. What duty did they carry before?

Mr. TUCKER. Fifty-five per cent; and now they want to raise it to 65 per cent.

Senator EDGE. They carried 55 per cent in a former designation, and now, in the separate designation of "(b)," the duty is proposed to be 65 per cent.

Mr. TUCKER. Yes.

Senator EDGE. That is, for one branch. Are you interested in the second half?

Mr. TUCKER. No. But I am also slightly interested in the words "tubing," on tubes, that is, gauge glasses.

Senator KING. Under what former category would gauge glasses come?

Mr. TUCKER. 218.

Senator KING. And where are they now, in this bill?

Mr. TUCKER. 218 (b).

Senator KING. Then they would come under the head of "tubes or tubing, with ends finished or unfinished, for whatever purpose used, wholly or in chief value of glass, 65 per centum ad valorem"?

Mr. TUCKER. Right.

Senator KING. That embraces gauge glasses, does it?

Mr. TUCKER. It does.

Senator KING. Now we are getting somewhere. Go ahead.

Mr. TUCKER. In a sense, I have been a spellbinder for the Republican Party——

Senator KING. Never mind that. Let us come right down to this.

Mr. TUCKER. I know all about protection.

Senator KING. We are not interested in whether you are a Republican or Democrat. We want the facts about this case.

Mr. TUCKER. So many people are confused, and think that only Democrats are——

Senator KING. Let us get right down to brass tacks.

Mr. TUCKER. As a matter of fact, this duty of 65 per cent, as proposed, is excessive. Still, believing in protection, I believe I ought to be protected from excessive protection.

Senator KING. Go ahead and make your statement. I thought you had a statement you wanted to present.

Mr. TUCKER. I have.

Senator EDGE. Are you going to read that entire statement? Why not put that in the record?

Mr. TUCKER. There are points in there that I would like to call attention to.

Senator EDGE. I would like to have the points brought out.

Mr. TUCKER. There is some of it that I will omit.

Senator EDGE. Give us the summary.

Mr. TUCKER. There are tabulations in it that you do not need at the present time.

Senator EDGE. Very well. Proceed.

Mr. TUCKER. This is combustion tubing, and they propose, under tubing, to change it.

Senator EDGE. All right. Go ahead, Mr. Tucker.

Mr. TUCKER. As a matter of fact, there has been no brief submitted to the Ways and Means Committee by any of these importers, but there has been a brief submitted by an American manufacturer, which is misleading and misguiding. In my brief, if you will give me the privilege to present it, I will bring those features out.

Senator EDGE. Before you start, apparently we have not any testimony before us representing the proponents of that raise. Who put in the brief?

Mr. TUCKER. There is but one manufacturer, and that is the Libbey Glass Manufacturing Co., which operates one——

Senator EDGE. The Libbey Glass Co., of where?

Mr. TUCKER. Toledo, Ohio.

Senator EDGE. They submitted the brief?

Mr. TUCKER. Through their Congressman.

Senator EDGE. Which represented the request for the 10 per cent?

Mr. TUCKER. Yes, sir. They have one machine, and nine men working it.

Senator EDGE. On this particular product?

Mr. TUCKER. Yes, sir.

Senator KING. Working on what?

Mr. TUCKER. Making gauge glasses.

Senator EDGE. That is one description of tubes and tubing.

Mr. TUCKER. Tubes, as it has been decided——

Senator EDGE. By the appraisers?

Mr. TUCKER. By the appraisers. It went all the way up to the Court of Customs Appeals.

Senator KING. Are gauge glasses and tubes and tubing the same?

Mr. TUCKER. Gauge glasses are really tubes. Combustion tubing, or chemical glassware, is the tubing, and I am going to propose that it be put where it belongs.

Senator KING. If you will answer our questions we will get along much faster.

Mr. TUCKER. All right, sir.

Senator KING. I asked you if tubes and tubing were the same as gauge glasses?

Mr. TUCKER. Not entirely. Gauge glasses are tubes.

Senator KING. Now, you state that this firm has one machine and nine men producing gauge glasses?

Mr. TUCKER. Yes, sir. I propose to put it where it belongs, in 218 (a). They are proposing to raise 218 (a) to 85 per cent. That is excessive.

Senator EDGE. Paragraph 218 (a) now has 65 per cent.

Mr. TUCKER. They are trying to change it to 85.

Senator EDGE. They are trying to change it to 85. If you put it in there you might get in on that 85 per cent, and you are asking for only 65.

Mr. TUCKER. It is so small a matter to me that it does not make much difference—that is, to the group.

Senator EDGE. It is a little dangerous, I think.

Mr. TUCKER. All right. These [producing samples] are gauge glasses.

Senator EDGE. I would like to know, just to get it at the beginning of your testimony, what is the total amount of the imports. I see here $54,000 a year. Is that about correct?

Mr. TUCKER. About correct, I should say.

Senator KING. Of what?

Senator EDGE. That is on the tubes, or gauge glasses.

Mr. TUCKER. In one of the publications of the Government it was less than that. I have it in my brief.

Senator EDGE. It is $51,000 for 1927, and $54,000 for 1928. Now, you say you are going to discuss the Libbey brief. Have you any knowledge of the total value of the domestic output of the same article?

Mr. TUCKER. I have not; but——

Senator KING. Just pardon me, Senator. I am confused, or I did not understand you. On page 509——

Senator EDGE. This is 516.

Senator KING. I find gauge glasses, $13,000.

Senator EDGE. This is tube gauge glasses.

Mr. TUCKER. On behalf of this group of importers of tubular gauge glasses, I desire to present an application to reduce the rate of duty on tubular gauge glasses, paragraph 218, to 45 per cent ad valorem, or, in lieu of a decrease, that the present duty of 55 per cent be maintained.

I am also briefly referring to combustion tubing, which pays 65 per cent ad valorem at present under chemical and scientific glassware, paragraph 218.

Senator EDGE. You are satisfied, then, to have the present duty of 55 per cent maintained?

Mr. TUCKER. Yes; but we ought to have it less.

Senator EDGE. You ought to have it less, but you are not appearing particularly against that.

Mr. TUCKER. The proposed increase in tariff rates not only extremely protects the one American manufacturer making tubular gauge glasses on a commercial basis, but the new rate will absolutely prohibit the importations of tubular gauge glasses. I am quite certain on that point, because they tried to raise it to 65 per cent; and we know, after all that expense for four years, what our profits have been.

Senator EDGE. All right. Go on with your brief, if you tell your story in your brief.

Mr. TUCKER. The present tariff readjustment as proposed by the House of Representatives provides a separate paragraph, namely, paragraph 218 (b), which reads and covers "tubes or tubing at 65 per centum ad valorem."

This retains the present rate of duty on combustion tubing; but on gauge glasses there is an increase of 10 points, from 55 per cent ad valorem to 65 per cent ad valorem; that is, an increase of over 18 per cent on tubular gauge glasses.

I suggest that subparagraph 218 (b) of the bill H. R. 2667 avoid the use of the word "tubing," and provide only for tubular gauge glasses.

Tubular gauge glasses are an entity by themselves, defined in the dictionaries and universally known by engineers as a glass tube which readily indicates the height of a liquid in a receptacle to which the gauge with its gauge glass is attached.

Senator EDGE. What is the difference? Are these all tubular?

Mr. TUCKER. Those are tubular gauge glasses, and that is combustion or chemical glassware.

Senator EDGE. What is the other thing, the tubing you are speaking about?

Mr. TUCKER. That is the tubing [indicating]. That is tubing, and these are tubes.

Senator KING. Why should there be any difference, except in the sizes, perhaps, which might cost more?

Mr. TUCKER. It is a question of the contents, the make-up, and greater fire required to produce it.

Senator EDGE. In other words, you think they should be in separate paragraphs?

Mr. TUCKER. I should think they ought to revert back to paragraph 218, and come in under chemical glassware, where they are. The chemical glassware is made of that stuff.

Senator EDGE. As Senator King has indicated, what is the great difference? One is of smaller diameter than the other one, and goes inside the other; but why would not an appraiser consider them in the same category?

Mr. TUCKER. Well, just as one thought, 97 per cent of all this material came in through New York and Boston, and they all know about it.

Senator KING. The court has just held, as I am advised, that these materials of which you are speaking are dutiable under paragraph (f) at 55 per cent. It is under paragraph 218 (f) now.

Senator EDGE. That is exactly what you are talking about—55 per cent, and they want 65?

Mr. TUCKER. That is true.

Senator EDGE. Go ahead.

Mr. TUCKER. The Treasury Department in 1924 issued an order to all of the appraisers to collect a duty of 65 per cent ad valorem, based on an assumption that the word "tubing" covered the article extensively known as a gauge glass. The several importers of tubular gauge glasses individually made protests on each and every customhouse entry over a period of about four years before a negative deci-

sion was rendered by the United States Customs Court, which required tubular gauge glasses to be entered at 55 per cent ad valorem customs duty.

This litigation entailed by United States Treasury Department order was instituted by the Libbey Glass Manufacturing Co. through Congressman Hon. W. W. Chalmers. (See his statement on "Gauge glasses, par 218," published in hearings before the Committee on Ways and Means, vol. 2, p. 1423.)

In the statement referred to, Hon. W. W. Chalmers indicates that he again desires for his constituent (Libbey Glass Manufacturing Co.) an increase in the tariff rate from 55 per cent ad valorem to 65 per cent ad valorem.

Senator EDGE. How many pages have you of that brief? We shall have the benefit of all this in the record. How many pages are you going to read there? Can you get through in 10 minutes?

Mr. TUCKER. I represent four men.

Senator EDGE. I can not help that. I mean to say, I do not think it makes any difference whether you read it to us or put it in the record. We can study these briefs afterwards, you know.

Mr. TUCKER. That is quite all right.

Senator EDGE. If you want to bring out certain points, bring them out; but apparently you have 10 pages there.

Mr. TUCKER. Yes; but there are a number of pages that I am going to eliminate. There are 12 pages, but there are some pages here that are all tabulations. I am not going to read all that.

Senator EDGE. Go ahead, then, and stress the high spots.

Mr. TUCKER. All right, sir; I am quite agreeable.

Hon. W. W. Chalmers, on page 1424, stated:

> These gauge glasses which I am exhibiting to you can be transferred from Colombo to New York City, 10 for 1 cent for freight.

Now, they never can; and he also mentions that the wages in Ceylon for a "hotel room boy" are $4.50. What has that to do with the case? Nothing—nothing at all.

In support of our request for a reduction in the tariff rate on tubular gauge glasses, we call your attention to the following, which is taken from Bulletin of United States Bureau of Labor Statistics, No. 441, dated July, 1927: Productivity of Labor in the Glass Industry, page 142:

Do you care to see that?

Senator KING. No. What does it state?

Mr. TUCKER (reading):

> With the exception of the ladling of the glass from the pot to the drawing furnace, this process of drawing tubing by machine requires absolutely no skill nor physical labor of any kind. The actual work of drawing and cutting the tubes is entirely automatic, the only labor required being in the nature of supervision—to see that the machine is working properly, and that the drawing is resumed when a breakage occurs in the glass.

Senator KING. This is machinemade?

Mr. TUCKER. That is handmade. All the imported glasses are handmade, against this one manufacturer, who makes them by this one machine.

Senator EDGE. There are not any domestic glasses that are handmade, then?

Mr. TUCKER. Very, very few.

Senator KING. You mean, of the character you are describing—tubing?

Mr. TUCKER. There used to be.

Senator EDGE. Where are they made? Does the Libbey Glass Co. make any by hand?

Mr. TUCKER. I think down in Vineland they still make a few. Over in Brooklyn the DeMuth Glass Manufacturing Co. still make a few; and I have been talking with one of the men who did make tubular glass by the handmade process, and he says that machine is also driving it out of the market.

Senator KING. That is, the Libbey machine?

Mr. TUCKER. The Libbey machine.

Senator KING. He is making it by machinery?

Hr. TUCKER. He is making it by machinery.

Now I am going to give you, tersely, one more thing.

That same bulletin further says:

In 1926 production of glass tubing by hand was a thing of the past, a mere memory to the surviving tube blowers, who had been compelled either to abandon their trade or to adjust themselves to the new process.

They were compelled either to abandon their trade or to adjust themselves to this new process of making the product by machinery.

Senator KING. The foreigners will have to do the same thing.

Mr. TUCKER. We can not buy that machine.

Senator KING. What I mean is this—that if machinemade tubing is coming into vogue, your clients abroad will have to employ the machinemade method of producing this products, or else they will be out of the market absolutely.

Mr. TUCKER. That is what I am asserting.

Senator KING. All right; go ahead.

Mr. TUCKER. In that same reference there, Table 30, there is a tabulation which is very interesting indeed. It goes to show that under an index number, hand production of 100, they make six times as much. Under the tabulation there where we make them by hand for 100 index number, they make six times as much.

Take the next item just below that, your honor, per hundred pounds, hand production of index number of 100, and it costs them $18.55.

Senator KING. I think it is obvious that you do not need to take any time to show that the machine production would be infinitely cheaper than hand labor. In this pamphlet on The Productivity of Labor in the Glass Industry, by the Bureau of Labor Statistics, on page 141, it states:

Man-hour product: Comparison of man-hour product and labor cost in glass tubing made by hand and by machine, sizes 19 to 21:
Hand production, 9,000 pounds plus; machine, 58.000 plus.
Labor cost per 100 pounds: Hand production, $6.90; machine, $1.28.

Senator EDGE. Can I get you to answer this question right along that line:

In the testimony before the House Ways and Means Committee, Congressman Chalmers stated:

The last competitive bids called for by the United States Navy for gauge glasses were secured by Jenkins Bros.—

That is your firm; is it not?

Mr. TUCKER. Yes, sir.

Senator EDGE (reading):

Jenkins Bros., of New York, importers, from Perth, Scotland. Their bid was between one-half and 1 cent per glass less than the actual cost of the manufacturer of similar gauge glasses in this country.

What is your answer to that?

Mr. TUCKER. That is not totally true.

Senator EDGE. In what detail or particular is it untrue?

Mr. TUCKER. We did not get every item. I have these all tabulated, and I am going to show you in my answer to that that in three years they got 13 bids and we got 6. Now, what is the use of camouflaging it on one?

Senator EDGE. You got 6, did you?

Mr. TUCKER. Yes, thank you; and our glasses have been used by the United States Navy for 40 years, at least.

Senator EDGE. All right, Mr. Tucker.

Mr. TUCKER. Now, as to the cost: The nearest approach I can get to the cost of labor between these two is indirectly. You can appreciate that I am representing my own firm of Jenkins Bros., plus three competitors, and we were reluctant to give each other our costs, etc.; so we nominated a satisfactory party to gather that, and that was the Tariff Commission. They have been for a year gathering my costs and all my sales and everything else, and tried to find out all about it. They have been gathering this for a year, and they got it, and very recently some new information has been acquired.

Senator EDGE. All right. I think we have your story pretty well. Is there anything else you desire to tell us that is not in your brief? We do not want to cut you off, but we do want to save time.

Mr. TUCKER. All right, sir. If there is anything more about gauge glasses that this committee wants to know, I am only too glad to unbosom myself.

If necessary, I ask permission to file an additional brief.

(The brief submitted by Mr. Tucker is as follows:)

BRIEF OF GROUP OF IMPORTERS OF TUBULAR GAUGE GLASSES

To the Senate Finance Committee:

I represent a group of importers of tubular gauge glasses, which according to the Treasury rulings come under paragraph 218.

On behalf of this group of importers of tubular gauge glasses I desire to present an application to reduce the rate of duty on tubular gauge glasses, paragraph 218, to 45 per cent ad valorem, or in lieu of a decrease that the present duty of 55 per cent be maintained.

I am also briefly referring to combustion tubing which pays 65 per cent ad valorem at present under chemical and scientific glassware, paragraph 218.

The proposed increase in tariff rates not only extremely protects the one American manufacturer making tubular gauge glasses, on a commercial basis, but the new rate will absolutely prohibit the importations of tubular gauge glasses.

The present tariff readjustment as proposed by the House of Representatives provides a separate paragraph, namely paragraph 218 (b) which reads and covers "tubes or tubing" at 65 per cent ad valorem.

This retains the present rate of duty on combustion tubing but on gauge glasses there is an increase of 10 points from 55 per cent ad valorem to 65 per cent ad valorem; that is, an increase of over 18 per cent on tubular gauge glasses.

I suggest that subparagraph 218 (b) of the bill H. R. 2667 avoid the use of the word "tubing" and provide only for tubular gauge glasses.

Tubular gauge glasses are an entity by themselves, defined in the dictionaries and universally known by engineers as a glass tube which readily indicates the height of a liquid in a receptacle to which the gauge with its gauge glass is attached.

The Treasury Department in 1924 issued an order to all of the appraisers to collect a duty of 65 per cent ad valorem based on an assumption that the word "tubing" covered the article extensively known as a gauge glass. The several importers of tubular gauge glasses individually made protests on each and every customhouse entry over a period of about four years before a negative decision was rendered by the United States Customs Court which required tubular gauge glasses to be entered at 55 per cent ad valorem custom's duty.

This litigation entailed by United States Treasury Department order was instituted by the Libbey Glass Manufacturing Co. through Congressman W. W. Chalmers. (See his statement on "Gauge glasses, paragraph 218," published in hearings before the Committee on Ways and Means, vol. 2, p. 1423.)

In the statement referred to Hon. W. W. Chalmers indicates that he again desires for his constituent (Libbey Glass Manufacturing Co.) an increase in the tariff rate from 55 per cent ad valorem to 65 per cent ad valorem; and in support of his contention he elaborates upon the low wages of "a hotel room boy" in Ceylon, but the importers I represent secure their tubular gauge glasses from England or Scotland and are made by skilled workmen in contrast to the machine-made product in the United States. Hon. W. W. Chalmers on page 1424 made the following statement:

"These gauge glasses which I am exhibiting to you can be transferred from Colombo to New York City, 10 for 1 cent for freight."

Tubular gauge glasses are not manufactured nor imported from Ceylon, so freight rates from Colombo have nothing to do with the case.

The tubular gauge glasses made in the United States are manufactured almost solely by machine and by one company; but the imported tubular gauge glasses are all hand drawn.

In support of our request for a reduction in the tariff rate on tubular gauge glasses we call your attention to the following, which is taken from Bulletin of United States Bureau of Labor Statistics, No. 441, dated July, 1927, Productivity of Labor in the Glass Industry, page 142:

"With the exception of the ladling of the glass from the pot to the drawing furnace, this process of drawing tubing by machine requires absolutely no skill nor physical labor of any kind. The actual work of drawing and cutting the tubes is entirely automatic, the only labor required being in the nature of supervision—to see that the machine is working properly and that the drawing is resumed when a breakage occurs in the glass."

The following is taken from Labor Statistics Bulletin 441, page 143:

"In 1926 production of glass tubing by hand was a thing of the past, a mere memory to the surviving tube blowers, who had been compelled either to abandon their trade or to adjust themselves to the new process."

TABLE 30.—*Comparison of man-hour output and labor cost in glass tubing made by hand and by machine*

MAN-HOUR OUTPUT

Process	Sizes 19 to 21		Sizes 32 to 34	
	Quantity or amount	Index number	Quantity or amount	Index number
	Pounds		*Pounds*	
Hand production	9.957	100	10.067	100
Machine production	58.932	591.9	75.169	746.7

LABOR COST (PER 100 POUNDS)

Hand production	6.905	100.00	6.830	100
Machine production	1.281	18.55	1.004	14.70

Source: Bureau of Labor Statistics, Bulletin No. 441.

It is readily observed whereby hand drawing 1 pound of glass tubes can be produced, the machine in the same period can produce about six or more times as much.

It is also observable that a quantity drawn by hand which costs in labor $100 that the same quantity if drawn by machine will cost in labor only $18.55 for sizes 19 to 21, but only $14.70 for sizes 32 to 34.

That is enough protection, one would think.

I am told that the gauge-glass department of this sole American producer by machine requires only 5 men and 4 girls when the machine is working, and that it works on tubular gauge glasses about 3 periods a year, but think of its possibilities if the management decided to work full running time before or after the tariff has been increased from 55 per cent to 65 per cent. There would be no competition from imported glasses against one American manufacturer whose tubular glasses are made by machines which they control.

Comparative data on wages paid to American or British workmen in the tubular gauge glass industry is not available. However, it is unquestionably safe to believe that the difference in labor costs between the United States and Great Britain does not equalize the difference in productivity by the hand-drawing method in Great Britain as compared to the machine-drawing method in the United States.

In the hearings before the Committee on Ways and Means, House of Representatives, 1929, volume 2, page 1403, the following appears as to glass workers: "American skilled workmen, average weekly wage, 1928, $35; American unskilled workmen, average weekly wage, 1928, $15."

A British Government publication on Labor Statistics of the United Kingdom, 1928, page 115, shows that "the average weekly earnings of male workpeople in the glass industry is 56s. 5d." ($13.71.)

The previous two paragraphs indicate that the wages in the glass industry of the United States may be two and one-half times as great as in the United Kingdom, but attention is called that in arriving at this ratio skilled wages were used for the United States while skilled and unskilled wages were used for the United Kingdom. If perfect data was available, it would probably show a ratio of 2 to 1 at the most.

Mr. Chalmers mentioned about "competitive bids called for by the United States Navy" secured by an importer I represent, so I give figures showing that the Libbey Glass Manufacturing Co. underbid the importers and received orders; and as previously stated the Libbey Glass Manufacturing Co. make their gauge glasses by machine (Danner process).

Out of 19 bids made to the Navy Department from February 1, 1927, to March 26, 1929, Libbey Glass Manufacturing Co. received 13 contracts, amounting to $4,329.12, or 79 per cent; Jenkins Bros., importers, received 6 contracts, amounting to $1,150.46, or 21 per cent; total, $5,479.58.

United States Navy bids

Opening date	Destination	Schedule No.	Class No.	Brand	Jenkins Bros.	Libbey Manufacturing	Lovell	Difference
								Per cent
Feb. 1, 1927..	Mare Island		466	H. P.	562.87	485.05		13.82
	Charlestown Hampton Roads		467	H. P.	183.28	167.50		8.6
	Brooklyn		468	S. P.	16.50	13.87		15.94
	San Diego Mare Island Puget Sound		469	S. P.	313.20	271.20		13.41
Mar. 2, 1927..	Philadelphia		200	H. P.	260.53	246.72	270.85	
May 10, 1927.	Mare Island	7114	710	H. P.	580.00	560.00		
			711	S. P.	133.37	149.20		
Sept. 15, 1927.	Boston Philadelphia Hampton Roads	7687	805	H. P.	481.75	458.11		
	Mare Island		807	H. P.	101.25	97.50		
Feb. 7, 1928..	Philadelphia	8387	599	S. P.	32.00	28.80		
	Brooklyn Philadelphia		600	H. P.	102.00	104.13		
	San Diego Puget Sound		601	H. P.	200.00	216.00		
Aug. 21, 1928.	Boston Brooklyn	9505	746	S. P.	349.76	334.55		
	Philadelphia		747	H. P.	185.95	205.60		
	Mare Island Puget Sound		748	H. P.	861.50	835.50		
Feb. 12, 1929.	Mare Island	401	921	H. P.	176.00	168.00		
Mar. 26, 1929.	Brooklyn Boston Hampton Roads Mare Island Puget Sound	615	1625	S. P.	377.72	523.67		
			1626	S. P.	519.53	726.10		
	Brooklyn		1627	H. P.	151.42	156.68		
	Hampton Roads		1628	H. P.	678.12	667.32		

H. P. means high pressure; S. P. means standard pressure.

Referring to the hearings before the Committee on Ways and Means, House of Representatives, volume 2, page 1425, we observe the total value of tubular gauge-glass imports in the United States for 1927 were $28,000 and for nine months of 1928, $28,732.

The importers have lost all of the business we had from the various lubricator manufacturers (an extensive business), as Libbey Glass Manufacturing Co. sells them at a price the importers can not meet.

The railroad business almost entirely has been taken by Libbey Glass Manufacturing Co.; their advertisements verify this.

We really should have a reduction in the tariff on tubular gauge glasses in order to hold our remaining business. The duty is now 55 per cent but we ask for consideration for a slight reduction from this rate.

Libbey Glass Manufacturing Co. commenced as a competitor in 1919.

An increase in the tariff from 55 per cent ad valorem to 65 per cent ad valorem would result in an embargo on the imported glasses and, we think, any increase is uncalled for.

Paragraph No. 84 in the customs tariff act of 1913 was wisely incorporated in that law and never was protested by importers or the Government and it might be wise to incorporate this in the House Act No. 2667, in place of paragraph 218 as it now appears:

"PARAGRAPH 84. Glass bottles, decanters, and all articles of every description composed wholly or in chief value of glass, ornamented or decorated in any manner, or cut, engraved, painted, decorated, ornamented, colored, stained, silvered, gilded, etched, sand-blasted, frosted, or printed in any manner, or ground (except such grinding as is necessary for fitting stoppers or for purposes other than ornamentation), and all articles of every description, including bottles and bottle glassware, composed wholly or in chief value of glass blown either in a mold or otherwise; all of the foregoing, not especially provided for in this section, filled or unfilled, and whether their contents be dutiable or free, 45 per centum ad valorem: *Provided*, That for the purpose of this act bottles with cut-glass stoppers shall, with the stoppers, be deemed entireties."

Within the last year a representative of the United States Tariff Commission has visited the importers of tubular gauge glasses and also the Libbey Glass Manufacturing Co., the American manufacturer of tubular gauge glasses by machines, and the commission has data which I understand is available to your committee.

We rely upon the data secured by the Tariff Commission to show that any increase in customs duty on tubular gauge glasses would be unwarranted.

Respectfully submitted.

WILLIAM A. TUCKER.

Representing the following importers: Jenkins Bros., 80 White Street, New York City; A. W. Chesterton Co., 64 India Street, Boston, Mass.; Durable Manufacturing Co., 114 Liberty Street, New York City; F. H. Lovell & Co., Arlington, N. J.

ILLUMINATING GLASSWARE

[Par. 218 (c)]

STATEMENT OF THOMAS W. McCREARY, MONACA, PA., REPRESENTING THE ILLUMINATING GLASSWARE GUILD

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the Tariff Committee of the Illuminating Glassware Manufacturers? Is that correct?

Mr. McCREARY. The tariff committee of the Illuminating Glassware Guild.

Senator EDGE. And you are here to discuss paragraph 218 (c)?

Mr. McCREARY. Paragraph 218.

Senator EDGE. All right; proceed.

Mr. McCREARY. In order to bring this matter more clearly to the attention of the Finance Committee, I have brought with me a few

samples that represent the line on which we are endeavoring to get some relief. Of course these articles are not exclusive, but they represent in a measure a line running from 6 to 12 and 14 inches in size. There are representatives of three or four different lines in the group.

The samples which we submit are of American manufacture, except one. The one exception is made in Czechoslovakia. Unfortunately, I have broken it, but there is enough of it left to show just what it is. I have each sample marked, giving the American cost, American selling price——

Senator EDGE. Before you proceed, as you are the first witness, let me ask this question: As I recall, you are discussing paragraph 218 (c); are you not?

Mr. MCCREARY. Yes, sir.

Senator EDGE. The House proposes to increase the ad valorem duty from 60 to 65 per cent. Is that correct?

Mr. MCCREARY. Yes, sir.

Senator EDGE. And they are making some change in the phraseology of the paragraph. As I understand, you are favorable to this increase of 5 per cent?

Mr. MCCREARY. No; it is not sufficient. That is the reason I brought the samples to you, Senator.

Senator EDGE. You want the 5 per cent, do you?

Senator REED. How much more do you want, Mr. McCreary?

Mr. MCCREARY. Well, Senator, allow me to read from this.

Senator EDGE. I asked you if you were favorable to it. Your answer may be very deceiving, if I may say so. It would be thought that you were after a decrease. You want that, plus what?

Mr. MCCREARY. We want what we originally proposed to the Ways and Means Committee.

Senator REED. How much was that?

Mr. MCCREARY. That was, on sizes 6 inches and under, 35 cents per dozen and 60 per cent ad valorem.

On sizes exceeding 6 inches but not exceeding 8½ inches 50 cents per dozen and 60 per cent ad valorem.

On sizes exceeding 8½ inches but not exceeding 12 inches we are asking for 75 cents per dozen and 60 per cent ad valorem.

On sizes exceeding 12 inches, we are asking for $1.25 per dozen, plus 60 per cent ad valorem.

Senator REED. All right, sir. Now, tell us why you think you are entitled to that.

Mr. MCCREARY. We think we are entitled to it for the reason that the very low cost of production in the countries from whose competition we suffer most keenly is such that we are unable to compete successfully in our home markets.

Senator REED. What do you pay for common labor?

Mr. MCCREARY. We pay from 45 to 55 cents per hour for common labor.

Senator REED. What do they pay in Czechoslovakia?

Mr. MCCREAEY. In Czechoslovakia, when I was over there, they paid from 12 to 18 cents a day. Of course their money was depreciated. They ranged from 25 to 30 krones, and the krone at that time was worth a cent and a half.

Senator REED. That was some time ago, then?

Mr. McCREARY. That was seven years ago. Conditions have not changed much since then, because two years ago, when I was over there, I was reliably informed by officials of the labor organization that the conditions in Czechoslovakia have not changed much since 1920. In other countries they have changed somewhat, but not to the same extent as existed before the war.

In Germany, for instance, another country whose competition we suffer from, the wages of the glass workers run, in round numbers, about $1,400 per year. The wages of the same kind of worker in this country will average about $49 per week—from $45 to $49 per week.

Czechoslovakia, where the labor conditions are less favorable, is the country from which most of our illuminating glassware is imported. Sixty-five per cent of the imports of 1927 came from Czechoslovakia and 25 per cent from Germany.

Senator EDGE. As a matter of fact, the imports have been practically stationary for eight years.

Mr. McCREARY. That is true.

Senator EDGE. Why is it any more difficult to make a reasonable profit to-day than it was eight years ago? The imports have been, in value, practically constantly in the neighborhood of a million dollars since 1923.

Mr. McCREARY. Well, Senator, it has been impossible to make profits even up to eight years ago.

Senator EDGE. Do you mean to say that you have not made any profit for eight years in the illuminating-glass business?

Mr. McCREARY. No; I do not mean to say that, but I say we have not made a reasonable profit.

Senator EDGE. What is a reasonable profit?

Mr. McCREARY. A reasonable profit would be at least 6 per cent on your invested capital. The Supreme Court, from what we could understand, has even rendered a decision that 15 per cent was a reasonable profit.

Senator EDGE. Do you mean to say that you have to have the specific duty you have asked for here to make a reasonable profit?

Mr. McCREARY. We do.

Senator EDGE. All right. That is your statement, then?

Mr. McCREARY. Senator, here is a duplicate of an American article produced in Czechoslovakia. That is laid down, in New York and Cincinnati, freight and packing paid, at $5 per dozen. The cost of that article in an American factory, without packing or transportation charges, is $6.09 per dozen.

Senator REED. Why should that cost so much?

Mr. McCREARY. It is because of the cutting.

Senator REED. Let me see it.

(The two samples referring to were handed to Senator Reed.)

Mr. McCREARY. Senator, that cutting is done in most cases by home workers in Czechoslovakia. I have seen it done myself. I have been there and have seen the work done. I have seen men and women work on that in their homes. The work on this—this is the American-produced article—is done by skilled workers.

Senator REED. It is very much better done, for one thing.

Mr. McCREARY. That is true; it is very much better.

Senator REED. I do not think the two are exactly comparable in quality, either; do you?

Mr. McCREARY. Personally, I know they are not; but they have their effect on the market and on us, Senator.

Senator REED. Yes; but this (referring to American sample) ought to sell for more.

Mr. McCREARY. Well, they do not. They will not bring any more. We think, as sellers, that they should sell for more; but if you go up against a buyer with that argument they will just laugh at you. The average consumer of that glass is unable to detect the difference.

The Ways and Means Committee have seen fit to take a sister branch of our organization, where the competition is keen, and they have raised the rate of duty in that sister branch to something commensurate with what they should get. They are not getting any more than they should have, and I doubt if they are getting as much as would give them a proper amount of protection.

Senator REED. What branch are you speaking of?

Mr. McCREARY. I am speaking of the chemical branch. They are not getting a bit more than they are entitled to; but the competition they are suffering from is identical with the competition from which we are suffering. They are suffering from German competition. We are suffering from German competition and Czechoslovakian competition. The competition from Czechoslovakia is more keen because of labor conditions there.

Senator REED. The House raised them from 65 to 85 per cent.

Mr. McCREARY. Yes, sir; which is no more than fair. I know what they have to contend with, because in my trip abroad I investigated the conditions existing there at that time.

Senator EDGE. On these articles known as opal half shades, eye or desk shades——

Mr. McCREARY. That is it [indicating sample].

Senator EDGE. That is it?

Mr. McCREARY. Yes, sir.

Senator EDGE. Now, let [illegible]ures. Did you furnish these figures of the A[illegible]hich show a cost in America per dozen

Mr. McCREAR[illegible]

Senator EDG[illegible]d by y[illegible]

Mr. McCR[illegible], sir.

Senator E[illegible] are ab[illegible]he net cost of productio[illegible]

Mr. McC[illegible]anly possible to det[illegible]

Senator [illegible]nd [illegible]ing [illegible]he same article, or [illegible]able [illegible]hat particular arti[illegible].52?

Mr. McC[illegible] Well, [illegible]t we ran across.

Senator E[illegible] furnish[illegible] the Tariff Commission f[illegible] of in[illegible]ion [illegible]n get in the course of their [illegible]t leaves a[illegible]d [illegible] that article. You are asking, o[illegible]uch per dozen?

Mr. McCREARY. [illegible] article, 35 cents per dozen and 60 per [illegible]

Senator EDGE. The 60 p[illegible]n force; is it not?

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Mr. McCREARY. Yes; the 35 cents is additional.

Senator EDGE. You are asking a specific duty of 35 cents a dozen?

Mr. McCREARY. Yes, sir.

Senator EDGE. Let us get this straight. According to your figures, that would leave the American article costing 81 cents a dozen more than the imported article. Do you follow me?

Senator REED. No; I do not.

Senator EDGE. Well, I want to see if I am right on that. The duty is already added in the $1.52. If that is correct then you have considerable basis for your proposal?

Mr. McCREARY. It is correct, Senator.

Senator EDGE. But it sounded to me, at the outset, rather large.

Mr. McCREARY. It does on the surface; to those who are not familiar with the industry it does sound absurd and unreasonable; but in 1920 the American Glass Workers' Union and the manufacturers dealing with them sent a joint committee there to investigate some of the prices that they were competing against, and we were astonished. Mr. William B. Clark, the president of the Glass Workers' Association, and myself were selected; and we were absolutely astonished at the conditions we found there, at the wages they were working for, and the number of women that were employed. On this class of goods you see above your heads, I saw women cutting those in a mill where a man does it in this country, and those women were being paid as low as $2.25 to $2.50 a week.

There is another article, Senator, with the prices on it. The American cost of this at the factory, on a 6-inch article, is $2.123.

Senator EDGE. That is the Bell electric shade 6 inches in diameter?

Mr. McCREARY. Yes, sir. The American selling price at the factory is $2.25.

Senator EDGE. What is the landed cost of the foreign article?

Mr. McCREARY. $1.25, and occasionally $1.35.

Senator EDGE. They have it $1 here. These are the figures furnished by the Tariff Commission. That would give a spread of $1.12 a dozen.

Mr. McCREARY. Yes, sir.

Senator EDGE. Is there anything else you want to tell us?

Mr. McCREARY. Not unless you wish me to go into an explanation of these for you.

Senator EDGE. I suggest your putting in the record the comparative prices on all those articles, and I will put this statement in the record at the same point.

Mr. McCREARY. Very well.

In the case of the 7-inch size, the American selling price is $3.75 per dozen; American cost of production, $2.85 per dozen; foreign selling price laid down, duty paid, in the United States, $1.85 per dozen.

Eight-inch size: American selling price at factory, $3.50 per dozen; American cost of production, $3.174 per dozen; foreign selling price in the United States, duty paid, $2.25 per dozen.

Now, here is one—to show that we are honest in the matter—here is where I am going to show you, on one of the items, that we make some profit; but we want to give you the entire list.

Item No. 4, inclosing globe, 8½-inch size: American selling price, $4.25 per dozen; American cost of production, $4.418; foreigners' selling price in the United States, duty paid, $3.25 per dozen.

Ten-inch size: American selling price——

Senator REED. You said you were going to show us that you made some money on them.

Mr. MCCREARY. Just one, Senator.

Ten-inch size: American selling price, $6.75 per dozen; cost of production, $6.412. We make a little profit on that, but you would starve to death if you operated a plant on those margins. Foreign selling price in the United States, duty paid, $5.65. That is just $1.10 per dozen less than we can sell them for.

Twelve-inch size: American selling price at factory, $11.75 per dozen; American cost of production $9.125; foreign selling price, duty paid, $8.43.

Fourteen-inch size: American selling price, $16.50 per dozen. Here is where we make a little profit, Senator. American cost of production, $12.75 per dozen; but the foreign selling price is $10.50 per dozen; and if we expect to get any volume of business we have got to meet that $10.50 price.

May I say just a few words more before I close, Senator? It is important that I get this before the committee, for possibly you may or may not read what took place before the Ways and Means Committee.

A supplementary brief was submitted by an importer after I had taken the stand before the Ways and Means Committee, and among the things he quoted were the prices furnished by an American manufacturer. That American manufacturer, unfortunately, is afflicted with the idea that he can meet foreign prices and still survive. He has followed the uneconomic practice of meeting those foreign prices; and the result has been, so I am reliably informed, that that company has failed four times, and at the present time they are in financial straits, and their men refuse to work because they have failed to pay their wages for four or five weeks.

Senator EDGE. Is that the American manufacturer who was quoted by Weiss & Biheller (Inc.)?

Mr. MCCREARY. Yes, sir.

Senator REED. What is the name of that manufacturer?

Mr. MCCREARY. If I will not render myself liable to any damage by saying so, it is the Star Glass Co. Is that correct, Joe?

(The gentleman addressed stated that that was correct.)

Mr. MCCREARY. Now, are there any questions you would like to ask?

Senator EDGE. At this point I want to put in the record a comparison of American costs of production and other costs on comparable articles as prepared by a representative of the Tariff Commission.

(The statement referred to is as follows:)

Illuminating glassware—compar[illegible] of domestic and foreign costs and prices per dozen, 1929

Article	American cost of production	Landed cost New York City on imported article [1]	Foreign value of imported article [2]	American selling price at factory	Foreign selling price at New York [3]
Opal half shade (eye or desk shade)	$2.686	$1.52	$0.76	$2.50	$2.11
Bell electric shade:					
6 inches diameter	2.123	1.00	.50	2.25	1.89
7 inches diameter	2.85	1.32	.66	2.75	1.95
8 inches diameter	3.174	1.62	.81	3.50	2.50
Inclosing globes:					
8½ inches diameter	4.418	2.45	1.22	4.25	3.89
10 inches diameter	6.412	4.10	2.05	6.75	6.67
12 inches diameter	9.125	5.10	2.55	11.75	9.45
14 inches diaeter	12.75	9.00	4.50	16.50	12.13

[1] Includes foreign price, foreign buyer's commission, ocean freight, insurance, and duty.
[2] Value given by importer.
[3] Importer's list price less 50 per cent. To large dealers a further discount of 10 per cent is given.

Mr. McCREARY. Shall I leave these samples with you, Senator?

Senator REED. That is not necessary; no.

Mr. McCREARY. Shall I take them with me, then?

Senator REED. Yes.

Mr. McCREARY. Very well; I will just take them.

Mr. Gilloly, who represents the Glass Workers' Union, has just informed me that the Star Glass Co. has reorganized under the name of the Kauffield Illuminating Co.

(Mr. McCreary submitted the following brief:)

BRIEF OF THE ILLUMINATING GLASSWARE GUILD

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

GENTLEMEN: Referring to paragraph 218 of the tariff act of 1922 in relation to glassware for artificial illumination:

Our case and recommendations are included in the brief submitted by the committee representing the Illuminating Glassware Guild and statement of Thomas W. McCreary, representing that organization, as printed on pages 1434 to 1438, Volume II, hearings before the Committee on Ways and Means, which were held in January, 1929.

We wish to add now to that statement some supplementary information in answer to a brief submitted by Weiss & Biheller (Inc.), filed after we had made our appearance before the House committee.

The importers state that 75 per cent of the imports of illuminating articles covers crystal fixture parts and crystal prisms of a total importation of $958,446, and that the remaining 25 per cent of the imports will cover all types of illuminating glassware, the total value of which would not exceed $240,000. This claim is shattered by the Summary of Tariff Information, prepared by the United States Tariff Commission for the present tariff revision. In this report it is directly stated (p. 510) that:

"Imports of illuminating articles, representing about one-tenth of domestic consumption, consist principally of blown globes, shades, and lamp chimneys. The globes and shades come principally from Czecholsovakia, whereas the lamp chimneys are imported almost exclusively from Germany. Of the total imports of illuminating articles other than lamp chimneys, valued in 1927 at $975,828, Czechoslovakia supplied approximately 65 per cent and Germany 25 per cent."

The statistics of imports on illuminating glassware show the value for 1928 to be $1,021,374, which represented an increase over 1927, and this, according to the "Summary of Tariff Information," consisted principally of globes, shades, and lamp chimneys.

The importers further state that the decline in production of glass was largely due to a decreased demand on account of changing styles of fixtures. The ball lamp fixture with a candle effect, which is referred to, is a fixture for home lighting and is an outgrowth of war conditions and regulations. During the war the Government requested the industry to confine its production to actual necessities as far as possible, and consequently the plants were turned to the production of globes and shades for the illumination of Government offices, Army cantonments, munition factories, and other utilitarian purposes. It was, therefore, necessary to abandon temporarily the manufacture of globes and shades for home lighting where the ball lamp and candle fixtures were employed. This emergency ended as far back as 1920 when glass manufacturers again diligently worked to reclaim this market which they were forced to abandon during the war. Since that time the demand for this kind of glassware has steadily increased to a point where most home lighting fixtures are equipped at present with glass shades. Parchment and silk were only a temporary war substitute.

The quotations from an American manufacturer attached to the importer's brief are known to the Illuminating Glassware Guild. But the Finance Committee of the Senate should know that this price list is primarily an attempt to meet the prices of imported glass and particularly those of Weiss & Bilheller (Inc.). The result is that this same American factory is reported to have failed in business four times by trying to produce goods to sell at these prices and at present is reported to be in financial distress and unable to continue operating. The answer is obvious. The cost figures and other data submitted in our brief represents the experience of manufacturers producing about 90 per cent of the illuminating glassware manufactured in this country.

The bill recently passed by the House of Representatives (H. R. 2667) granted a change on this class of paragraph 218 from 60 to 65 per cent ad valorem. But it did not include in this rate of duty illuminating articles made of glass, commercially known as "plated or cased glass composed of two or more layers of clear, opaque, colored or semitranslucent glass, or combinations of same," as requested in our brief. Illuminating articles made of such glass are of similar type of manufacture and are subject to the same competition as all others in section (c) of paragraph 218. They should, therefore, take the same rate of duty. We therefore request sections (c) and (d) be revised as follows:

"(c) Illuminating articles of every description, including chimneys, globes, shades, and prisms, for use in connection with artificial illumination, all the foregoing, finished or unfinished, composed wholly or in chief value of glass, and all illuminating glassware made of what is commercially known as plated or cased glass, composed of two or more layers of clear, opaque, colored or semitranslucent glass or combinations of the same, not exceeding 6 inches in any dimension, 35 cents per dozen and 60 per centum ad valorem; over 6 inches in any dimension but not exceeding 8½ inches in any dimension, 50 cents per dozen and 60 per centum ad valorem; over 8½ inches in any dimension, but not exceeding 12 inches in any dimension, 75 cents per dozen and 60 per centum ad valorem; over 12 inches in any dimension, $1.25 per dozen and 60 per centum ad valorem.

"(d) All other glassware commercially known as plated or cased glass composed of two or more layers of clear, opaque, colored or semitranslucent glass or combinations of the same, 60 per centum ad valorem."

The change represented in the passage of the bill by the House grants us the meager increase of 5 per cent which gives practically no protection. In the case of biological, chemical, metallurgical, pharmaceutical, and surgical articles and utensils of glass in this same paragraph 218, the bill provides for a duty of 85 per cent. This rate is allowed on account of low manufacturing costs in Germany. Illuminating glassware is also made in Germany by the same factories, and our industry suffers just as much from German competition as biological glass. of production in Czechoslovakia, and as a consequence a much higher volume of In addition thereto, we have to contend with much lower wages and lower cost imports come from that country than from Germany and they are steadily increasing.

The 65 per cent allowed in the tariff bill just passed by the House is wholly inadequate and we respectfully ask for the compound duty of ad valorem and specific rates as suggested in the brief we submitted to the Committee on Ways and Means.

To permit the Finance Committee to visualise the character of the glassware mentioned in our brief, we submit labeled samples representative of the four classes as follows:

Item I—Half shade

	Per dozen
American selling price at factory	$2.69
American cost of production	2.639
Foreigner's selling price, delivered in United States, duty paid	1.75

Item II—Bell electric shades

	Diameter 6 inches	Diameter 7 inches	Diameter 8 inches
	Per dozen	*Per dozen*	*Per dozen*
American selling price at factory	$2.25	$2.75	$3.50
American cost of production	2.123	2.85	3.174
Foreigner's selling price delivered in United States, duty paid	1.25	1.85	2.25

Item III—Electric dome shades, diameter 7 inches

	Per dozen
American selling price at factory	$2.75
American cost of production	2.639
Foreigner's selling price delivered in United States, duty paid	1.75

Item IV—Enclosing globes

	Diameter 8½ inches	Diameter 10 inches	Diameter 12 inches	Diameter 14 inches
	Per dozen	*Per dozen*	*Per dozen*	*Per dozen*
American selling price at factory	$4.25	$6.75	$11.75	$16.50
American cost of production	4.418	6.412	9.125	12.75
Foreigner's selling price delivered in United States, duty paid	3.25	5.65	8.43	10.50

Respectfully,

THE ILLUMINATING GLASSWARE GUILD,
By THOMAS W. MCCREARY,
By H. L. LISSFELT,
Tariff Committee.

PERFUME AND TOILET WATER BOTTLES

[Par. 218 (e)]

STATEMENT OF W. L. CROUNSE, WASHINGTON, D. C., REPRESENTING THE AMERICAN MANUFACTURERS OF TOILET ARTICLES

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Crounse, I understand that you represent the American Manufacturers of Toilet Articles.

Mr. CROUNSE. Yes, sir; and have for some 20 years here in Washington, as their Washington representative and general trade adviser.

Senator EDGE. You desire to discuss the provisions of paragraph 218(e)? Is that correct?

Mr. CROUNSE. The duty on so-called perfume bottles

Senator EDGE. That seems to be an entirely new paragraph.

Mr. CROUNSE. Yes; that paragraph has been entirely rewritten from the act of 1922. There are some subdivisions.

Senator EDGE. All right.

Mr. CROUNSE. You will note, Senator, that they have segregated the perfume bottles, and practically put them in a class by themselves.

Senator EDGE. And provided a 70 per cent ad valorem duty?

Mr. CROUNSE. Seventy per cent ad valorem duty.

Senator EDGE. What is the present duty under existing law?

Mr. CROUNSE. I will explain that. There is a serious complication with respect to what that duty is, owing to a decision of the courts.

Senator EDGE. And that is the reason for revamping the paragraph to some extent?

Mr. CROUNSE. To some extent; yes, sir.

Senator EDGE. You may proceed.

Mr. CROUNSE. The American Manufacturers of Toilet Articles is a very comprehensive trade organization in the sense that I think it includes practically all the large producers, and the majority of the smaller ones.

The industry in a sense is concentrated in what might be called the metropolitan district. There are 5 or 6 of the largest plants in northern New Jersey, 5 or 6 in Philadelphia, 8 or 10 in New York, and the rest scattered throughout the country.

We wish to protest against the 70 per cent duty which was added in the House after the Ways and Means Committee had originally reported a 65 per cent rate.

We are in hearty sympathy with the domestic bottle manufacturers in their desire for adequate protection; but as we have to sell the goods they make, any considerable increase in the cost of bottles will force us up against a prohibitive sales resistance—that is the meat in this thing from our standpoint—which will injure the bottle makers even more severely than ourselves, and will ultimately drive an important branch of this industry out of the United States. I do not think there can be any doubt about that.

I want to explain the situation that has produced this peculiar condition to-day.

In 1922 the Ways and Means Committee reported a bill which provided duties on bottles under two paragraphs—paragraph 217, a specific duty of 50 cents per gross, which was on the cheap machine-made bottle; paragraph 218, a duty of 55 per cent ad valorem on hand-made bottles. There was a difference, you see, between the specific and the ad valorem in those two paragraphs.

For a long time that provision of paragraph 218 was supposed to be law; but upon investigation it has been ascertained that when the bill reached the Senate a representative of the tableware industry called attention to the fact that there was a very large class or several large classes of merchandise included in the same paragraph. As the Department of Commerce follows the category of the tariff in making customs returns for imports and exports, he suggested that no one would be able to get any desirable information from those reports, and he suggested that bottles be taken care of under another paragraph, a separate paragraph.

The committee evidently thought well of the suggestion, for at the time they struck bottles out of paragraph 218; but, through some remissness, they forgot to put them in anywhere else, and they never were put back anywhere else. The Treasury Department, adopting strong-arm tactics, and with very little knowledge on the part of the

trade of this situation, began to collect 55 per cent, and they have done so straight through to the present time.

A year or more ago some one brought a test case; and, as the result of that, the United States Court of Customs Appeals has declared that bottles are not included in paragraph 218 at all, and that the only duty on bottles is the 50 cents per gross specific duty provided by paragraph 217. That spells tragedy for the bottle manufacturers, of course, and we realize that.

We are the consumers, and substantially the only consumers, of those bottles. We want to do everything we can for the manufactures. We have made every effort to help them. We have held conference after conference with them. We have adopted resolutions addressed to Congress calling attention to the fact that they need relief, and need it seriously. We have been willing to go as far not only as to put back the old 55 per cent duty but to raise it, and we are prepared now to accept with a reasonable degree of philosophy the 65 per cent, although that represents a big increase to us in our costs; but they are not satisfied with that. They went before the House committee and insisted on 82½ per cent. Our own protection on our finished package is only 75 per cent, and under the rules of tariff construction as exemplified in past laws the finished product carries a higher rate, usually, than the raw materials; and bottles are raw materials to us.

After the pending bill had been reported to the House, representatives in Congress of the bottle manufacturers, under conditions with which you gentlemen are thoroughly familiar with respect to other schedules, went before the Ways and Means Committee and got an amendment raising that rate 70 per cent. I say, gentlemen, we can not stand 70 per cent. We can stand 65 per cent. We are willing to make that experiment.

The principal argument of the bottle makers is the statement that a considerable amount of business, which they estimate at about a million dollars per annum, has been diverted to foreign bottle makers under the 55 per cent rate, and that if the duty were made prohibitive this business would be recovered, and would enable them to keep the hand glass blowers busy. This statement is erroneous. The facts do not bear it out.

The imports for the past six years have averaged $711,000, and they have included numerous items like cut-glass decanters of considerable value, high unit value. Our goods come in by the gross. These other things come in in pairs or singly. Probably $600,000 per annum is an outside figure, as against probably $2,000,000 to $2,500,000 of domestic production of this class of bottles.

There has been an apparent increase in the past six years in the importation of bottles. It has been due to three causes.

In the first place I think the Tariff Commission is in error in stating that the quantity of decanters included under this paragraph is negligible. The importation of decanters, liqueur sets, toilet bottles, and other things that have ground-glass stoppers has been increasing rapidly in the past three years. I spent several months in Europe last summer, in which—I will state, Senator King, that our objection is simply to the increase of 5 per cent, making the duty 70 per cent over the 65 per cent which the Ways and Means Committee originally recommended. We are practically

the only consumers of these goods. We are willing to see that the manufacturers get a reasonable duty, a higher duty than under the present law; but——

Senator EDGE. Right at that point, you admitted, of course, as the tariff report clearly sets forth, that imports have tremendously increased in the last three years. They ran from $593,000 in value to over $1,000,000 in 1927, and in 1928 to $960,000.

Mr. CROUNSE. Yes, sir. I am going to explain that.

Senator EDGE. You are going to explain that the duty is protecting the situation where the imports have doubled, are you?

Mr. CROUNSE. Yes, sir; very easily, I think.

Senator KING. Do you mean to contend that when there are increased importations there is no protection? I just want to get your point.

Senator EDGE. I have asked the witness this question.

Mr. CROUNSE. In the first place, Mr. Chairman, as I said before, we have to take out of that $1,000,000 a very substantial amount of decanters, toilet bottles, liqueur sets, etc.—these novelties that have come out in the past three or four years, especially under prohibition. In the old days, when you served a bottle of wine, you served it in the original imported bottle. Now you are probably serving some domestic material which you put into a decanter because you have not got a bottle. That is only one factor, but it is a very important factor.

I saw in Europe last summer shoals and shoals of all sorts of fancy decorated bottles that were made for the American market which I never saw before in my life.

Second—and this is very important—the units, the quantity, has not increased appreciably, Senator; but there has been an enormous increase in the value per unit, and there is where this increase comes in, very largely. We are paying to-day two and three times what we paid before for both domestic and foreign bottles, per unit. I have some samples here which I will show you in a moment. That of itself pretty nearly wipes out this discrepancy; but, in addition to that, there has been a transfer of the French bottling plants to the United States since 1924, and they necessarily bring their bottles with them to a great extent, because they must continue to put up their preparations in the same bottles as before. I venture to say—and I support this with the statement of the chairman of our tariff committee, made to me over the long-distance telephone this morning—that we to-day are buying no more bottles abroad than we did four or five years ago.

Senator EDGE. The present duty is 55 per cent. I understood you to say 65.

Mr. CROUNSE. No; the present duty is 55. The House raised it to 65.

Senator EDGE. Oh, yes.

Mr. CROUNSE. That we concur in; but when they raise it to 70, then we take exception.

Senator EDGE. Right at this point, I will state that the Tariff Commission representative advises me that in 1926 and 1927 there were no decanters included in their estimates. That was obtained through a careful analysis of the invoices from which they got their information.

Mr. CROUNSE. Well, you have there the figures for 1928. There is, I concede, a difference of opinion with respect to that particular item, because, as you see, Senator, it was a basket clause. Paragraph 218 was a basket clause, and the method of drafting invoices and the method of inspecting them has been not altogether uniform. I have made a pretty close study of this, and I am perfectly satisfied that there is a substantial quantity of these ground-glass stoppered bottles which may be called decanters or toilet bottles or what not which are included in that paragraph, and they come in in units at a very high price.

However, that is not important. I will stand on two propositions—that the unit value of the bottles which we import has gone up 200 per cent within the past dozen years, and in addition to that these foreign houses have brought their bottling plants to the United States and are bottling their goods here and bringing in their bottles for that purpose; and finally, to summarize, we are not importing any more bottles today than we were six years ago.

Now, for practical reasons, users of hand-made bottles greatly prefer to patronize domestic manufacturers if the financial sacrifice is not too great.

Second, such small amounts of business as have been transferred from domestic to foreign factories have been driven abroad because of heavy price increases made by the American factories.

Third, much the greater part of the bottles now imported can not be manufactured in the domestic factories, which have repeatedly been offered the business, but have been obliged to decline it.

Fourth—and this is very important, gentlemen—the loss of business of the hand-blowing departments of domestic factories, of which complaint is made, is largely a mere transfer to the machine departments of the same factories. I am coming to that in a moment in a rather significant way. We have simply said to them, "We can not afford to buy your hand-made bottles for the purposes for which we need them, and we will ask you to furnish us the machine-made bottle"; and where we have been able, as the result of experiments, to get by with it with the public, we have gone to the machine-made bottle; but the same factories are still making those bottles. The business has not been taken way from them. It has simply been transferred from one department to the other.

Senator REED. Is Coty included in your association?

Mr. CROUNSE. No, sir.

Senator REED. Or any of those French manufacturers who are located here?

Mr. CROUNSE. No, sir. I will explain that a little further in detail.

Senator EDGE. You have only a few minutes to explain it in.

Mr. CROUNSE. I am going to explain it just as fast as I can; but if you ask me these questions I feel that I must answer them.

It is true that imports have increased from $331,241 in 1923 to $1,093,000 in 1927; but during this same time five important European houses—namely, Coty, Houbigant, Violet, and Bourjois, all four French houses, and Yardley, an English house, as well as some smaller ones—have been transplanted to the United States under the scientific and beneficent provisions of the tariff act of 1922. In 1924 they looked the situation over, and decided that it was worth while to come

to the United States. They bring their compounds and their pomades over here, and wash them here, using our alcohol, our labor, renting our factories, and packaging the goods in the United States; but they have to have their own bottles. A bottle is a trade-mark. Without that bottle they can not sell the goods. Consequently, they do import those bottles largely, although they have sought to place a lot of business here.

Senator EDGE. The competition on this side is more in the perfume than it is in the bottles themselves, then.

Mr. CROUNSE. The competition, Senator, I am sorry to say, is largely a matter of the ladies' whims.

Senator EDGE. I do not care how it is derived.

Mr. CROUNSE. What I mean to say is, there is a certain amount of prestige that goes with the foreign perfumery, as there is with foreign millinery or foreign lingerie or anything else that is made in France.

Senator EDGE. I did not mean to ask that lightly. I mean, as a matter of fact the importation of bottles would seem to be controlled more by the desire for the French perfumery, which carries with it the bottle. Is not that true?

Mr. CROUNSE. That is true. For that reason you will see why these French houses must continue to bring in their own bottles.

Senator REED. No; I do not see that at all. A bottle of that type can be made in this country, can it not?

Mr. CROUNSE. No, sir. At a recent meeting of our tariff committee, which was attended by a representative of one of these large French houses, one of the largest houses in the world, he testified that he had offered thousands and thousands of dollars' worth of business to one of these American bottle manufacturers, who was obliged to decline it simply because he could not make the bottle.

Senator REED. He could not because of cost, or could not because of general inability?

Mr. CROUNSE. Technique, lack of ability to produce these particular forms, high grades, and decorations. The development of the manufacture of these bottles is a process of evolution. The French have been at it for many, many years, and they take the most meticulous care in their work; and here in this country we are a bit slapdash. We want to hurry on. We do not take the care; at least, in this particular instance the bottle manufacturers of the United States have not been able to produce all the types of bottles that we import.

Senator KING. I assume that they are handmade?

Mr. CROUNSE. Handmade.

Senator KING. In contradistinction to those that are machine made?

Mr. CROUNSE. Yes, sir; you are entirely correct.

Senator EDGE. Oh, well, there are millions and millions of bottles made by hand in the United States to-day.

Mr. CROUNSE. Oh, yes, sir; certainly. A large quantity of the bottles that we buy are handmade bottles.

The bottle manufacturers have sought to make it appear that the Tariff Commission, during an investigation which was begun at their instance under the flexible provisions of the tariff act, made a report which showed that they need a protection of 82½ per cent. I have consulted the Tariff Commission officials with regard to that report,

and they say that it has not been completed; that they have never made public a syllable of it to a soul, and that there is no basis for any such statement as that.

In the summary of tariff information which you have before you there are 25 items which show domestic and French prices in parallel columns. Now, we have no method of checking these items, and therefore I can not identify No. 1, No. 2, and No. 3; but those do not correspond at all to our own costs.

For example, I have here samples of half-ounce bottles. There (producing sample) is a half-ounce bottle made in the United States, and here is a half-ounce bottle made in France. Those bottles cost us exactly 13½ cents apiece. In the one case it is French, duty paid, and in the other case it is the domestic price. In other words, there is no difference whatsoever on that important item; and that is a very important item.

Senator REED. Of course there is not, because neither one could sell unless it kept its prices down to the level of the other.

Mr. CROUNSE. No; but what I mean, Senator, is this: The tariff information table there shows the foreign price, the French price, as being only about one-half or less than one-half of the domestic price. That does not agree with our own experience.

Senator REED. But that is the price in France.

Mr. CROUNSE. Yes, I know; but if you add 55 per cent to that, Senator, it does not bring it up to the domestic price.

Senator REED. Then the importer is making a big profit?

Mr. CROUNSE. No; we are the importers. We bring in our own bottles; and when we pay the same price in New York City for the duty-paid bottle that we pay to Swindell or any other American house we feel that there is no necessity for an increase over 55 per cent in the duty, because it has brought them to a parity. There is in the House bill an increase of 10 per cent, and we concede that; let them have it; but we can not go beyond that, as I said before.

Senator EDGE. This discussion, then, is entirely to save the difference between 65 and 70 per cent ad valorem?

Mr. CROUNSE. Yes; or a higher rate still which the manufacturers are asking of 82½ per cent. Of course this argument all goes to that as much as to the other.

There has been a steady upward trend in prices of domestic hand-made bottles since 1916, with a recent remarkable tendency toward uniformity in quotations by the principal manufacturers. In January, 1916—here is the crux of the whole thing, gentlemen, as a business proposition—half-ounce bottles were freely sold by domestic factories at $5.75 per gross. That is 4 cents apiece.

Senator REED. What year was that?

Mr. CROUNSE. 1916.

Senator KING. Who sold them at that?

Mr. CROUNSE. The domestic manufacturer quoted them to us freely at $5.75 a gross, which is 4 cents a bottle.

Senator KING. Referring to this half-ounce bottle?

Mr. CROUNSE. Well, substantially. The bottle I refer to is now obsolete.

Senator KING. Was it a half-ounce bottle?

Mr. CROUNSE. It was a half-ounce bottle—a bottle of that size. In May, 1917, when the United States entered the World War,

prices began to rise rapidly. Of course we realize that all prices in all industries rose rapidly. The half-ounce bottle went to $9.50, and the ounce bottle to $11.50, and the terms of sale were changed from 30 days, 2 per cent, freight prepaid, to 30 days, 1 per cent, and no prepayment of freight. Successive price increases were made until to-day the $5.75 half-ounce bottle costs $14.75—I am speaking of the domestic bottle now—and the ounce bottle $16, with no freight allowance, and but 1 per cent cash discount for payment in 10 days instead of 30 days.

Senator KING. Then they have increased the price to the consumer several hundred per cent?

Mr. CROUNSE. Nearly 200 per cent. The price is now nearly three times what it was.

Senator KING. What I mean is, the domestic price is three times what it was?

Mr. CROUNSE. The domestic price.

Senator KING. Then, notwithstanding the foreign competition, they have increased the price of an article, which you contend is not as good as the foreign article, 200 per cent, so that it is sold now for three times what it was sold for before?

Mr. CROUNSE. Yes; the half-ounce bottle that brought, in 1916, $5.75, is now $14.75—the same bottle.

Senator EDGE. As a matter of fact, the expert who is in the room advises me that the workmanship on these two half-ounce bottles—one domestically made and the other made abroad—is not comparable; that it costs a great deal more to make the domestic bottle, known as square-shouldered, or whatever the technical name is, than it does to make this rounded bottle. In other words, the expert states that it costs considerably more to produce this square finish as compared to the rounded finish. You can see the difference in the two.

Mr. CROUNSE. Well, Senator, of course I have not any opportunity to examine the expert, and so I will have to let that go in the record.

Senator EDGE. One has a square shoulder, and the other is just rounded off. I do not know what the technical term would be.

Mr. CROUNSE. They both serve the purpose, and the cost is the same.

Senator KING. Is this the French-manufactured bottle?

Mr. CROUNSE. No; that is the American-manufactured bottle that you have there.

Senator KING. Do you say the greater cost is involved in making the square-shouldered bottle? This is the one which involves the greater cost [indicating sample]?

(The expert indicated assent.)

Mr. CROUNSE. We pay the same for the two bottles, and they both serve the same purpose, and go to the trade at the same profit.

Take the 25-cent package, which was the popular package in 1916 and before the war: Those bottles cost us 4 cents apiece. The retailer paid $2 a dozen for the completed package, which was 16⅔ cents apiece. The jobber, say, got a cent and two-thirds; so that we got 15 cents for that package, out of which we paid 4 cents for the bottle. That bottle now costs us 10.2 cents, and the result is that we would get 4.8 cents for the contents. It can not be done.

In other words, we have been obliged to abandon the use of the handmade bottle for the 25 and 50 cent popular sizes, and we have

gone to the machinemade bottle, made in the same identical factory that formerly made the handmade bottle for us. We have been forced to do it by increase in price.

That is the story in a nutshell.

Senator KING. So that the handmade product is being crowded out by the machinemade product?

Mr. CROUNSE. Just as it is, Senator, in every industry in the world. You gentlemen know that from your own tariff experience here. The tendency toward quantity production by automatic machinery is driving the hand worker out of every trade. I do not know whether it is a desirable tendency or not, but it is a tendency that can not be stopped.

Now, we have lost a lot of business as the result of these changes. We were obliged to discontinue for several years the 25 and 50 cent packages until we devised this method of having them made by machine instead of by hand. During that time the importers brought their small packages over here and got a good deal of the trade away from us, and we lost considerable business.

Now, we have this situation also. We have been obliged to dismiss a great many employees as a result of this transition from the handmade bottle to the machinemade bottle. The machine produces bottles with exceedingly great precision. Those bottles can be put into a bottle filling machine, an automatic machine, and they can be filled by machinery with very little labor. The handmade bottle is not made with sufficient accuracy. It has that same artistic differentiation that goes to differentiate handmade goods from machinemade goods anywhere. You find it in the repetitions of oriental rugs. It is in everything that goes to represent art. But when it comes down to the practical operation of filling handmade bottles, we have to fill them by hand, and the girls formerly employed to fill those handmade bottles have all been dismissed, and we are filling these machinemade bottles on the machines.

The House provision imposing 70 per cent on our bottles is clearly discriminatory. An elaborate handmade decanter pays but 60 per cent, while the simplest type of bottle made to hold talcum powder, perfume, and other requisites of the toilet, nursery, and hospital, pays 70 per cent.

Senator KING. These machinemade bottles come under this proposal increasing it to 70 per cent ad valorem, do they?

Mr. CROUNSE. No, sir. There is no change in the machinemade bottles. They are still 50 cents per gross.

Senator KING. You are addressing your remarks to which paragraph?

Mr. CROUNSE. Solely to the paragraph which sets aside perfume bottles and gives them a duty of 70 per cent.

Senator KING. That is what I asked.

Senator REED. If you got a machinemade perfume bottle from abroad, it would come under this paragraph and carry the 70 per cent.

Mr. CROUNSE. We have never bought any machinemade bottles abroad. The machinemade bottles are all made in this country and made extremely well. We are glad to patronize the industry and we do.

Senator REED. There are not any importations of foreign-made machine bottles?

Mr. CROUNSE. Not that I know of.

Senator KING. Does this paragraph (e) relate to machinemade bottles exclusively?

Mr. CROUNSE. No, sir. That relates to handmade bottles exclusively.

Senator REED. Where do you find language in there that excludes the machinemade bottles?

Mr. CROUNSE. You will find machinemade bottles in paragraph 217.

Senator EDGE. Then, you assume, therefore, that that being specially designated, this would carry the other meaning?

Mr. CROUNSE. Yes.

Senator REED. I do not find any reference to machinemade bottles.

Mr. CROUNSE. You do not find the words "machinemade"; but the description of those goods corresponds to the class of goods made by machine.

Senator REED. If you get a machine made perfume bottle, it falls under 218 (e), does it not?

Mr. CROUNSE. We do not so consider it; no, sir.

Senator KING. I would like to know where the handmade and where the machine made are to be found here.

Mr. CROUNSE. In the present law, Senator, machine made bottles are the flint-glass bottles carried in paragraph 217. The handmade bottles——

Senator KING. Wait just a minute. In any of the subdivisions or the paragraph proper?

Mr. CROUNSE. Paragraph 217?

Senator KING. Paragraph 217. I beg your pardon. Now, as I understand it, you are taking up a new subject. Are you speaking of paragraph 217, or are you speaking of——

Mr. CROUNSE. No. I am not speaking of a new subject.

Senator KING. Or are you speaking of bottles under subdivision (e) of paragraph 218?

Mr. CROUNSE. Subdivision (e) of paragraph 218. I have not discussed machinemade bottles at all with respect to the duty. That is still 50 per cent in the new bill, as in the present law. I have no objection to it.

Senator REED. I venture the prophecy that when you import some of them you will pay 70 per cent.

Mr. CROUNSE. We would be very much surprised and disappointed to find that out, but we are prepared to find out all kinds of things when we have a new tariff law.

We have discussed this matter freely and fully with the bottle makers, and the only question between us is the rate of duty that is to apply to the handmade bottles.

Senator REED. We understand that.

Mr. CROUNSE. Sixty-five per cent is the duty which the Ways and Means Committee gave.

Senator EDGE. We will have to conclude. You have been on half an hour. I know we have interrupted you with questions.

Mr. CROUNSE. I am through, Senator. I simply say that if this duty is insisted upon, there will be a very great increase in the

sales resistance in our business, and it will reduce our volume, and reduce the volume of bottles we can buy from these bottle manufacturers. In addition to that, I am very strongly disposed to believe that these French houses that come over here will be discouraged in this experiment, and will be likely to go back to France. If they do, that will be a calamity, because they are spending a great deal of money in this country for American labor.

Senator KING. I would like to ask one question. Subdivision (e) of the bill before us, of paragraph 218, which is a new paragraph, changes the existing law. It deals with bottles and jars, wholly or in chief value of glass, and so forth, 70 per cent. What we want to know is, are those handmade or machinemade.

Mr. CROUNSE. They are handmade.

Senator KING. Not machinemade?

Mr. CROUNSE. Oh, no.

Senator KING. The present duty is what—50 cents—

Mr. CROUNSE. The presenty duty on handmade bottles——

Senator KING. Those that come under this paragraph. I do not care what they are.

Mr. CROUNSE. Yes; 55 per cent was the intention of Congress, but the Court of Customs Appeals says that that duty does not apply, because the word "bottles" was omitted from paragraph 218.

Senator KING. What duty is being paid now?

Mr. CROUNSE. The Treasury Department is insisting upon the payment of the old 55 per cent, and is not accepting the decision of the court.

Senator KING. Now it is proposed to raise it to 70 per cent.

Mr. CROUNSE. May I explain that situation briefly? They are insisting that the duty ought to be 55 per cent, and they intend to keep on collecting it until Congress changes the law.

Senator KING. I understand that, but you are objecting to its being increased to 70 per cent?

Mr. CROUNSE. Exactly.

Senator KING. Then, these machinemade bottles of which you have been speaking that do not come under subdivision (e).

Mr. CROUNSE. No, sir. They come under 217, at 50 cents a gross.

There is absolutely no difference of opinion, gentlemen, between us as consumers and these gentlemen as manufacturers of these bottles, with respect to this controversy except as to the one point of an increase above 65 per cent in the handmade bottle.

Senator EDGE. You are entirely in sympathy with them?

Mr. CROUNSE. We are otherwise entirely in sympathy with them. They need a reasonable duty, and we want to see them get it, but they must not ask for too much.

I would like to have the privilege of filing a brief later.

(Mr. Crounse submitted the following brief:)

BRIEF OF THE AMERICAN MANUFACTURERS OF TOILET ARTICLES

On behalf of the American Manufacturers of Toilet Articles, an organization that includes practically all the large units in the toilet-goods industry, we desire to file an urgent protest against the increase in the duty on handmade ground-glass stoppered bottles imposed by the tariff bill as passed by the House. The members of the association which we represent are the principal consumers of this

type of bottles and the increased rate authorized by the House bill would impose a heavy burden upon our industry which would be seriously demoralized by the upsetting of all our cost schedules covering production and distribution and compel us to advance prices to such an extent as seriously to restrict sales.

In discussing this matter before the House Ways and Means Committee we emphasized the fact that we are in hearty sympathy with the principle that adequate protection should be granted by the tariff law to all industries and especially to the manufacturers of all handmade goods such as ground-glass stoppered bottles, in which the element of labor by hand is of unusual importance. We wish to avoid repetition of the arguments we presented to the House committee, and therefore will confine ourselves as closely as possible to a discussion of the effect of the increased rates of the House bill on our industry.

Until the United States Court of Customs Appeals discovered a short time ago a defect in the tariff act of 1922 it was assumed that a duty was levied by paragraph 218 on handmade glass-toppered bottles of 55 per cent ad valorem, which rate has been paid by all such merchandise imported during the past seven years. The court now holds, however, that the word "bottles" having been omitted from paragraph 218 of the act of 1922, the only duty which can be levied upon bottles of any kind is the wholly inadequate rate of 50 cents per gross intended to be imposed by paragraph 217 on machinemade bottles. Frankly conceding that in this situation the manufacturers of handmade bottles are seriously in need of relief, this association some months ago adopted resolutions to that effect and not only was prepared to favor the restoration in the new tariff law of the rate of 55 per cent ad valorem, intended to be imposed by the act of 1922, but accepted with a reasonable degree of philosophy the relatively high rate of 65 per cent ad valorem written into the bill by the Ways and Means Committee when the measure was originally reported to the House. Subsequently, however, representatives of the bottle manufacturers, at a star-chamber hearing before the House Committee, succeeded in having this rate further advanced to 70 per cent, and we are now informed that the bottle makers are not content with this high rate but propose to demand of your committee the exorbitant duty of 82½ per cent ad valorem.

Against these high rates we wish to enter an emphatic protest. Our industry is adjusted to the rate of 55 per cent ad valorem, but any advance greater than a possible 5 or 10 per cent would deal a serious blow to our entire trade. Our friends the bottle manufacturers must bear in mind that we can not buy bottles from them except on terms that will enable us to sell them again filled with our products. If we are obliged to raise our prices, it will result in such an increase in sales resistance as substantially to reduce the volume of our business. Should Congress accede to the bottle manufacturer's request for a duty of 82½ per cent our industry would be placed in the anomalous position of being obliged to pay a rate of duty on our containers 7½ per cent higher than the rate fixed by Congress on our products completely packaged for retail sale.

ARGUMENTS OF THE BOTTLE MANUFACTURERS

We have examined the arguments of the bottle manufacturers with minute care for the purpose of ascertaining whether there are any solid grounds for the appeal they are making for duties in excess of those provided by the act of 1922. We find nothing but glittering generalities.

The principal argument that appears to be advanced by the bottle manufacturers is predicated upon the statement made by them that a considerable amount of business, estimated by them at about $1,000,000, has been diverted to foreign producers under the 55 per cent rate of duty, and that if the duty were made practically prohibitive the business thus recovered would provide the necessary added volume to keep existing equipment employed and produce a satisfactory return on the investment beside providing employment for all available skilled labor.

This statement while superficially persuasive is erroneous. It is a fact that during the past six years an average of $711,000 worth of so-called handmade glass bottles have been imported into the United States and that in 1922 the value of these imports was $1,093,000 and in 1928, $966,000, as against $331,241 in 1923. While these figures show an apparent increase in importations, they must be considered in connection with three important facts. In the first place they include very substantial quantities of cut-glass decanters, toilet bottles, and other ground-glass stoppered ware of high-unit value. We are aware that Tariff Commission experts are of the opinion that these goods have been differentiated from perfume bottles by an examination of invoices covering 1927 and 1928 but a comprehensive knowledge of this trade and an extended experience

in the examination of invoices warrants us in asserting that no one who does not have the samples of the goods before them can differentiate with any degree of accuracy such closely related merchandise as handmade decanters, perfume bottles, etc.

In the second place, it is a well-known fact that the unit value of perfume bottles has increased in recent years between 100 and 200 per cent, a fact which would account for the greater part of the gain in imports recorded even though the quantity of merchandise brought to this country showed no increase at all.

In the third place, since 1924, five important European perfume manufacturers, mostly French, have come to the United States, purchased or leased factories in this country, employing approximately 2,500 men and women, with an annual pay roll of more than $4,000,000, and with the use of American alcohol and other domestic materials, but with imported perfume compounds, made in their European factories, have produced, bottled, and peckaged large quantities of high-grade perfumery. All of these concerns use the highest grade bottles obtainable, but to a very large extent have utilized the handmade containers produced in this country. Two of these houses are understood to be financially interested in bottle factories in France, and all of them have found it necessary to import substantial quantities of bottles in order to preserve the appearance of their packages with which the consumers in this country are familiar. These concerns have constantly sought to increase the proportion of their bottle requirements which they obtain in this country and they have repeatedly offered the American factories large orders, which the latte have been unable to fill. The imported bottles which they are obliged to bring to this country, however, fully account for the increase in imports in the past six years, taken in connection with the well-known increase in unit cost above referred to. Obviously these importations have in no way affected the American bottle factories, as the bottles used by these French houses have never been made in this country, but always in France.

The European houses referred to above are included in the following membership of the Perfumery Importers Association: Bourjois (Inc.); Coty (Inc.); Houbigant (Inc.); Lentheric (Inc.); Maurice Levy; Parfumerie Rigaud (Inc.); Roger & Gallet; Alfred H. Smith Co. (Djer-Kiss); Yardley & Co. (Ltd.).

IMPORTANT TYPES OF BOTTLES CAN NOT BE MADE IN THIS COUNTRY

We desire to call attention in this connection to the testimony of Mr. W. R. Leach, chairman of the Tariff Committee of the Glass Containers Association, and James Maloney, representing the Glass Bottle Blowers Association, given before your committee on June 24, in which they asserted that the American factories could make any bottle that could be made in France. These statements are not borne out by facts. It is well known that the American manufacturers have been obliged to decline relatively large amounts of business because of their inability to make certain needed bottles. In this connection we quote the following telegram from D. J. Mulster, secretary of the American Manufacturers of Toilet Articles, received here June 25, the day following the appearance of Messrs. Leach and Maloney before your committee:

W. L. Crounse,
Washington, D. C.:

Referring to Mr. Leach's testimony before Senate Finance Committee yesterday you are authorized to state that at a joint meeting of the tariff committee of this association and representatives of the Perfumery Importers' Association, at which Mr. Leach was present, Mr. Scanlon of Coty's, in the presence of a dozen witnesses, reminded Mr. Leach he had offered the American bottle manufacturers several thousand dollars worth of orders which the manufacturers declined because they said they could not make the bottles. Mr. Leach admitted the truth of this statement. No doubt Mr. Scanlon would be willing to repeat it in affidavit form but he is at present in Europe.

D. J. Mulster,
Secretary, American Manufacturers of Toilet Articles.

Affidavits in support of the above statement could easily be furnished if time sufficed for the purpose.

In addition to the above we desire to call attention to the sample bottles filed with the Ways and Means Committee by George C. Davis, representing the Perfumery Importers' Association. These samples are in two sets, those made in the United States being numbered 2, 2654, and 75/2, while those not made in the United States are numbered 90, 730, 1, 830, and 840. Referring to those made

in the United States, Mr. Davis stated that "the members of the Perfumery Importers' Association purchase large quantities of bottles of this type from the American manufacturers." It is evident, therefore, that these French houses now located in this country have become highly profitable patrons of the domestic bottle industry while the bottles they buy abroad will be no loss to the American bottle factories as they were never made in this country.

STEADY RISE IN DOMESTIC PRICES

An important consideration having a broad bearing upon this entire controversy has been the steady upward trend of the price of glass-stoppered bottles of domestic manufacture since 1916 and the tendency of uniformity in price schedules of the various domestic manufactures which compels the conclusion that there is at least a gentlemen's agreement among them. These tendencies have operated to reduce the business which the bottle factories have been able to retain for their hand blown departments, not because perfume manufacturers have gone abroad for their bottles but because they have been obliged to use cheaper bottles made in the machine departments of these same factories. The record shows that in January, 1916, half-ounce glass-stoppered bottles with frosted stopper were freely sold by domestic factories at $5.75 per gross, while the 1-ounce size brought $7. Bottles of the same classification with stoppers not frosted cost 25 cents per gross less. In May, 1916, prices began to rise. The United States was then entering the World War and France was in no position to export glass bottles. The American producers promptly took advantage of this situation and in a short time the $5.75 half-ounce glass-stoppered bottles rose in price to $9.50 and the $7 bottle to $11.50, while other handmade ware advanced in like proportion. Furthermore, the terms of sale were changed from 30 days, 2 per cent cash discount, freight prepaid, to 30 days, 1 per cent cash discount, with prepayment of freight withdrawn. In November, 1916, another advance took place, followed by a still further increase in December, 1916, and thus successively in the years following, spring and fall, prices have risen until to-day the $5.75 half-ounce glass-stoppered bottle costs $14.75 and the ounce bottle $18 per gross, with no freight allowance and with but 1 per cent cash discount for payment within 10 days.

The effect of these advances has been twofold. The prices for half-ounce and 1 ounce handmade bottles, which were used for packaging the popular-priced 25 and 50 cent sizes of perfumery, became prohibitory and for a while caused the retirement from the market of these goods, thereby reducing the production of these wares by the domestic bottle makers. In a short time, however, perfume manufacturers began experimenting with machinemade bottles which were found to serve the purpose and a large volume of this business has been transferred from the hand blowers to the machines. This movement is the real cause of the greater part of the loss of business by the hand blowers and the reason is very simple, to wit, inordinate increases in handmade bottle prices.

From the foregoing it is clear, first, that for practical reasons users of handmade bottles, including the domestic perfume manufacturers and the French houses bottling their goods in this country, prefer to patronize domestic manufacturers if possible; second, that much the greater part of the bottles now being purchased abroad have never been made in domestic factories and can not be made with existing facilities and technique, for which reasons the domestic factories have repeatedly declined business offered them; and, third, that the loss of business by the hand-blown departments of domestic factories is not due to the importation of foreign bottles but merely to the transferring to the machine departments of the same factories made necessary by the high prices of handmade bottles and made possible by technical improvements in bottle-making machinery.

STRIKING COMPARISONS OF LABOR ELEMENTS

A brief comparison of the toilet goods industry of the United States with that of the hand-blown departments of the four existing glass factories from the standpoint of labor and capital involved is highly significant in view of our contention that an increase in cost of our handmade glass containers will force higher prices for our products and substantially augment the sales resistance encountered by them. Based upon the official census figures the total factory value of the American toilet goods industry to-day is approximately $200,000,000 per annum. The industry employs a great army of men and women, the exact number being difficult to ascertain because of the overlapping of other related industries. Against this exhibit we have a mere handful of glass blowers whose numbers have been steadily declining throughout the past 15 years owing almost entirely to the in-

stallation of highly efficient bottle-making machines. This tendency toward the use of automatic machinery is characteristic of almost all American industries, and it is absolutely futile for the bottle manufacturers who have installed these machines in their factories to expect that any amount of tariff protection will halt the tendency toward machine production.

In seeking to impress your committee with the importance of the labor element in the hand-blown departments of the glass factories, certain witnesses before you have indulged in exaggerations which obviously are absurd. Mr. Leach has testified that, running full capacity, the hand-blown departments of his concern (Carr-Lowrey Glass Co.) would employ 500 to 600 handworkers and that the three other factories in the United States would employ about the same number. Mr. Maloney declared that without a duty of at least 82½ per cent some 5,000 glass blowers would be forced out of employment. A brief analysis of these figures will convince any fair-minded person that they are grossly exaggerated. Mr. Leach testified that the lowest wage paid glass blowers was $6.70 per day and that stopper grinders averaged $42 to $48 per week. On this basis an operator in the hand-blown department would earn upwards of $2,000 per annum. Accepting Mr. Leach's minimum estimate of 500 operatives in each of the four factories, making a total of 2,000 operatives, we have a labor bill of $4,000,000 per annum to which should be added at least 50 per cent for material, supervision, and other overhead, selling expenses, etc., or $6,000,000 per annum. Applying the same formula to Mr. Maloney's figures we have a total value of the output of the hand-blown departments of the American bottle factories of $15,000,000, yet in the same breath in which Mr. Leach gave the figures above quoted he stated that the total output of handmade bottles in the United States was approximately $1,500,000. Using Mr. Leach's own formula it is apparent that the total consumption of domestic handmade bottles in the United States can be taken care of by 500 men and that only 750 would be required if an embargo should be placed on all importations and the consuming toilet goods trade strictly limited to domestic bottles.

There are many individual plants in the American toilet-goods industry that employ more operatives than the entire hand-blown glass-bottle industry and we submit that their interests are entitled to equal consideration.

LOSSES IN TOILET-GOODS INDUSTRY

The American manufacturers of perfumery have lost a very considerable volume of business to their European competitors by reason of being compelled to discontinue the use of ground-glass-stoppered bottles for popular-priced perfumes consumed by the masses. Being unable to pay the prices demanded for these bottles by the domestic factories, it became necessary to use the cheaper machinemade bottles, with the result that the consumers have preferred to buy imported goods.

In this manner large numbers of employees engaged in packaging popular-priced goods have lost their employment and even in those cases where the popular-priced perfumes are still being put up the bottle is machinemade and the filling is done by automatic devices instead of by hand. Automatic machines can not be used to fill handmade bottles owing to lack of uniformity in the shape of the bottles.

We wish to call your attention to what appears to us to be a surprising inconsistency in the framing of the amendment added to the tariff bill on the floor of the House. It will be noted that the subdivision e of paragraph 218, under which our containers are assessed with duty, fixes a rate of 70 per cent ad valorem, while under subdivision f handmade decorated bottles, regardless of the amount of handwork thereon, pay but 60 per cent. In other words, an elaborately hand-cut whisky decanter pays but 60 per cent, while the simplest type of a hand-made bottle used to hold talcum powder, witch-hazel, or other similar adjunct of the toilet, nursery, or hospital, pays a rate of 70 per cent.

MISREPRESENTATION OF TARIFF COMMISSION DATA

In this connection we would call attention to the fact that the bottle manufacturers have undertaken to make it appear that the United States Tariff Commission, in a proceeding instituted in 1925 under the flexible provisions of the tariff act of 1922, has reached conclusions which support their demand for a rate of 82½ per cent. In a brief filed with the Ways and Means Committee by the principal bottle-manufacturing companies the following statements appear:

"There is immediately available to your committee a special report by the United States Tariff Commission which contains all the facts bearing upon our situation and which we feel from our knowledge of competitive conditions will fully support our assertion that the rates of duty upon perfume and toilet water bottles and jars should be increased to at least 82½ per cent.

"An attempt has been made also by the commission to obtain a direct comparison of costs of production here and abroad upon the basis of specific types of competitive bottles and jars. Therefore, official information is available to your committee relative to domestic and foreign costs, prices, and competitive conditions, which, we feel, will clearly show that the increased duties requested by us are essential to the preservation of our industry.

"This complete and exhaustive report by the Tariff Commission is obviously of much more value to your committee in reaching its conclusions upon our requests than the more restricted statistics and other data which we might submit to you. It is for this reason that we fundamentally rest our case upon this report and urge you to call for it for your use in this connection."

As a matter of fact the statements above quoted are misleading. The Tariff Commission has given to no one any information whatever with regard to the results of the preliminary investigation which it undertook and which we understand has never been completed. In no event would such a report be more than a tentative memorandum until the issue raised by the complainant was joined with the opposing interests, testimony taken, a decision reached and a final report prepared in the form of a recommendation to the President. Any statement made with respect to the possible contents of the uncompleted tentative report of the commission's investigation apparently are put forward for the purpose of influencing the minds of the Ways and Means Committee and Senate Finance Committee.

PROHIBITIVE DUTIES WILL KILL THE INDUSTRY

We are entirely sincere in the expression of our belief that the domestic bottle manufacturers in seeking a duty in excess of 55 per cent are literally killing the goose that lays the golden egg. If the exorbitant rate of 82½ per cent suggested by the bottle makers should be voted by Congress the result will inevitably be the increased substitution of machine-made bottles for handmade and the importation, regardless of duty, of the beautifully designed and handsomely decorated foreign bottles for the packaging of a comparatively small volume of the more expensive perfumery. Finally, the European perfumers now bottling their goods in the United States will probably return home and ship their finished product to this country in foreign-made bottles as they did prior to 1924. Such an outcome would be as deeply deplored by us as by the bottle makers, but that it would be inevitable can not seriously be denied.

AMERICAN MANUFACTURERS OF TOILET ARTICLES,
A. M. SPIEHLER, *Chairman Legislative Committee.*
W. L. CROUNSE, *Washington Representative.*

STATEMENT OF W. A. LEACH, BALTIMORE, MD., REPRESENTING THE GLASS CONTAINER ASSOCIATION OF AMERICA

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the Glass Containers' Association?

Mr. LEACH. Mr. Chairman and gentlemen, I am chairman of the tariff committee of the Glass Container Association, and that association comprises possibly 90 or 95 per cent of the bottle manufacturers in the country.

I am here specifically representing the Carr-Lowrey Glass Co., Swindell Bros., both of Baltimore, Md., T. C. Wheaton Co., of Millville, N. J., and Chicago Heights Bottle Co., Chicago Heights, Ill., who are members of this association.

Senator KING. I find your testimony here at pages 1368 and 1369, and other pages following in the House. You are the same Mr. Leach, are you, who testified there?

Mr. LEACH. Yes. I would like to file a brief.

Senator EDGE. The brief you are filing with us——

Mr. LEACH. It is not exactly the same as the one that was filed before the Ways and Means Committee. There is something additional.

Senator EDGE. Briefly summarizing, what is your opinion of paragraph 218 (e), as passed by the House?

Mr. LEACH. Mr. Chairman, the rate of 70 per cent ad valorem on the class of bottles that we are asking for is not sufficient duty to allow to compete with the French or German bottle manufacturers who import into this country.

Senator EDGE. You heard the evidence of the previous witness?

Mr. LEACH. Yes, sir.

Senator EDGE. If you can concentrate on some of those points, I would be glad to have you do so.

Mr. LEACH. That is what I would like to do.

There has been reference made as to prices of bottles in 1916. The bottle that was used in 1916 is not used to-day—that is, the same style or character of bottle. The bottle business has changed just as much as, or perhaps more than, some of the other businesses, so far as shapes and styles are concerned. The shape and design of the bottle, the degree of cutting and polishing put on the bottle, make the price to-day higher than in 1916. Aside from that, our labor is higher to-day than it was in 1916.

They brought in the question of machine-made bottles. That question does not enter into this case at all, because the contention between the American perfumers and ourselves is the manufacturing of a high-grade perfume bottle, with ground-glass stopper. The American perfumers who are using these bottles will not use the machine-made bottle for the same articles that they are putting into this bottle. They could not do it. The machine-made bottle is a cheap bottle. There is no fight on that; not at all. There is no use bringing it in. The only reason I am bringing it in is because the question was brought up.

Senator KING. This statement you made in the House, then, is correct:

* * * but there is no interference, as I understand it, with the foreign bottles made by machine. As far as I know, none of those are coming in. The Frenchman or the German makes these bottles by the same method, hand-blown, just as we do. We have possibly adopted methods to make these bottles satisfactory.

Mr. LEACH. We have spent a lot of money putting in new processes for manufacturing this class of merchandise.

Senator EDGE. They are all half once bottles, are they not?

Mr. LEACH. Not all. These [indicating] are two drams. That [indicating] is a half ounce bottle.

These bottles are all exact duplicates of the French bottle. These bottles are made by the Carr-Lowrey Glass Co., and by Swindell Bros. [indicating]. These blue stoppered bottles are Swindell Brothers'. They are exact duplicates of the French production, absolutely. There is no difference whatever.

Senator EDGE. These bottles that you are showing us are domestic bottles?

Mr. LEACH. Domestic made, a duplication of the French bottles.

Senator EDGE. You have not the French bottle?

Mr. LEACH. I have not the French bottle here, but the Tariff Commission has.

In those 25 articles listed by the Tariff Commission, they have the American bottles and the French bottles, exactly comparable samples.

Senator KING. Did you see the two bottles just exhibited by the other witness?

Mr. LEACH. Yes, sir. Here is one of them.

Senator KING. The tariff expert says that there is a difference.

Mr. LEACH. This is one of the bottles that was exhibited [indicating]. I could not see the other one close enough to see, but this is one of those bottles.

There is a bottle [indicating] to which I would like to call your attention. We made an order of this bottle for one of the American perfumers who had previously been buying it in France. We duplicated it. Our order was taken at a price exactly competing with the French price. We took it because we needed business, to try to keep our organization together. We lost money on that bottle. We have lost money on all these French bottles. Our figures have shown in the red consistently for the last two years, in the hand blown department; red figures month after month.

Senator EDGE. What is your explanation of the 200 or 300 per cent raise in cost that was discussed by the previous witness, going back a few years?

Mr. LEACH. I have not a sample with me to show you the bottle that Mr. Crounse was referring to in 1916—nothing but a common heavy round bottle—or perhaps a square bottle with rounded shoulders; a plain ball stopper. There is no perfumer to-day who would use that kind of stuff. We are not making it.

Senator EDGE. That represented the great spread in cost?

Mr. LEACH. Absolutely. In 1916 common labor in Baltimore, for girls and boys working in the bottle factory, ranged around $3 a week. To-day it is $3 a day. In 1916 the low wage was $3 a week, and to-day it is $3 a day.

We are up against the French wage as against ours. That makes one difference in the competition, and the main difference in the production. Our wages range from $6.50 a day, as the lowest, for the glass blowers, who blow these bottles, whereas the French wages are about $2 a day. Our stopper grinders will average the same, from $42 to $48 a week, whereas in France most of this stopper grinding is done by girls who get about $1.50 a day. We can not compete. We are simply fighting our last fight to keep this industry going. There are only four factories left in the United States making this high-class merchandise.

The statement was made that we can not make the bottles which are made in France. I am here to tell you that all they have to do is to give us the orders and we will make them.

They have shown a few bottles, perhaps, that we can not make, but those few are so small that there is no use talking about them.

Here [indicating] is a bottle that is imported in volume. Your Tariff Commission knows it. Here is another one imported in volume [indicating]. That is our bottle [indicating]. We have made some of them, but nothing to compare with the quantities used. We can make these bottles, all the way through.

This [indicating] is a difficult bottle to make. It is light in weight, and has square shoulders. This [indicating] is a difficult bottle. This [indicating] is not such a hard bottle to make. This [indicating] is a hard bottle to make.

Senator EDGE. As an expert, you would say that the square-shouldered bottle is difficult to make?

Mr. LEACH. All the square-shouldered bottles are difficult to make.

Senator REED. Do you also make machinemade bottles?

Mr. LEACH. Yes, sir.

Senator REED. Are you asking for an increase on them?

Mr. LEACH. Absolutely none. We are not bothered about that.

Senator REED. You can take care of yourself on that?

Mr. LEACH. Yes. The machine industry is entirely a different industry from this. There is no machine going that can make these bottles [indicating], and if they could, the perfumer would not use them. The perfumer will not use the machinemade bottle to put his merchandise in, as represented by the two filled bottles that were before you today, because the machinemade bottle is heavy; and the glass is not of the same quality, by any means. The machine made bottle is for volume.

Senator REED. You can take care of yourselves on that, with your machines?

Mr. LEACH. Yes, sir, because the Europeans have the same machines as we have in this country, besides having some of their own European machines. But there are no machinemade bottles, so far as I know, that are imported, except a few across the Canadian border. There may be a few coming in there, but the volume is very small. This is the industry that we have to fight for. It is our last fight. We can not exist at 70 per cent. The rate we asked for, of 82 ½ per cent, from the prices listed by the Tariff Commission, will not make the rate prohibitive. It will put us closer to a fighting chance to take orders, but when we have gone out and taken orders from these American perfumers to duplicate their French bottles exactly, so that they can not tell one from the other, except that ours are better in many instances, at the French prices, it has been only to keep our workmen together, instead of losing our organization, hoping that the Tariff Commission, or the United States Senate and Congress would come along and give us a rate so that we could somewhere nearly compete.

Senator REED. The Tariff Commission can not do much for you.

Mr. LEACH. Not now.

Senator REED. If the rate is only 50 cents a gross.

Mr. LEACH. The rate is 55 per cent. That was a question of wording, of course, but the bottles are still coming in at 55 per cent.

Senator KING. Ad valorem?

Mr. Leach. Ad valorem.

Senator EDGE. I understand, from the representative of the Tariff Commission—correct me if I am wrong—that in this investigation which you are discussing, of the 25 bottles, they have found the spread of the cost of French and German production, landed in New York, as compared with yours, of from $10 to $150 a gross. Do you consider that is a fairly accurate estimate?

Mr. LEACH. If I can answer you in this way, I will answer you directly. Some of those 25 bottles are our make. I think some are

Swindell's, and possibly some T. C. Wheaton. I do not know. I have found that the French glass manufacturer, in soliciting business into this country, would know just how far to go under our price to get an order. For instance, that bottle [indicating] is one type——

Senator EDGE. Let us take the ad valorem duty of 65 per cent on it, and see where it brings us in the matter of cost.

Mr. LEACH. You see, Senator, the Tariff Commission, as I understand it, have not the French costs. They have the selling prices.

Senator EDGE. They do not have the costs complete.

Mr. LEACH. I have not got the French prices. You can not tell. This is one of the bottles that was in that group of 25 bottles. We have taken this order, again, from the perfumer at $26 a gross, and it shows a loss. We had a little profit on that at one time.

Senator EDGE. If the French got $26 a gross, adding 70 per cent——

Mr. LEACH. That was landed. The price we have taken it for was landed. The price at which we sold this bottle was $25.30. That was the French price landed. We lost money on it at $25.30.

Senator REED. I want to get this duty situation straightened out. It is correct, is it not, that the lower court, the board of appraisers, or whatever you call it, has decided that the duty on these bottles is 50 cents a gross, or about 5 per cent ad valorem.

Senator KING. I thought it was 55 per cent.

Senator REED. No. The Government claims that under the act of 1922 the rate is 55 per cent ad valorem, but has taken an appeal to the Court of Customs Appeals, where the case is now pending. Is that not right?

Mr. CROUNSE. No. The Court of Customs Appeals has decided against the Government on that proposition. The Government is now making a new test case.

Senator KING. As I understand it, you have been paying the equivalent of 55 per cent ad valorem, is that right?

Senator REED. Let me state it again. The importers have been paying 55 per cent ad valorem.

Mr. LEACH. That is right.

Senator REED. They took up a test case?

Mr. LEACH. Yes.

Senator REED. That involved jars, I believe, under paragraph 217?

Mr. LEACH. Yes.

Senator REED. The court of Customs Appeals decided in favor of the importer, and against the Government?

Mr. LEACH. Yes.

Senator REED. And held that they were dutiable at 50 cents per gross?

Mr. LEACH. Yes.

Senator REED. Which means, on the average, about 5 per cent ad valorem. Now, the Government is making up a new test case, and in the meantime is continuing to charge 55 per cent ad valorem, but no man knows whether they can continue that or not.

Mr. LEACH. That is right. The Government summoned me as a witness in the test case.

Irrespective of valuation on that paragraph 217, a bottle under 4 ounces capacity could be brought in at 50 cents a gross, but the test case was decided by the three judges, not from the fact that they

thought it was right, but it was a question of bottles not being specified.

Senator EDGE. In the meantime, a new section, 218 (e), whatever it carries, will, of course, definitely settle it.

Mr. LEACH. That will definitely put these bottles in that bracket.

Senator EDGE. It would not make any difference what the decision of the court was then.

Mr. LEACH. No, sir. But still we could not exist on 70 per cent.

Senator REED. How many glass blowers do you employ in your factory?

Mr. LEACH. At the present time we are working about 30 to 35 per cent capacity, owing to the foreign competition.

Senator EDGE. Does that apply to all four of these factories?

Mr. LEACH. The other factories are working just about the same; about 30 to 35 per cent capacity.

Senator REED. When you are working at full capacity how many individuals are blowing glass?

Mr. LEACH. Well, there would be close to 500 or 600 in our plant alone, working at full capacity. That is, it would take in the stopper grinders, the cutters, and the glass blowers. The glass blower starts the bottle, but the other branches have to finish it.

Senator EDGE. What rate of duty have you asked for?

Mr. LEACH. We asked for 82½ per cent, because that was the rate under the flexible tariff law, basing the original rate at 55 per cent.

Senator EDGE. Assuming that you received the 50 per cent increase?

Mr. LEACH. That would give us 82½ per cent. Let me say this, that 82½ per cent will not make importation prohibitive, on the French prices; not the way their prices are going. But it will give us a better fighting chance. However, we can not exist on 70 per cent, because our figures are in the red consecutively for the last two years.

Senator EDGE. You have already filed your brief with the Committee.

Senator REED. The Ways and Means Committee gave you 65 per cent. That was increased on the floor to 70 per cent.

Mr. LEACH. Yes; but we are asking for 82½.

Senator REED. I think we have that now.

Senator BARKLEY. What percentage of imported bottles are unfilled?

Mr. LEACH. The Government report shows close to $1,000,000 in 1927, and close to $1,000,000 in 1928.

Senator BARKLEY. What percentage is that of the total importations?

Mr. LEACH. They are unfilled bottles.

Senator BARKLEY. I know, but what percentage of the total importations, filled and unfilled, make up the unfilled? Do you know?

Mr. LEACH. I do not just get the question.

Senator BARKLEY. There is a certain amount of filled and unfilled bottles brought in. What percentage of the total is made up of unfilled bottles, if you know?

Mr. LEACH. I do not know.

Senator EDGE. This $1,000,000 value in bottles, in the tariff report, represented all unfilled bottles.

Mr. LEACH. They are unfilled bottles; yes, sir.

Senator, could I leave these bottles here for you as an exhibit?

Senator REED. I do not think we will need them.

Mr. LEACH. Senator, here is a brief statement that I wanted to file in connection with the Gayner Glass Works. Mr. Gayner gave you his report, and this is a statement from the Glass Container Association.

Senator EDGE. Was Mr. Gayner sworn, and did he testify as a witness?

Mr. LEACH. He made an affidavit to his statement, and this is a statement that I am filing as chairman of the tariff committee of the Glass Container Association.

Senator EDGE. Then you will file this under your testimony?

Mr. LEACH. Yes.

Senator KING. He was not here as a witness, was he?

Senator EDGE. That was the statement I brought to your attention on Saturday. This you are putting in your testimony?

Mr. LEACH. Yes.

Senator KING. What company do you represent?

Mr. LEACH. The Carr-Lowrey Glass Co., of Baltimore, Md.

Senator KING. What is your capital stock?

Mr. LEACH. $50,000.

Senator KING. How long have you been in business?

Mr. LEACH. 40 years.

Senator KING. What assets have you got?

Senator REED. Senator, he explained that he is also in the machine-blowing business.

Senator KING. I understand, Senator.

Mr. LEACH. We have been in business 40 years.

Senator KING. What is your output per annum, of everything in the glassware line?

Mr. LEACH. I have not those figures with me, Senator, and I could not answer.

Senator KING. You have some idea, have you not?

Mr. LEACH. No. I would not want to say.

Senator KING. What is your position in the company?

Mr. LEACH. I am going to answer your question. You asked me when we started.

Senator KING. You did not answer my question, so I went to another.

Mr. LEACH. I am trying to answer. We started 40 years ago with $50,000 capital, and you asked what our assets are.

Senator KING. The value of them.

Mr. LEACH. About $750,000 built up in 40 years.

Senator KING. You put no new capital in? Whatever growth there has been, has been the result of putting your earnings back?

Mr. LEACH. Yes; and we have a machine industry that we started about 15 years ago. If it were not for the machine industry we would be out of business.

Senator EDGE. Did you have to borrow money to put that in?

Mr. LEACH. Yes. We had to borrow money from the banks, and pay it back.

Senator KING. You have paid it back out of earnings?

Mr. LEACH. Yes; out of machine earnings.

Senator KING. Out of the earnings of your plants?

Mr. LEACH. Not out of the hand industry. The hand industry has shown continuously a loss.

Senator KING. How many men were you employing in your hand industry in 1915?

Mr. LEACH. I could not answer that question?

Senator KING. 1916?

Mr. LEACH. I could not answer that question, but we have had——

Senator KING. 1918?

Mr. LEACH (continuing). We have had less business each year; less in 1928 than in 1927; less in 1927 than in 1926; and less in 1926 than in 1925.

Senator KING. You put in your machine business only 15 years ago?

Mr. LEACH. About 15 years ago, as nearly as I can remember it.

Senator KING. What was the extent of your hand business prior to putting in the machine?

Mr. LEACH. The hand business at that time was all right, because——

Senator KING. I know; but what was the extent of it, in dollars and cents?

Mr. LEACH. I can not answer that.

Senator KING. You are putting out now, in your handmade business more than you were before you put in your machines, are you not?

Mr. LEACH. No.

Senator KING. In dollars and cents?

Mr. LEACH. No. Our machine end is what is carrying our business along.

Senator KING. I am not asking about the machine end. I am asking you about the hand made. Is it not a fact that the production of your handmade business to-day is greater than it was before you put in the machine?

Mr. LEACH. No, sir; it is not.

Senator KING. What was the amount before you put in your machines?

Mr. LEACH. We were running, before we put in our machines, around 50 or 60 shops. A shop constitutes three men. We are now running about 12 shops.

Senator KING. What were you manufacturing?

Mr. LEACH. Perfume bottles; all kinds of handmade bottles, but not in the style in those days that they are to-day.

Senator KING. You were manufacturing other than perfume bottles, were you not?

Mr. LEACH. Yes.

Senator KING. You have abandoned that?

Mr. LEACH. No; we have abandoned nothing in the hand industry.

Senator KING. Are you manufacturing anything besides perfume bottles now?

Mr. LEACH. Yes. We make lettered prescription bottles with the druggist's name on them, and other things.

Senator KING. What is the value of your handmade production for the year 1918?

Mr. LEACH. I can not answer that. For 1918? I have not those figures.

Senator KING. I beg your pardon; 1928

Mr. LEACH. I could not answer that, because our fiscal year ends June 30, and——

Senator KING. 1927?

Mr. LEACH. There is no use. If you want me, I will give you those figures.

Senator KING. When you come here for the purpose of saying that you are losing your business, it would seem to me that you ought to know what you are producing.

Mr. LEACH. We are working 12 shops in the hand industry.

Senator KING. I am asking the value of your output for 1927.

Mr. LEACH. It is just as well——

Senator KING. I want to know the value of your product for 1927.

Senator REED. Let him answer.

Mr. LEACH. We are working——.

Senator EDGE. I do not think you are getting his answers at all. You are both talking at once.

Mr. LEACH. I could not answer.

Senator KING. So, you can not answer that either.

Mr. LEACH. I have not the figures.

Senator KING. Can you send some witness here who can answer what your output was for 1927 and 1928, and for a number of years back?

Mr. LEACH. If you want it.

Senator KING. I desire that.

Mr. LEACH. There is no question that we can get it.

Senator KING. You ought to know what you are producing. Do you know George C. Davis, who testified?

Mr. LEACH. No, sir; I don't know Mr. Davis.

Senator KING. Is it a fact that you have increased the cost of these articles during the past few years?

Mr. LEACH. No, sir.

Senator KING. Are they higher than they were in 1916?

Mr. LEACH. The same bottle, Senator, in 1916, is not being used to-day, so you do not have a comparison.

Senator KING. I mean the one most nearly like it.

Mr. LEACH. The bottle that the other witness said was sold at $5.75 in 1916 is out of the running to-day. This [indicating] is the class of merchandise that is sold to-day.

Senator KING. Is it a fact that the prefumery 1187 manufacturers included in the group of the Perfumery Importers Association alone employed more than 2,330 men?

Mr. LEACH. Perfumery?

Senator KING. Yes; the perfumery manufacturers.

Mr. LEACH. You mean the bottle manufacturers?

Senator KING. Yes, in the United States.

Mr. LEACH. No. They employ that many?

Senator KING. No. I mean the perfumery manufacturers included in the group of perfumery importers.

Senator EDGE. Will the Senator suffer an interruption?

Senator KING. Yes.

Senator EDGE. The representative of the Tariff Commission has just informed me that the Tariff Commission, in making their investigation of the costs, have secured, from two of the four plants that the witness represents, complete balance sheets.

Mr. LEACH. And they have all our cost sheets.

Senator EDGE. So, I assume that that information would be available.

Senator KING. Do you have a separate organization for your hand made product, as compared with your machine made?

Mr. LEACH. It is one company, but they are kept separately.

Senator KING. You have the same administrative organization and executive organization, I suppose.

Mr. LEACH. Yes; but a separate superintendent for the machine department.

Senator KING. Are they under the same buildings?

Mr. LEACH. No; separate buildings.

Senator KING. In the same town?

Mr. LEACH. Yes, sir.

Senator KING. Do you export?

Mr. LEACH. No, sir.

Senator KING. Do any of these four export?

Mr. LEACH. Swindell Bros. may do a little. I do not think they do much. If they do export, they do not export this kind of stuff [indicating].

Senator KING. Is it not a fact that the joint production of the four companies, of these bottles which you have been describing—not others, but these perfumery bottles, of which there was an importation of substantially $1,000,000—is greater now than ever before?

Mr. LEACH. The importation?

Senator KING. No. I beg your pardon. Is it not a fact that the joint output of the four companies for which you are speaking here, the four domestic manufacturing companies, is larger now in quantity and in price than ever before?

Mr. LEACH. No, sir; it is not.

Senator KING. In price, is it?

Mr. LEACH. No, sir. Our volume has fallen off.

Senator KING. Well, the importations——

Mr. LEACH. Have increased.

Senator KING. They are only $1,000,000.

Mr. LEACH. The importations have increased.

Senator KING. What is the consumption in the United States? It is not very great, is it?

Mr. LEACH. Not a great deal, but it is enough to keep four glass factories going.

Senator KING. What is the consumption in the United States?

Mr. LEACH. In this class of merchandise?

Senator KING. Yes.

Mr. LEACH. I am speaking of this, and nothing else.

Senator KING. That is what I understand.

Mr. LEACH. About $1,500,000.

Senator KING. Then, your production is about $500,000 worth?

Mr. LEACH. There are four factories making it.

Senator KING. I am speaking of the four you represent.

Mr. LEACH. There is about $1,500,000 altogether. I can not answer for the other factories. I do not know what they produce.

Senator KING. And you do not know the value of your output?

Mr. LEACH. The Tariff Commission, investigating our plant, spent considerable time at our plant——

Senator KING. I am familiar with that. I am asking you if you know.

Senator EDGE. Just to clarify that, you mean $1,500,000 including the importations, or $1,500,000 produced by domestic manufacturers?

Mr. LEACH. About $1,500,000 produced by American manufacturers, and about $1,000,000 imported.

Senator KING. That is all.

(Mr. Leach submitted the following brief:)

BRIEF OF THE GLASS CONTAINER ASSOCIATION OF AMERICA

COMMITTEE ON FINANCE,
United States Senate.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: My name is Walter R. Leach; residence, Baltimore, Md. I am chairman of the tariff committee of The Glass Container Association of America. I am here representing the Glass Container Association of America, also the Carr-Lowrey Glass Co., Swindell Bros., both of Baltimore, Md., T. C. Wheaton Co., of Millville, N. J., and Chicago Heights Bottle Co., Chicago Heights, Ill., who are members of this association.

The Glass Container Association of America has within its membership more than ninety per cent of the producers and the production of glass bottles in the United States.

On January 11, 1929, we appeared before the Ways and Means Committee of the House of Representatives and filed with that body a statement and brief, outlining in detail facts and information to justify our request for an increase in tariff for handmade bottles, vials, and jars, used or intended to be used for containers of perfumes, toilet waters, talcum powders, lotions, and facial creams.

The tariff on bottles of this kind is intended to be covered in paragraph 218, of the tariff act of 1922, which imposes a duty of 55 per cent ad valorem. We appealed to the Ways and Means Committee to increase this rate to 82½ per cent ad valorem. The bill, as passed by the House of Representatives, increases the rate to 70 per cent ad valorem.

In the light of all the facts surrounding our particular case, 70 per cent ad valorem will not give our industry adequate protection and place us on a proper competitive basis with foreign bottle manufacturers producing this kind of bottle.

Our competitive disadvantage as contrasted with foreign manufacturers, is fundamentally due to the higher labor costs in this country. The average earnings of a skilled glass worker in this country on hand-blown bottles is about $6.50 a day. Wages earned abroad by similar classes of workers average only $2 per day. Stopper grinding in France is done principally by girls who average only $1.50 per day. The European factories, where these imported bottles are manufactured, operate on a nonunion basis. During recent years they have specialized on export trade, and the workers have been told that they must make every sacrifice in order that foreign markets may be obtained and regular employment assured.

We feel that we have a unique case, inasmuch as our industry has been investigated by the Tariff Commission, and all the data collected by the commission is available for your committee.

We are not asking for a rate of tariff that will be unreasonable, but for only a rate which will give protection to the American bottle manufacturer and American labor. This rate should be not less than 82½ per cent ad valorem.

We would call your attention particularly to summary of Tariff Information, 1929, on tariff act of 1922, pages 517 and 518, in which it is stated that "the commission has obtained data regarding costs of production of glass-stoppered perfume bottles in the United States, and as evidence of foreign costs the invoice prices of imports of similar articles produced in France, the principal source of imports of such articles."

The report also gives a list of 25 bottles, giving the domestic article, selling price in the United States, and the French article, selling price in France, as follows:

Article No.	Domestic article, selling price in the United States	French article, selling price in France	Article No.	Domestic article, selling price in the United States	French article, selling price in France
1	$17.46	$7.63	14	$21.93	$10.87
2	15.32	6.02	15	24.91	16.40
3	17.10	8.39	16	47.82	19.30
4	16.47	7.25	17	24.97	12.66
5	16.46	9.69	18	42.32	22.95
6	19.68	5.91	19	34.44	14.04
7	22.39	13.17	20	29.84	12.28
8	17.95	13.59	21	39.30	16.71
9	14.87	10.56	22	33.90	13.82
10	15.60	7.66	23	31.71	16.13
11	17.28	8.46	24	50.45	21.60
12	16.97	7.45	25	159.51	100.99
13	16.45	12.08			

We submitted as an exhibit to the Ways and Means Committee samples of perfume bottles made by the American Manufacturers, which were exact duplicates in shape and design of those bottles made by the foreign manufacturer. The American Bottle Manufacturers to-day are manufacturing perfume bottles of a quality that will equal and in many cases surpass bottles made by the foreign manufacturers.

We have been working patiently to secure relief since 1925. We have made application to the Tariff Commission, as provided by the act itself, to secure help through the so-called flexible provisions of the law. We also made personal appeals to President Coolidge in April, 1927, and again in March, 1928, who used his good offices to accelerate the investigation by the Tariff Commission. Thus far, we have been unable, because of administrative delays, to secure any relief, and we now hope, as a result of this appeal to your committee we may receive duties adequate for the protection of our branch of the glass-bottle industry.

We have made this statement as brief as possible, in view of the fact that the full data in our case is contained in our statement and brief filed with the Ways and Means Committee of the House of Representatives, which is also available for your committee, and if there are any questions that the committee would like to ask, I will endeavor to answer them.

WALTER R. LEACH,
Chairman Tariff Committee
of the Glass Container Association of America.
H. O. BRAWNER,
Member.
JAMES MORRISON,
Member.

STATEMENT OF JAMES MALONEY, PHILADELPHIA, PA., REPRESENTING THE GLASS BOTTLE BLOWERS' ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the Glass Bottle Blowers' Association?

Mr. MALONEY. Yes, sir.

Senator EDGE. You appear before the committee to discuss paragraph 218 (e), the paragraph that has been under discussion by the previous witnesses?

Mr. MALONEY. Yes, sir.

Senator KING. Let me ask one question. Did you testify in the House, before the Ways and Means Committee?

Mr. MALONEY. Yes; it follows Mr. Leach's testimony there, Senator.

Senator EDGE. Proceed with your statement, and try to concentrate as much as possible.

Mr. MALONEY. I represent the workmen in the industry, Mr. Chairman and Senators. As I said before the Ways and Means Committee, we have one of the oldest labor unions in the United States and through the introduction of machinery in the bottle industry, which, of course, is going on in all industries throughout the country, there are very few bottle blowers using the old hand method left. They are concentrated in those four plants that the previous speaker, Mr. Leach, represented; two at Baltimore, Md., one at Millville, N. J., and one at Chicago Heights, Ill., just about an hour's ride west of Chicago.

There was formerly another one at Millville, N. J., that went out of business in 1926, due to their inability to compete with the foreign handmade bottle. In fact, they wrote me a letter to that effect, and it is contained in the brief of the manufactures before the Ways and Means Committee.

In the first place, I want to support, just as earnestly as I can, Mr. Chairman, the testimony and the statements made by Mr. Leach, who preceded me. We recognize, having some little experience in life, that unless the manufacturer can make a profit in his business he can not employ any workmen. As I said before the Ways and Means Committee of the House, we are ready to leave our case in the hands of this body, and base it upon the evidence and report made by the Tariff Commission. They are not our figures at all They are the result of the investigation of the Tariff Commission.

In 1925 or thereabouts we appealed to President Coolidge and the Tariff Commission, under the flexible provisions of that act, asking for a 50 per cent increase. Under the provisions of that act we were unable to ask for any more. We had two interviews with President Coolidge. He did what he could, and the Tariff Commission made a through investigation. They came to us, as workmen, and they also investigated each one of the domestic hand plants, and, as I understand it, also continued their investigations in Europe.

So, as I said a while ago, we are ready to base our request for a 50 per cent increase, over the 55 per cent ad valorem, upon the evidence produced by the Tariff Commission,

I said to a representative of the manufacturers, our employers, that 50 per cent would not cover the proposition. As the situation stands today, the foreign manufacturer has an absolute embargo upon America, an absolute monopoly of this phase of the hand blown industry; and, gentlemen, that is all that is left to us. There is nothing more left to the glass blower in this country but the making of those high grade fancy cologne bottles; nothing else. If this business is going to Europe, then we are going out of business. That is all there is to it.

I made the statement in the other house that if it were not for machinery we would perhaps have about 50,000 or 60,000 glass blowers earning good wages, consumers, helping to buy everything that was produced by other manufacturers and made by other workmen. As it is today, we have only about 5,000 or 6,000 men

and some of them are working on the machines. This is all that is left of the hand blown industry.

As has been testified here before you, gentlemen, this class of goods is not made by machinery.

Senator BARKLEY. Can it be made by machinery?

Mr. MALONEY. Not at this time, apparently. It is a very high grade article, Senator, and the machine made bottle is a little cruder, although I must say the machine produces a fine bottle. There is no question about that. But this is a work of art, as it were. It is not only blown in the mold by workmen who have taken the best years of their lives to learn the trade, but it is cut and it is polished and it is handled as an entity, like a painter painting a picture. That is why it is an expensive proposition.

As I say, that is all that is left to us, gentlemen. We presented a brief before the Ways and Means Committee, and we have also drawn up another small one.

Senator EDGE. This is not a duplicate?

Mr. MALONEY. Oh, no.

Senator EDGE. This is a summary of the brief you presented there.

Mr. MALONEY. Yes. It is a small one, Senator, and there is some new evidence.

Now, if I may refer briefly to the reasons why we wanted a change in section 218, and the reasons for the change in 218 in 1922, they have been discussed here before, and I do not want to repeat. I know it is tiresome, but it is a matter of life and death with us, and I would like to place my views before you gentlemen.

Senator EDGE. Go ahead.

Mr. MALONEY. Mr. W. B. Dalzell appeared before the Finance Committee in 1922. He was the president of the American Flint Glass Manufacturers, another industry entirely. They make this class of goods up here [indicating]. Mr. McCreary represented them, and there will be other witnesses later, I presume.

Glass bottles were always included in section 218, or a paragraph similar to that, since 1819.

Senator KING. And carried a duty of what?

Mr. MALONEY. Fifty-five per cent in the Fordney-McCumber tariff act. In the previous bill, the Underwood bill, I believe they carried a duty of 40 per cent, although I am not exactly sure of that, Senator. However, Mr. Dalzell insisted before the Finance Committee that glass bottles had no place in section 218, and that they belonged to another class of goods.

He insisted also that if the Finance Committee, in their wisdom, saw fit to take glass bottles out of there, because they were fancy bottles, cut, polished, and so forth, they would still be covered by section 218. Upon his argument, and I presume also upon the advice of the Tariff Commission, the Finance Committee agreed to that. They removed the words "glass bottles" from section 218.

About a year ago, along comes the importer, the Hudnut people. They appealed to the Customs Court in New York, on a talcum jar. They insisted that it should be rated under section 217, which it has been testified here pays but 50 cents a gross on bottles of that type. The Customs Court decided that section 217 covered bottles and talcum jars, and it was confirmed by the Court of Appeals in Washington.

Shortly after that they appealed another case, on these cologne bottles you have seen on the table—about seven of them—and the Customs Court in New York also decided that, as the word "bottles" was removed by Congress, they came under section 217. That has been appealed, but the decision on talcum jars is so clear that the lay mind can follow it, Senator, and I am convinced there is not a shadow of doubt that the decision will be confirmed if it goes that far. So, that would leave us, don't you see, under a rate of 50 cents a gross.

Senator REED. That is about 5 per cent ad valorem.

Mr. MALONEY. Senator, from a half of 1 per cent to about 8 per cent. That is what it would mean, exactly, according to the values found here by the Tariff Commission.

Senator REED. That would mean the extinction of hand-blown manufacture in this country.

Mr. MALONEY. The 55 per cent will mean the extinction of it, Senator. The 65 per cent will mean the extinction of it, in my judgment. That was the first report of the Ways and Means Committee, but the extra 5 per cent was an amendment by the committee on the floor. That was a committee amendment.

Senator EDGE. As I understand it, the application before the Tariff Commission for the 50 per cent increase on the 55 that was then existing has been suspended because of this tariff bill now pending, is that correct?

Mr. MALONEY. That is my understanding, although I am not sure.

Senator EDGE. I understand, from the representative of the Tariff Commission, that there is no further work being done on that application.

Mr. MALONEY. I have here the report of the Tariff Commission. This is a summary on those 25 bottles.

Senator REED. That is printed in the summary of tariff information.

Mr. MALONEY. Yes; but I have analyzed it, Senator. That is why I am giving you a copy of this.

Senator EDGE. That is in your brief, is it, Mr. Maloney?

Mr. MALONEY. Not this, Senator. This is a comparison of the costs under the 70 per cent increase.

The first line there is the domestic selling prices in the United States. The second line is the selling price in France. The third line is the selling price in France, with the 70 per cent added. The first figure is $11.95.

Senator EDGE. Is that the selling price in France with the 70 per cent added, or the selling price on this side?

Mr. MALONEY. In France. That will give the French manufacturer, in the next column, an advantage of $5.51, even with the 70 per cent added.

Senator REED. But he has freight and insurance to pay.

Mr. MALONEY. I understand that. That amounts only to about 1 per cent, if it amounts to that much.

Under the 82½ per cent rate, he would still have an advantage, gentlemen, of $4.63. I went down the line there, and there they are. There are just 6 of those bottles out of the 25 on which the American manufacturer would have a small advantage, outside of No. 25.

Senator EDGE. How do you explain that he would have it in any case? I see the figures, but how can they be contradictory in that

way, if the same principle is involved, if there is cheaper labor, and if the cost of manufacture of the article is lower? I can not understand, from briefly examining this, why it would not carry all the way down the line.

Mr. MALONEY. I will tell you, Senator. For instance, here is a bottle that we will say, in principle, costs $5 a gross, or the selling price is $5 a gross in France, and the selling price of the same bottle is $10 a gross in this country. Eighty-two per cent of the price of the bottle in France will bring that up to about $9, don't you see?

Senator EDGE. I thoroughly understand that. I will not pursue the question.

Mr. MALONEY. Some are higher.

Senator EDGE. I will not pursue the question.

Mr. MALONEY. That is the reason.

Senator EDGE. I do not understand why the same general relative comparison would not go all the way down the line.

Mr. MALONEY. It does; but on a few of them the 82½ per cent brings it up a little higher. But on the great bulk of them it runs all the way from $4.63 to $10.64, even with the 82½ per cent, Senator, in favor of the foreign manufacturer. So, you can see that they have an embargo on us. We want our people here to have work, Senator.

Senator BARKLEY. Does each of these numbers on the left-hand side of this sheet, from 1 to 25, indicate a certain type of bottle?

Mr. MALONEY. I presume so. That is the report of the Tariff Commission, Senator.

Mr. Chairman, Mr. Crounse said before this committee—with all due respect to the gentleman—that some of those bottles could not be made here in America. I say to you, Senators, that they can make any kind of glass bottle in America, or anything else. An American manufacturer or an American workman can make anything in this world, just as good as, if not a little better than, they make it anywhere else. That is the way we feel about it.

As has been said here, the imports have increased.

Senator EDGE. Do not go into that. We all know all about that.

Mr. MALONEY. I am not, Senator.

Senator EDGE. Have you any new information in addition to what you have given? Of course, we have gone thoroughly over the imports.

Mr. MALONEY. I am not going to trespass upon your time any further.

Senator EDGE. I want to give you all the time you want to give us anything new, but we do not want to repeat matter that is already in the record. Are there any questions?

Senator BARKLEY. Are any French perfumes imported in bulk and bottled after they reach America, or are they all imported in bottles?

Mr. MALONEY. I do not know as to that, Senator. I could not answer that question. I suppose there are bottles imported here with perfume in them, and bottles imported empty. Whether there is any perfume imported in casks or cans I do not know. I am not familiar with that phase of it.

Senator BARKLEY. You said that the American manufacturer can not exist, even with the 70 per cent tariff, which gives the Frenchman, according the the different character of bottle, an advantage all the way from $1.58 to $14.16?

Mr. MALONEY. Yes, sir.

Senator BARKLEY. That advantage is not eliminated by the 82½ per cent, but it is only reduced from an average of 65 per cent advantage to the Frenchman, to an advantage of $11.66 in the higher grade of bottles. If they have that actual advantage, how does the increase of the tariff from 70 per cent to 82½ per cent, which merely reduces, by a small fraction, the amount of advantage to the Frenchman, still enable the American manufacturer to exist?

Mr. MALONEY. Every little increase helps us, Senator. I said to the representative of the manufacturers that 82½ per cent was not enough to cover it, but we had asked the President for 50 per cent. We could not ask for any more, and in order to be consistent we put the 50 per cent in here, which makes the duty 82½ per cent.

Senator BARKLEY. On a given quality of bottles, what American bottler or purchaser would buy a given type of homemade bottle and pay $4.63 more for it than he could get the same thing for in France? What type of home industry is willing to buy that type of bottle in the United States, in spite of the advantage he could have by purchasing it from France?

Mr. MALONEY. It might be, Senator, that the production of the American factory might be a little better. This is a new business, a new industry, and we know now that our people are being displaced. They are pretty nearly gone. We are just like a drowning man, grasping at anything. That is why we are grasping at this. We know that we can not get any more. The Ways and Means Committee gave us only 65 per cent, and, heavens and earth, I guess we ran them ragged. I guess they hated the sight of us. They gave us 5 per cent more, Senator.

I have given you my reasons here. I think it is not enough, but it is a help, Senator.

Senator BARKLEY. Does the well-known traditional preference of the American woman for French perfumes over any other perfume made anywhere in the world have anything to do with this situation that has reduced the hand-blown bottle industry in the United States to the extremity which you describe?

Mr. MALONEY. Perhaps that enters into it, but, as Mr. Leach has stated here, the old-time cologne bottle now is all made on machines. I might add right here, if you will permit me, that this will not increase the cost of living. This class of goods is bought by people who can afford it, and who have plenty of money. The common type of perfume, or the garden varieties that we always used before the war, before everything increased in value to such an extent, are now selling in the 5 and 10 cent stores. You can buy a bottle of perfume now in the 5 and 10 cent stores, Senator, for anywhere from 5 cents up to 25 cents.

Senator BARKLEY. That includes the old-fashioned cologne, doesn't it?

Mr. MALONEY. Yes. It is a little better now than it was before; but, to answer your question further, directly——

Senator EDGE. You have answered his question.

Mr. MALONEY. Let me answer it a little further, Mr. Chairman. Remember that the people who buy these high-class goods have the money. The situation is the same as that of a woman who will go out and buy a fine silk dress in preference to one of rayon or cotton, don't you see? If she has the money she will buy it. The bottle,

sells the perfume. It is a beautiful package, cut, painted, engraved, and so forth.

Senator EDGE. Are there any further questions?

Senator KING. Mr. Witness, the tariff expert sitting here tells me that 20 per cent of the bottles imported cost more to make in France than in the United States; 20 per cent of this number. Do you know anything about that?

Mr. MALONEY. All I know, Senator, is the prices there. The prices do not say that.

Senator KING. I did not understand it correctly. She states that 20 per cent of this importation recorded here is not competitive with bottles made in the United States. You do not make them here at all. Do you know anything about that?

Mr. MALONEY. But we can make them, if they give us a chance to make them.

Senator KING. But they are not made here. Do you know anything about that?

Mr. MALONEY. I do not know; but we can make any kind of a bottle, Senator.

Senator KING. In this statement you have made here, for instance, in the first column, I find the heading "Domestic article, selling price in U. S. A." Is that the retail price?

Mr. MALONEY. That, I assume, is the wholesale selling price.

Senator KING. Is it? It is your figure. I do not know.

Mr. MALONEY. I took it from the Tariff Commission, Senator, I do not know either.

Senator BARKLEY. That is wholesale.

Senator EDGE. I agree with you, Mr. Witness, that the American workman can make anything if given a chance. But I understand that the bottles you have made are rather small in total, although they amount to a great deal in price, because they are bottles that sell for over a dollar apiece. Is that correct?

Mr. MALONEY. Yes.

Senator EDGE. They are more or less the work of French artists?

Mr. MALONEY. They are fine bottles, Senator, you see. We can make any sort of bottle. If you will permit me, I would like to refer to another thing. Senator King asked Mr. Leach a question—I don't know whether you will allow me or not.

Senator EDGE. Hurry it up, and get right down to the point. Do not drift about. What is it?

Mr. MALONEY. It is about the capitalization of factories.

Senator KING. You are not a member of that firm, are you?

Mr. MALONEY. No; but we work for them, and work for a whole lot more, Senator, and we are vitally interested in them. I have seen glass factories, Senator, that were started on a shoestring. That is the only way you can start them. There was not much money in those days, years ago. How else could they increase their capitalization, unless it was by plowing the earnings into the plant? There was no other way. There was no other way to build up this country, and to provide work for people in the community.

Senator EDGE. I take it——

Mr. MALONEY. I want to say to you, Senator, that those firms in the glass industry—I do not speak for anybody else, because we worked for them for 40, 50, and 60 years—have always paid top wages.

Senator EDGE. I take it you prefer the system of putting the profits back into the plant and employing labor, rather than paying them out in dividends.

Mr. MALONEY. I think that the firm ought to receive a good profit, Senator. A man who has the executive ability and the adventurous spirit, and the persistency and determination to engage in business, I think should have more than the workmen, but I think he ought to pay the workmen a good wage.

Senator EDGE. Thank you very much.

Senator REED. It comes to this, Mr. Maloney, does it not, whether we are going to put a tax on an article of pure luxury in order to keep a trade alive in this country?

Mr. MALONEY. Absolutely, Senator. You put it exactly right. I think this market belongs to us.

(Mr. Maloney submitted the following brief:)

BRIEF OF THE GLASS BOTTLE BLOWERS ASSOCIATION OF THE UNITED STATES AND CANADA

Hearings of the Finance Committee of the United States Senate before the subcommittee on glassware, June 19, 1929.

We speak for the highly skilled craftsmen engaged in the manufacture of perfume and toilet water bottles.

The 3,000 workmen in the industry make a frantic appeal to your honorable committee to increase the rate of duty on perfume bottles (paragraph 218, subparagraph E) to 82½ per cent. We are making a last desperate effort to save an ancient and honorable craft from complete annihilation by a competetive condition that is indefensible. We emphasize that this is no idle gesture. It is a plain statement of fact indicated by a report rendered by the United States Tariff Commission for the use of the Ways and Means Committee, House of Representatives, as follows:

Article No.	Domestic article, selling price in the United States	French article, selling price in France	Article No.	Domestic article, selling price in the United States	French article, selling price in France
1	$17.46	$7.03	14	$21.03	$10.87
2	15.32	6.02	15	24.91	10.49
3	17.10	8.30	16	47.52	19.80
4	16.47	7.25	17	24.97	12.68
5	16.46	9.69	18	42.32	22.96
6	19.63	5.91	19	34.44	14.04
7	22.39	13.17	20	29.84	12.28
8	17.95	13.80	21	39.30	16.71
9	14.87	10.56	22	33.00	13.82
10	15.60	7.00	23	31.71	16.13
11	17.22	8.46	24	50.45	21.80
12	16.97	7.45	25	159.51	100.99
13	16.46	12.06			

This reveals an average of more than 100 per cent difference in cost on 25 comparable and competitive articles. It further demonstrates that the low wages and long hours exacted by employers abroad afford a maximum of protection to this industry in foreign countries.

There is little or no luxury market in Europe, consequently foreign perfumers are concentrating on the American market and are in a position to import most of their bottles. To some extent they are able to play one American manufacturer of bottles against another, which cheapens the industry and causes the workers to suffer. The American perfumer for competitive reasons is obliged to buy his bottles in foreign countries. Therefore, ours is not the ordinary competition which most industries have to meet.

During the summer of 1926 a representative of our association was sent to France, the chief competing country. This independent investigation was made because of the gravity of the situation and the inability of the Tariff Commission to secure cost information in that country.

We found that the economic strength of the workers' organization had been practically destroyed by communistic propaganda and the boring from within method, and that a nonunion condition had been created which left the worker at the mercy of the employer. The worker was told that his employment depended on the ability of his firm to sell in the American market. As a result wages and hours have been fixed to enable those companies to undersell the American manufacturers. The wages paid are about one-third those paid in this country.

Statistics of imports on bottles, glass, blown, cut, engraved, etc., decorated or ornamented in any manner

Calendar year	Rate of duty	Quantity	Value	Duty collected	Value per unit of quantity	Actual or computed ad valorem rate
		Pounds				*Per cent*
1919	45 per cent		$230,590	$103,766		45.00
1920	do		251,844	113,329		45.00
1921	do		284,822	128,270		45.00
1922 (Jan. 1–Sept. 21)	do		521,903	234,811		45.00
1922 (Sept. 22–Dec. 31)	55 per cent	112,548	49,458	27,199	$0.439	55.00
1923	do	657,604	331,241	182,183	.496	55.00
1924	do	770,675	565,436	310,990	.734	55.00
1925	do	875,563	717,624	394,804	.820	55.00
1926	do		593,391	326,365		55.00
1927	do		1,093,052	601,179		55.00
1928	do		966,021	531,312		55.00

This report of the Tariff Commission also shows that importations during 1927–28 increased about 200 per cent over 1923, the first calendar year of the present act.

This has created a condition of irregular employment in our trade so that our workers do not average more than seven full months' time in a year. Their average earnings are about $1,200 per annum, which hardly permits a bare subsistence according to the following table of minimum budgets for average families to live in modest comfort:

Laborers:

Philadelphia, bureau of municipal research	$1,926
Detroit, Visiting Housekeepers' Association	2,032
California, State civil service commission	3,101

Industrial workers:

New York City, Bronx-National Industrial Conference Board	$1,908
New York City (Brooklyn), National Industrial Conference Board	1,841

These figures compiled by official and authoritative agencies compared with the annual income of our members shows how serious the situation is.

The 70 per cent granted by the House of Representatives will not begin to equalize the cost of manufacture as shown by the report of the Tariff Commission. The proposed tariff act of 1929 states specifically that it is drafted to encourage the industries of the United States and to protect American labor. We are grateful for the objective herein expressed. However with our present system of assessing values we know the rate prescribed will not protect the workers in our industry.

The rate of 82½ per cent will not put us on a competitive bases but it will give us a fighting chance, and that is all we ask.

We have every reason to believe that had it not been for this special session of Congress the Tariff Commission would have closed up our case and on the strength of the prima facie evidence we would have been granted the 82½ per cent ad valorem duty. Therefore we are the unwilling victims of circumstances over which we had no control.

We can not again petition the Tarriff Commission until the present bill is passed and given several months or a year to demonstrate its effectiveness, and it would be at least two years before the commission would act on a new case.

Then again history will no doubt repeat itself and importations will decrease during the first six months after the present act is passed. The reason for this is obvious—the importers will overstock the domestic market in advance under the present duty. This would mean delay in getting action from the Tariff Commission.

It must be clear to your committee that we would not be consuming time and effort if the rate granted by the Lower House was sufficient to save our craft

from an untimely end. We are not asking for something to increase profits but to provide us with jobs so we can maintain an American standard of living. We ask that we be given a chance to work at our trade which has required long years of skilful training to attain. We are told there is no sentiment in business but you can not subtract sentiment from the sum total of human values. Thousands of our members have been displaced by the introduction of automatic machinery. They have been the victims of the march of progress in much the same way as was the American Indian whose tribal laws were superseded by a higher order of civilization.

The American hand-blowing bottle industry is now limited almost entirely to the production of ground stoppered perfume and other toilet-preparation ware for the making of which the machine-blowing process is not well adapted.

The employer can divert his capital to other channels; he can turn to machinery and manufacture the common lines of bottles. But the bottle blower can not turn his skill to any other line of work that will guarantee him a livelihood.

The American workman has demonstrated his superior ability to produce in quality and quantity above the foreign workman and there is no bottle made in Europe that can not be made equally well here.

If some effective tariff arrangement can be made it will not only assure the protection of the living standards of our members but it will encourage the initiative to create the beautiful in our national life and to perpetuate this art.

We are also interested in securing an increase in the tariff on carboys or large bottles that are made at a minimum weight of 21 pounds and ask that section 217 be amended to read as follows:

"If holding more than 1 gallon, 3 cents per pound; if holding more than 1 pint and not more than 1 gallon, 1 cent per pound; if holding not more than 1 pint and not less than one-quarter pint, 1½ cents per pound; if holding less than one-quarter pint, 50 cents per gross.

"This change, you will notice, provides for 3 cents per pound on bottles, carboys, jars, etc., holding more than 1 gallon. We shall hereafter refer to these as 'containers' and not mention them specifically. The present schedule only provides for 1 cent per pound and this is not adequate to protect our industry."

We are desirous of retaining this work for our members employed in this department of our industry. We are informed that unless we can secure the increased tariff rates above referred to this business will go to glass blowers in Germany. As you well know, there is no comparison between the living in European countries and our own. We hope and trust you will give us the relief necessary that will insure the retention of this glass business, consequently, employment for our glass blowers who produce this carboy line of goods.

Summary of Tariff Information, 1929, page 518

	Domestic article, selling price in United States	French article, selling price in France	70 per cent	United States advantage	French advantage	United States advantage	32½ per cent French advantage
1	$17.46	$7.03	$11.95		$5.51		$4.63
2	15.32	6.02	10.23		5.09		4.34
3	17.10	8.89	14.26		2.84		1.06
4	16.47	7.25	12.32		4.15		2.62
5	16.46	9.09	16.47	$0.01		$1.21	
6	19.68	5.91	10.05		9.63		8.86
7	22.39	13.17	22.39	Same.		1.65	
8	17.96	13.50	23.10	5.15		6.84	
9	14.87	10.56	17.96	3.08		3.39	
10	15.60	7.66	13.02		1.58		.65
11	17.28	8.46	14.38		2.90		1.84
12	16.97	7.45	12.66		4.31		3.37
13	16.45	12.08	20.53		3.56		2.06
14	21.93	10.57	18.48		3.45		2.07
15	24.91	16.49	28.05	3.14		5.20	
16	47.82	19.80	33.66		14.16		11.66
17	24.97	12.68	21.56		3.41		1.85
18	42.32	22.06	39.06		3.26		.38
19	34.44	14.04	23.86		10.58		8.63
20	29.84	12.26	20.91		8.93		7.40
21	39.30	16.71	28.40		10.90		8.77
22	33.90	13.82	23.49		10.41		8.66
23	31.71	16.13	27.42		4.29		2.25
24	50.45	21.80	37.06		13.39		10.64
25	159.51	100.99	170.70	11.69		24.50	
Average			23.07				

BLOWN GLASSWARE

[Par. 218 (f)]

STATEMENT OF C. B. ROE, MOUNDSVILLE, W. VA., REPRESENTING THE AMERICAN ASSOCIATION OF FLINT AND LIME GLASS MANUFACTURERS, AND OTHERS.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator KING. Did you testify before the Ways and Means Committee?

Mr. ROE. No, sir.

I represent the American Association of Flint and Lime Glass Manufacturers, which is composed of a common membership with the national association.

Senator KING. Are you testifying with reference to paragraph 217 or 218?

Mr. ROE. Paragraph 218 (f). Mr. Barry was called home through death, and that is the reason I am taking his place.

I want to reply to that part of the testimony submitted by Mr. Paul A. Straub in a brief filed subsequent to the hearing. This testimony of his appears on pages 1416 to 1419 of the testimony before the Ways and Means Committee.

One of the principal points that Mr. Straub made was that on account of the large amount of stemware sold through the 5 and 10 cent stores, we not only were not entitled to an increase in duty, but, rather, a decrease.

The association I represent employs about a thousand people on hand-blown tableware.

Senator EDGE. Right there, the paragraph provides for a 5 per cent increase over the existing law; is that correct?

Mr. ROE. Yes, sir; from 55 to 60 per cent.

Senator EDGE. From 55 to 60 per cent ad valorem.

Mr. ROE. Yes.

Senator REED. On blown; and leaves the present 50 per cent duty on pressed.

Mr. ROE. I am not speaking of pressed at all. I am interested, but we can take care of ourselves on pressed.

Senator KING. You can compete all right on pressed?

Mr. ROE. We are able to do that; yes, sir.

Senator EDGE. The entire paragraph, as I understand, refers alone to blown.

Senator REED. That is right, but paragraph (g) refers to pressed.

Mr. ROE. Yes, sir. I an referring to (f).

Senator KING. You are speaking now about table and kitchen articles and utensils—is that what you mean?

Mr. ROE. Yes.

Senator KING. Composed of glass?

Mr. ROE. That is it; but I am speaking, in particular, of the blown ware. That is what I have in mind here.

Senator EDGE. Very well. Proceed.

Mr. ROE. In the testimony that was submitted, they stated that on account of the large sale of this class of goods in the 5 and 10 cent stores, we were not entitled to an increase; in fact, we could stand a reduction.

Senator EDGE. Proceed on that basis.

Mr. ROE. I went over here to a 5 and 10 cent store the other day and bought a few samples of stuff that Mr. Woolworth sells ordinarily. It is true, gentlemen, that occasionally they can buy some hand-blown glassware because some of the factories get into financial straits. For instance, since the hearing before the Ways and Means Committee one factory has discontinued operations and another burned down, and they stated they would not resume on account of the conditions of the markets. A third went into the hands of a receiver within the last month.

This is the class of ware that I purchased [producing samples]. It is machine-made blown work. I refer to these items [indicating]. This is a machine-made piece of pressed work, made on a machine [indicating].

Senator REED. Is that the butt of a lamp chimney—that tumbler you have in your hand?

Mr. ROE. No, sir. That is made for a tumbler, on a tumbler machine.

I would like to make a comparison. I have a few samples here, and it will take only a few minutes, gentlemen.

Senator KING. Mr. Witness, I notice in the brief that you called our attention to on page 1417 of the hearings before the House Ways and Means Committee that the imports in 1927 were $2,853,000, and in 1928 only $1,625,000. There was a decrease in 1927 as against the imports of 1926 of 13.4 per cent. And a further decrease in 1928.

Senator EDGE. So that we can compare imports correctly, under blown-glass tableware there are many things: Blown or partly blown; glassware, cut, engraved, ornamented, decorated, and so forth; Christmas-tree ornaments; kitchen articles and utensils.

Senator REED. If Senator King will permit me to offer a suggestion, the 1928 figures given by Mr. Straub are only for nine months. The 1927 figures are for 12 months.

Senator KING. Yes, I see down at the bottom of the page the notation that the figures for 1928 are from January 1 to September 30.

Senator EDGE. According to the general information given in the Tariff Commission's report the imports of glassware, blown or partly blown, have apparently increased to $1,344,000 for 1928; I would say there was a general increase. It is difficult to get the actual figures.

Senator KING. I also note, while I call attention to that page, that the exports for 1927 of table and other glassware, cut or engraved, table glassware, plain, and other glassware, are $3,476,207. More than the imports?

Senator REED. The exports are given on page 514 of the Summary of Tariff Information as $1,500,000.

Senator EDGE. $1,500,000 for 1925, and about the same right along. In 1923 it was $2,500,000. It was reduced from $2,500,000 to $1,500,000.

Senator KING. I was reading, apparently, Senator, from the Government statistics of the Department of Commerce. All I know is what I see here.

Senator REED. Well, he has lumped the pressed and the blown there.

Mr. ROE. The exports are generally pressed ware. The imports are generally blown ware.

Senator KING. What would "table and other glassware, cut or engraved" be? That is what you are talking about?

Mr. ROE. The exports?

Senator KING. Yes.

Mr. ROE. That would be pressed ware mostly.

Senator KING. That would be pressed ware?

Mr. ROE. Yes.

Senator KING. What would "table glassware, plain," be?

Mr. ROE. That would be pressed.

Senator KING. And what would "other glassware" be?

Mr. ROE. Well, it might be plain, engraved, or cut. That is not a very large item.

Senator KING. Yes, it is $1,893,000. Nearly half of it. Half of the exports.

Mr. ROE. I do not understand that, unless it is principally pressed ware.

Senator REED. The Tariff Commission reports that in 1928 we exported $1,517,000 worth of table glassware, and they call attention to the fact that blown and pressed glassware are both included in that figure.

Mr. ROE. It might be that there is some machine blown included in that.

Senator EDGE. Go on with your testimony.

Senator KING. The figures that I was referring to are the figures of the Department of Commerce. That is all I know.

Senator EDGE. It is very confusing, because it includes other ware than that which you are referring to. Go right along.

Mr. ROE. What I want to bring out, gentlemen, is this: The stuff that sells in the 5 and 10 cent stores is a machine-made article like that, you see, with a heavy, thick foot [exhibiting a glass]. The article we are interested in is a hand-blown article, very light, hand blown. As I said, there are practically 1,000 union workmen working on this class of ware, and there are two or three hundred nonunion workmen working on that same class of ware. In the cost to us of producing that article the shop labor alone is 57 cents a dozen. About all that the 5 and 10 cent stores will pay for glassware is from 70 to 80 cents a dozen, and not very often 80 cents. You can well realize that when we start with 57 cents shop labor on that, and then when you add your materials, your mixing costs, your melting, and your tempering and your finishing, we could not possibly sell for that.

Senator EDGE. What would that total be?

Mr. ROE. I haven't got it here, Senator. But you can get all that information from the Tariff Commission.

Senator EDGE. I understand. But I thought you could give it to us right at that point.

Mr. ROE. No; I can not.

Senator REED. What are you selling this for to-day?

Mr. ROE. I do not make this. This is a Heisey goblet selling at $2.50 a dozen.

Senator EDGE. Selling at $2.50 a dozen, and it costs 80 some cents?

Mr. ROE. No, I say 57 cents for shop labor alone, the blowing and finishing and the gathering of that article. And everything else has got to be added. I do not know what it costs Mr. Heisey.

Senator REED. Of course you mean that is the wholesale price at his plant?

Mr. ROE. Yes; f. o. b. cars Newark, Ohio.

Senator EDGE. Your point is that when Mr. Straub in his testimony before the House Ways and Means Committee said that the 5 and 10 cent stores were handling so much of this—that it was not a type of ware comparable with the wares that you are producing?

Mr. ROE. Absolutely not. Ninety per cent of that is this machine-ware stuff.

Senator REED. Are you satisfied with what the House gave you?

Mr. ROE. We are not, sir.

Senator REED. What are you asking?

Mr. ROE. Well, we ask quite a bit, and I believe we are entitled to it. We ask on goods at $2 and less a dozen, $1 a dozen and 55 per cent ad valorem, and from there on up to $6 a dozen. It was $5 per dozen and 55 per cent ad valorem. Now, gentlemen, I will try and explain to you why we ask for that. I have four or five samples here of American-made goods and of European goods. It will only take me a minute to explain it to you. Here are several glasses.

Senator REED. You have enough samples there, Mr. Roe. You do not need to run through the whole line.

Mr. ROE. Well, I just want to draw your attention to a couple of them here and then I will leave my case with you gentlemen as to whether we ask for too much.

Senator EDGE. You do not have any figures nor any brief to file?

Mr. ROE. No, sir; I have not.

Senator EDGE. Tell your story and we will try not to interrupt you for a while.

Mr. ROE. There is a French goblet bought in New York with a full cut stem. The retail price of it in New York was $9.94 a dozen. I was mistaken about that. It is not French. It is Bavarian. Here is a comparable item only it has a pressed stem, no cutting on it. The price of that article right here in Washington is, retail, $16.

Senator REED. Is that American?

Mr. ROE. That is American. It costs $8.

Senator KING. Do you mean it is produced in the United States and sold, at a profit to the manufacturer, at $8?

Mr. ROE. Yes.

Senator KING. And retailing at $16?

Mr. ROE. Yes, retailing at $16, compared with $9.94 of the other article. Of course that costs a little more than $9 because they have to pay the packing and the freight and stand the loss of breakage.

Senator KING. Well, I suppose prices differ in various parts of the United States and in different seasons of the year, as all other commodities differ in price?

Mr. ROE. No; our prices are not seasonal, unless we get hard up.

Senator EDGE. Which do you consider the best glass?

Mr. ROE. The French.

Senator REED. You consider the French the best?

Mr. ROE. Yes.

Senator KING. You called that the Bavarian.

Mr. ROE. Yes.

Senator EDGE. And you say that was landed in New York at what price?

Mr. ROE. Sold at $9.94 in New York.

Senator EDGE. In New York it was sold at that?

Mr. ROE. Yes.

Senator BARKLEY. Do you mean retail?

Mr. ROE. Retail.

Senator REED. The imported one is a much better piece of work, very much better.

Mr. ROE. Absolutely. That cut stem is the most expensive thing on it.

Now gentlemen, this is a goblet made in Czechoslovakia, and costs $6 a dozen.

Senator REED. Costs $6 a dozen where?

Mr. ROE. At the retail store.

Senator EDGE. At the retail store? You can go in the shop and buy it at $6 a dozen?

Mr. ROE. Yes. This has a pantograph etching. This other has a needle etching, which is a much cheaper decoration. That goblet costs in Washington $7.50.

Senator EDGE. Retail in Washington?

Mr. ROE. Yes.

Senator EDGE. The Washington store has to get $7.50 for that?

Mr. ROE. Yes.

Senator REED. Again there is no comparison between the two. The imported article is very much better.

Mr. ROE. Yes; there is no comparison.

Senator EDGE. What is the difference in weight between those two goblets, approximately?

Mr. ROE. I do not think there is much difference.

Senator EDGE. I thought the American was very much heavier.

Senator BARKLEY. This imported goblet is a little lighter.

Senator KING. Who made the American glass?

Mr. ROE. I do not know.

Senator KING. You just picked up these two?

Mr. ROE. Just picked up these two in the department store.

Senator BARKLEY. Are these both hand blown?

Mr. ROE. Yes, sir, there are both hand blown.

Senator KING. Do you know whether you could get any considerable quantity at that price, or what are the circumstances under which they sold it?

Mr. ROE. No, that was just the stock. I just took it right off the shelves. I could have got a barrel of them or a hundred barrels of them.

Senator KING. Do you know who made that?

Mr. ROE. We did not make that particular article, but we get around in the neighborhood of $3.75 for it.

Senator KING. $3.75?

Mr. ROE. Wholesale, per dozen.

Senator KING. That is at wholesale, per dozen?

Mr. ROE. Yes. Ours would sell, if we made it, at about the same price.

Senator KING. Then this glass that they are selling here in Washington, this domestic glass made in the United States and sold here in Washington at $8 per dozen—is that the price?

Mr. ROE. That is $7.50 per dozen.

Senator KING. $7.50 per dozen?

Mr. ROE. Yes.

Senator KING. You would make that and sell it at the factory for $3.75 a dozen?

Mr. ROE. $3.75 a dozen; yes, sir.

Senator KING. So that the spread from there over here to Washington is from $3.75 to $8 plus?

Mr. ROE. No, from $3.75 to $7.50.

Senator KING. From $3.75 to $7.50; I beg your pardon.

Mr. ROE. And then added to that you have got to pay your freight, stand your breakage, and pay for the packing.

Senator EDGE. Is that about the average between manufacture and retail shop?

Mr. ROE. Yes, sir.

Senator KING. What would be the cost of that article in France, at the factory?

Mr. ROE. I do not know. All I know is what it sells for.

Senator KING. Then what would the cost be in Czechoslovakia?

Mr. ROE. I can not tell you that. All I know is I do not suppose they are selling it at a loss in New York.

Senator KING. What you mean then is that you can produce and sell this article that you have exhibited here for $3.75, and that gives you a profit—you, the manufacturer?

Mr. ROE. That is providing there are not enough of them coming from the other side.

Senator KING. But you are selling them at a profit for $3.75?

Mr. ROE. When we can sell them, yes; that is true.

Senator KING. Did you ever sell them for more than that?

Mr. ROE. No, sir; I do not think so.

Senator KING. What did you get 10 years ago?

Mr. ROE. Ten years ago?

Senator KING. Yes, for that kind of an article.

Mr. ROE. About 15 per cent more than we are getting to-day.

Senator KING. Fifteen per cent more?

Mr. ROE. Yes.

Senator KING. Have you improved your methods of production in the 10 years?

Mr. ROE. Yes, sir.

Senator KING. So you can manufacture now cheaper?

Mr. ROE. Well, we manufacture better.

Senator KING. Better and cheaper?

Mr. ROE. No, I would not say cheaper, but we make a better article.

Senator KING. Well, the improved methods would also cheapen it?

Mr. ROE. Not always; no, sir. Sometimes improved methods cost you money.

Senator EDGE. Your wages have gone up somewhat in the last 10 or 15 years?

Mr. ROE. Well, 15 years they have, but they are just standing about where they were at the end of the war, to-day.

Senator KING. You raised them during the war and you have maintained the war standard?

Mr. ROE. No; we did not. The workmen did.

Senator KING. Well, the workmen did?

Mr. ROE. The workmen did; yes.

Senator BARKLEY. Do you know what the comparable article can be laid down in New York for, including freight, insurance, and all that?

Mr. ROE. No, sir; I haven't got that. Possibly you can get that from the Tariff Commission.

Senator BARKLEY. What did you say this article sells at retail there for?

Mr. ROE. It is on the bottom of the glass.

Senator KING. $7.50, he said.

Mr. ROE. No, the American was $7.50.

Senator EDGE. $6 a dozen, imported.

Senator KING. And you sell for $3.75 at the factory, per dozen?

Mr. ROE. Yes, at the factory.

Senator EDGE. Wholesale?

Mr. ROE. Yes.

Senator EDGE. I guess this is the same question the Senator asked before. You do not have a glass comparable with this that you could make a better comparison with?

Mr. ROE. No. That is a pantograph etching, and we do not make any pantograph etchings.

Senator EDGE. There can be no question of the superiority of this glass over the other sample.

Mr. ROE. Yes; I would pay several dollars a dozen more for that myself.

Here is another article, gentlemen, which is a good article made in France. It costs $14.85 in New York.

Senator BARKLEY. Retail?

Mr. ROE. Retail. Here is an American item with practically the same cutting, made in a nonunion factory in America, that cost the Washington merchant $14 a dozen wholesale. He sells it for $28.

Senator BARKLEY. He did not make any profit?

Mr. ROE. Well, these department stores make considerable on everything they sell. They are not in business for their health.

Senator KING. I am interested in knowing what the cost of that article was that you just exhibited, made in France.

Mr. ROE. I only have Mr. Barry's agent's word for that in New York, who shipped these goods here. Mr. Barry was called away.

Senator KING. But you do not know of your own knowledge?

Mr. ROE. I do not know of my own knowledge, but in a general way I would say that was about correct.

Senator KING. Do you know what the price is in France?

Mr. ROE. No, sir.

Mr. KING. The purchase price?

Mr. ROE. No, sir.

Senator KING. And the cost of insurance and all the incidental?

Mr. ROE. All I know is what this stuff sells at in New York. But I did not purchase it there. But your Tariff Commission can give you that dope.

Senator Barkley. If a purchaser would go into a store and see those two articles on the shelf, regardless of price, which one would the average person prefer, by reason of quality and design?

Mr. Roe. That is the best glass, the imported. And this, the domestic, is a little more modern design, the square foot.

Senator Barkley. One is a little higher than the other, and then the square shape is a little more modern in design?

Mr. Roe. At the difference between $14.80 and $28 a dozen retail, so far as I personally am concerned I guess I would take this one and save that $9.

Senator Barkley. You would save $14.

Mr. Roe. Yes, that is right; $13 and a fraction.

Senator King. Is that the usual spread, 100 per cent from the wholesaler to the retailer in glassware?

Mr. Roe. Yes, sir.

Senator King. One hundred per cent?

Mr. Roe. At least. Sometimes a little less. Sometimes more. When I went in to get this I went to a man that I knew and I said, "What does that cost?"

Senator Edge. In other words, he did not seem to be ashamed of the spread from $14 to $28?

Mr. Roe. Why, everybody knows it. It is common practice throughout the trade.

Senator Edge. Who pays the breakage in the glassware, the manufacturer or the merchant?

Mr. Roe. The merchant. Our terms are strictly f. o. b. factory.

I only have one other item, gentlemen, to offer you. Here is a goblet made in Germany that retails in New York at $2.60 a dozen. Here is the nearest thing that I could get comparable. That came right out of Washington here and retails at $5 a dozen. That cost $2.50. This German article sells for $2.60.

Senator King. Are you giving the retail price?

Mr. Roe. Yes.

Senator King. Do you know the difference between the retail price in New York and Washington?

Mr. Roe. Do you mean on that item?

Senator King. On any?

Mr. Roe. Here is the nearest thing I could get to it, gentlemen, in Washington. One would cost as much as the other made in this country.

Senator Edge. State the costs again. I do not think the Senator got them.

Mr. Roe. This German article retails in New York at $2.60.

Senator King. And what does it retail in Washington for?

Mr. Roe. I do not know.

Senator King. Then the Washington retail merchant may charge a great deal more than the New York retail merchant?

Mr. Roe. I have not found that to be the case.

Senator King. Well, have you found it not to be the case on glassware?

Mr. Roe. I certainly have.

Senator King. Do you say the retail price for glassware in Washington is the same as in New York?

Mr. Roe. Yes, generally speaking it is, yes sir; or in Chicago or Cleveland or San Francisco.

Senator KING. Did you buy those two glasses?

Mr. ROE. I bought this one. I did not buy that one. That was sent in.

Senator KING. The German one?

Mr. ROE. The German one was sent in. But I bought the American one.

Senator KING. Do you know what the German glass is sold for in New York at retail and at wholesale?

Mr. ROE. No, sir. All I know is that this German article sold at wholesale at $2.60.

Senator KING. That is, somebody told you that?

Mr. ROE. Yes; I have it right here over his signature, and I do not think he would lie.

Senator EDGE. You are putting it in under your sworn evidence? Do you want to put in any letter referring to it?

Mr. ROE. I am willing to put this in.

Senator EDGE. You are the witness. I am not trying to tell you what to do.

Mr. ROE. This is the communication from the New York agent of Libby Glass Co. to their sales manager, Mr. Miltz [reading]:

JUNE 12, 1929.

Mr. A. A. MILTZ:

I have expressed you three boxes of goblets in accordance with your request. These are all marked.

The French goblets retail at $14.89 a dozen; the Bavarian at 9.94; the Czechoslovakian at $18 in rock crystal and $6 etched.

Neither Barth's nor the other jobbers have any sherbets which I could get hold of.

I trust these samples are what you wanted and arrive in good condition.

Yours very truly,

T. B. WALKER.

P. S.—I am also having sent from Jas. M. Shaw & Co. two egg-shaped goblets made in Belgium which sell in this country at $2.40 a dozen. These should reach you by Saturday or Monday.

T. B. W.

Senator EDGE. Are there any other questions? If not, that will be all, Mr. Roe.

STATEMENT OF M. JOSEPH GILLOOLY, TOLEDO, OHIO, REPRESENTING THE AMERICAN FLINT GLASS WORKERS UNION

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. GILLOOLY. Mr. Chairman and members of the Senate committee, I appear here in the interest of the men who are engaged in the branch of the industry known as the flint glass, and in which I gave testimony and filed a brief before the Ways and Means Committee.

Senator BARKLEY. What paragraph is this?

Mr. GILLOOLY. Paragraph 218.

Senator EDGE. You are testifying on the same paragraph 218 that the previous witness testified?

Mr. GILLOOLY. Yes, sir. I want to bring to the attention of the commission which is now sitting in hearing of evidence on this——

Senator EDGE. Just a moment, Mr. Gillooly. I see that you testified at considerable length before the House Committee.

Mr. GILLOOLY. Yes, sir.

Senator EDGE. Is there any supplementary testimony in addition to that that you would like to put in now?

Mr. GILLOOLY. I would like to ask the privilege of filing a supplementary brief.

Senator EDGE. We would be glad to have you do that, but we do not want you to cover those same four pages that are already on our record.

Mr. GILLOOLY. No; I just want to bring to the attention of the Committee that the bill as proposed by the House is inadequate to give ample protection to the men who are employed in this branch of the industry.

Senator KING. Which section?

Mr. GILLOOLY. 218 (f). I want to support all that the previous speaker has said in so far as the commodities and samples which he has displayed here that are being imported into the country are concerned.

In my brief presented to the House Ways and Means Committee I endeavored to point out to them the wages that were paid in Czechoslovakia, making a comparison between them and the wages paid in the United States. I brought to their attention as well and exhibited samples of wares, showing the foreign valuation of the item, of the commodity imported.

The proposal of the committee of 60 per cent ad valorem duty, increasing that rate from 55 to 60 per cent, will not give us any protection from the commodities we are seeking protection on. For instance, Senator, here are designs of four items. If you notice the No. 17 goblet, the foreign valuation on that 17 goblet per dozen is $1.59. The American skilled production cost—and I am talking about skilled labor when I am talking about the cost of these items, because I do not know about the other—is $3.01 per dozen. Now apply a 60 per cent ad valorem duty under the bill proposed by the House on $1.59 and we have $2.53, the total cost of the commodity landed in and put in competition in America against the American-made goods. American shop cost is $3.01. A difference of 48 cents then, not taking into consideration the other costs that the manufacturers are obliged to meet in the way of gas, chemicals, and other things go into the making of this glass.

Senator EDGE. Of coures on the same basis the foreign value has to meet the transportation costs.

Mr. GILLOOLY. Yes, sir. But I just bring that to your attention to show you that the proposal of the bill does not give the desired protection sought for by the American workmen.

In the brief that is filed by our association I strongly supported the American valuation, as I believe that is the only solution for the present evils of imports into this country, by placing the commodity that comes into the country upon a basis of a cost basis equal to that of the American workmen and the American manufacturer, plus a duty.

I know that when we preach American valuation, that if that policy would be adopted there are some items upon which the present tariff rate would be reduced. Notwithstanding that I believe that is the only fair solution for this evil of foreign competition.

I can recall very distinctly that just a few years ago the Senate and the House adopted a law limiting immigration into this country

by a certain per cent; that is, labor coming into America. It was done for the purpose of protecting labor in America. If it was fair and good sound logical judgment at that time to enact such legislation is it not only reasonable and fair legislation that we set about to adopt a measure here that will give the men engaged in the glass industry and every other industry in this country that is affected by imports that same protection that they merit?

It is not very hard to understand why the imports are coming into the country. If you will take into consideration the wages that are being paid abroad and make a comparison of those wages with the wages paid in America you will find the answer. In Czechoslovakia we find on investigation and from documents produced——

Senator EDGE. Is that not all in your brief, Mr. Gillooly? Is not your wage schedule in your brief?

Mr. GILLOOLY. No; it is not. Common labor there is paid from 5 to 7 cents an hour. Other workers there are paid from 10 to 13½ cents per hour. Making a comparison of their wages per week as against those in America you can readily understand why the rate as proposed in the House bill is not adequate to give us the protection desired.

It is not my intention, Mr. Chairman, to be lengthy in the statements that I make. I want to be just as brief as possible, because I realize the amount of work that is coming before the committee.

Senator EDGE. You have your brief telling us all this; I am just looking it over. Your brief has absolutely the same figures that you are giving.

Mr. GILLOOLY. All right, let me bring one thing to your attention.

Senator EDGE. I want you to give any new information you have. You have already put in a brief in the House Ways and Means Committee, from which you have been giving us information. You are supporting the same specific rates of duty that are asked for by the previous speaker?

Mr. GILLOOLY. I am supporting the rates as proposed by myself and by our organization on American valuation.

Senator EDGE. What are they?

Mr. GILLOOLY. That we feel that the imports coming into America ought to be based upon American cost of production, the wholesale price.

Senator EDGE. Then you are not prepared to give the specific duty of so much per dozen?

Mr. GILLOOLY. No. I want to bring to the attention of this committee another matter.

Senator BARKLEY. Do you mean American valuation or United States valuation?

Mr. GILLOOLY. American valuation. I want to bring to the attention of this committee an incident that has occurred since I appeared before the House Ways and Means Committee that has a direct bearing upon this tariff proposition. On April 27 bids were let for clinical thermometers, and this class of workmen making these thermometers come under the jurisdiction of our organization. On April 27 we had approximately 200 members engaged in this line of work. The bids were let for 12,000 clinical thermometers. These 12,000 clincial thermometers, by the bid accepted by the Division of Supplies——

Senator KING. For the Government?

Mr. GILLOOLY. For the Government—go to Germany, to be made in Germany and imported into this country, while we have men in idleness in this branch of industry walking the streets of New York. That is the reason why we come here to plead for legislation that will give us the protection that we are sorely in need of, and we hope that this committee in its recommendations, and taking into consideration the evidence that we have previously presented and the evidence we now present before this committee, that they see the equity and justice of our position in asking that the increase be granted in tariff.

(Mr. Gillooly submitted the following brief:)

BRIEF OF THE AMERICAN FLINT GLASS WORKERS UNION

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: I herewith submit supplementary brief referring further to the need of proper and adequate tariff protection to those products of American workers specified in paragraph 218 of the tariff bill as recently adopted by the House of Representatives.

During the hearings before the Ways and Means Committee a brief was filed by Paul Straub, representing the importers of German and Czechoslovakian glass, in which the imports for the year 1927 were shown to be $3,548,825.

If the members of your honorable committee will compare the figures, which Mr. Straub cites, you will find that the imports, amounting to $3,548,825, (based on foreign value) compare with the total American production of similar ware of $3,883,011.

In other words, the products of the foreign workers which compete in the American market with the products of American workers in 1927 amounted to $3,883,011, based on foreign value, which means that if these goods were invoiced at the values placed on them by the importers prior to their being delivered to chain stores and other American distributors the value would be in excess of $11,000,000 or, more than three times the total American production.

The importers, as represented by Mr. Straub, seem to be keenly interested in the prosperity of all American workers, other than glass workers, as shown by the following colloquy which is taken from the Ways and Means hearings:

"Judge CRISP. I understood you to say that you were an importer and that you were not interested in having the duty reduced, but were interested in having it increased.

"Mr. STRAUB. No; decreased, if anything, or remain stable. It is to our interest to have the American workmen earn a living wage and be able to buy merchandise."

On Friday last Mr. Theodore Johnson, representing the Educational Buyers Association and claiming to speak for 108 colleges addressed your honorable committee and asked for a reduction in the duties on chemical glassware and also that certain scientific glass instruments be placed on the free list.

Mr. Johnson asserted his reason for making this request was that the American-made articles are inferior to the foreign made articles and that the college professors teaching in the colleges which he represented demanded the glass produced by foreign workers.

From a practical standpoint, having spent my entire working life in the business, and on behalf of the American glass workers who I have the honor of representing, permit me to say to the Mr. Johnson and the college professors he refers to that in America we have all the facilities and the mechanics who can and will make these scientific instruments and any type of chemical glassware provided that Congress will enact a law with sufficient tariff protection so that the products of American workers can enter our own American market on an even basis with the product of foreign workers. The real difference at the present time being that the labor costs of producing this type of goods in America are several times what it costs in Germany and the colleges, represented by Mr. Johnson, are seeking to secure the products of the foreign workers simply because they can purchase them a little cheaper.

Were the children of American workers deprived of the opportunity of attending these American colleges, which Mr. Johnson represents, there would be

many hundreds of these college professors, who prefer to use the product of foreign workers, who would be looking in vain for employment.

The workers in the American flint glass industry are not highly paid, averaging but $35 per week and yet, we have the misfortune of having the products of our labor compete in our own American market with the products of foreign workers, the wages of whom run from $3 per week to none higher than $12 per week.

We respectfully ask that your honorable committee carefully analyze the brief and presentation of the undersigned, as shown in the hearings before the Ways and Means Committee, in behalf of the American workers engaged in this industry.

Since I testified before the Ways and Means Committee our National Government has let a contract for 12,000 clinical thermometers to a brokerage house who will deliver to our Government these goods, all of which will be made by foreign workers. This is surely a tragedy when there are hundreds of experienced American clinical thermometer workers walking the streets unable to find employment.

In addition to the requests for tariff protection and duties, based upon American valuation, which we filed with the Ways and Means Committee and which was referred to in the testimony which I gave this morning, we ask that the words "clinical thermometers" be inserted in paragraph 218, subdivision (a).

Representing an organization of skilled American workers who are keenly alive to the vital need of proper and adequate tariff protection "to protect American labor" we deeply resent the action of the House of Representatives in denying the appeal of the American workers that tariff duties be levied on the basis of American valuation while in the same bill they pick out one highly prosperous industry—coal tar products—and give to those controlling this industry tariff protection based on American valuations.

We feel that the coal tar industry is not entitled to this special privilege as government reports show that there are less than 9,000 workers employed in this industry, a majority of whom are paid less than a fair living wage.

We are opposed to special privilege to any group.

American valuation has proven workable and practicable in the coal tar industry. If special privilege is not to be accorded to a privileged few we ask that it be extended to all imports and thus place all Americans on the same basis.

Trusting that our requests of adequate tariff protection will meet with favorable consideration and again reminding you that in making these requests the only benefits which we can possible receive is that our workers will be employed and their famailies will have the opportunity of enjoying pleasure rather than distress.

Respectfully submitted.

M. J. GILLOOLY,
President American Flint Glass Workers Union,
Affiliated with the American Federation of Labor,
and America's Wage Earners Protective Conference.

WINDOW GLASS

[Par. 219]

STATEMENT OF WILLIAM M. BONESTEEL, PITTSBURGH, PA., REPRESENTING THE WINDOW GLASS MANUFACTURERS' ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Bonesteel, you represent the Window Glass Manufacturers' Association, do you?

Mr. BONESTEEL. Yes, sir.

Senator EDGE. Proceed. Have you a brief that you propose to leave with the committee?

Mr. BONESTEEL. Not now. We should like to have the privilege of filing a brief a little bit later.

Senator EDGE. If it is going in the record, it will have to be filed by to-morrow.

Mr. BONESTEEL. That is all right; we will file it by that time.
Senator EDGE. And under oath.
Mr. BONESTEEL. Yes, sir.
Senator EDGE. All right. Proceed briefly.
Mr. BONESTEEL. I shall take only a very few minutes.

Mr. Chairman and gentlemen, as secretary and treasurer of the American Window Glass Co., and a member of the special committee appointed by the Window Glass Manufacturers' Association to represent the association at all hearings on questions of tariff adjustment on window glass, I desire to submit a little supplemental evidence in support of the justice of our application for an increase in rates of duty on window glass.

The basis of our claim is fully outlined in the record of the hearings before the United States Tariff Commission and the subsequent hearings before the Ways and Means Committee of the House of Representatives.

Senator EDGE. Mr. Monro appeared there; did he not?
Mr. BONESTEEL. Yes, sir; he did. We filed briefs in that case.
Senator KING. Well, he testified before the House Ways and Means Committee?
Mr. BONESTEEL. Yes, sir; he did.

The justice of this claim has, since the hearings of the Ways and Means Committee, been recognized by both the Tariff Commission and the President of the United States; and I desire to submit as additional evidence a copy of the President's proclamation, dated May 14, 1929, increasing the rates of duty on cylinder, crown, and sheet glass by 50 per cent.

Senator EDGE. You need not read that. Hand it to the reporter.
(The proclamation referred to is as follows:)

INCREASING RATES OF DUTY ON CYLINDER, CROWN, AND SHEET GLASS, UNPOLISHED

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA—A PROCLAMATION

Whereas in and by section 315 (a) of Title III of the act of Congress approved September 21, 1922, entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes," it is, among other things, provided that whenever the President, upon investigation of the differences in costs of production of articles wholly or in part the growth or product of the United States and of like or similar articles wholly or in part the growth or product of competing foreign countries, shall find it thereby shown that the duties fixed in this act do not equalize the said differences in costs of production in the United States and the principal competing country he shall, by such investigation, ascertain said differences and determine and proclaim the changes in classifications or increases or decreases in rates of duty provided in said act shown by said ascertained differences in such costs of production necessary to equalize the same;

Whereas in and by section 315 (c) of said act it is further provided that in ascertaining the differences in costs of production, under the provisions of subdivisions (a) and (b) of said section, the President, in so far as he finds it practicable, shall take into consideration (1) the differences in conditions in production, including wages, costs of material, and other items in costs of production of such or similar articles in the United States and in competing foreign countries; (2) the differences in the wholesale selling prices of domestic and foreign articles in the principal markets of the United States; (3) advantages granted to a foreign producer by a foreign government, or by a person, partnership, corporation, or association in a foreign country; and (4) any other advantages or disadvantages in competition;

Whereas under and by virtue of said section of said act, the United States Tariff Commission has made an investigation to assist the President in ascer-

taining the differences in costs of production of and of all other facts and conditions enumerated in said section with respect to the articles described in paragraph 219 of Title I of said tariff act of 1922, namely, cylinder, crown, and sheet glass, by whatever process made, and for whatever purpose used, unpolished, being wholly or in part the growth or product of the United States, and of and with respect to like or similar articles wholly or in part the growth or product of competing foreign countries;

Whereas in the course of said investigation a hearing was held, of which reasonable public notice was given and at which parties interested were given reasonable opportunity to be present, to produce evidence, and to be heard;

And whereas the President upon said investigation of said differences in cost of production of the said articles wholly or in part the growth or product of the United States and of the like or similar articles wholly or in part the growth or product of competing foreign countries, has thereby found that the principal competing country is Belgium and that the duties fixed in said title and act do not equalize the differences in costs of production in the United States and in said principal competing country, namely, Belgium, and has ascertained and determined the increased rates of duty necessary to equalize the same.

Now, therefore, I, Herbert Hoover, President of the United States of America, do hereby determine and proclaim that the increases in the rates of duty provided in said act shown by said ascertained differences in said costs of production necessary to equalize the same are as follows:

Increases in said duties on cylinder, crown, and sheet glass, by whatever process made, and for whatever purpose used, unpolished (within the limit of total increases provided for in said act), not exceeding one hundred and fifty square inches, from 1¼ cents per pound to 1⅞ cents per pound; above that, and not exceeding three hundred and eighty-four square inches, from 1⅜ cents per pound to 2⅛ cents per pound; above that, and not exceeding seven hundred and twenty square inches, from 1⅝ cents per pound to 2⅞ cents per pound; above that, and not exceeding eight hundred and sixty-four square inches, from 1¾ cents per pound to 2¾ cents per pound; above that, and not exceeding one thousand two hundred square inches, from 2 cents per pound to 3 cents per pound; above that, and not exceeding two thousand four hundred square inches, from 2¼ cents per pound to 3¾ cents per pound; above that, from 2½ cents per pound to 3¾ cents per pound: *Provided*, That unpolished cylinder, crown, and sheet glass, imported in boxes, shall contain fifty square feet, as nearly as sizes will permit, and the duty shall be computed thereon according to the actual weight of glass.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this 14th day of May in the year of our Lord 1929, and of the independence of the United States of America the one hundred and fifty-third.

[SEAL] HERBERT HOOVER.

By the President:

HENRY L. STIMSON,
Secretary of State.

Mr. BONESTEEL. I also submit copy of the news release giving the reasons for this action on the part of the President. We request that that be incorporated in the proceedings.

Senator EDGE. That may be done.

(The matter referred to is as follows:)

The President under authority conferred upon him by section 315 of the tariff act of 1922, has issued a proclamation, effective 30 days from date, changing the rates of duty on cylinder, crown, and sheet glass, unpolished, and commercially known as window glass, from 1¼ cents per pound to 1⅞ cents per pound on sizes not exceeding 150 square inches; from 1⅜ cents per pound to 2⅛ cents per pound on sizes not exceeding 384 square inches; from 1⅝ cents per pound to 2⅞ cents per pound on sizes not exceeding 720 square inches; from 1¾ cents per pound to 2¾ cents per pound on sizes not exceeding 864 square inches; from 2 cents per pound to 3 cents per pound on sizes not exceeding 1,200 square inches; from 1¼ cents per pound to 3¾ cents per pound on sizes not exceeding 2,400 square inches; and from 2½ cents per pound to 3¾ cents per pound on sizes above 2,400 square inches.

In order to assist the President in ascertaining the differences in costs of production of domestic and foreign window glass, the United States Tariff Com-

mission conducted cost investigations in the United States and in Belgium, the principal competing country.

The weighted average cost of production of window glass in 1926 was found to be 4.24 cents per pound in the United States and 2.04 cents per pound in Belgium.

In the study of the cost of production of window glass in the United States cost data were obtained for the year 1926 from 25 companies which produced over 90 per cent of the total domestic production for that year. These cost data apply to plants operating under varying conditions in all sections of the country where window glass was produced in 1926.

In the investigation in Belgium the commission obtained from cost records and other sources of information complete detailed cost data for 13 companies manufacturing glass in Belgium in 1926.

Window glass is glass drawn into sheets or blown into cylinders either by hand or machine and afterwards flattened into sheets, annealed, and cut into desired commercial sizes. It is made in several different qualities and in thicknesses ranging from one-twenty fourth of an inch to seven-sixteenths of an inch.

There are at the present time four different methods of producing window glass, namely, hand-blown cylinder, machine cylinder, Libbey-Owens, and Fourcault. The last two are sheet-drawing methods largely developed since the war. Window glass is produced in the United States by the machine cylinder, Libbey-Owens, and Fourcault methods, and in Belgium by the hand-cylinder, Libbey-Owens, and Fourcault.

The expansion of the domestic window glass industry since 1921 is directly attributable to the building boom which has created an unprecedented demand for building glass of all types. The application of new methods of production, Libbey-Owens (American patent) and the Fourcault (Belgian patent), increased productive capacities and stimulated a general revolutionary movement toward mass production. This change in methods of production was coincident with the building expansion and the larger damand for window glass.

In 1925 more window glass was produced in the United States than in any previous year, amounting in that year to approximately 567,000,000 square feet. In 1926, the year covered by the commission's cost investigation, the production amounted to approximately 530,000,000 square feet. In 1927 it declined to 480,000,000 square feet, and in 1928 to 467,000,000 square feet.

In 1926 of the total domestic production approximately 2 per cent was produced by the hand-cylinder process, 59 per cent by the machine-cylinder process, 29 per cent by the Libbey-Owens process, and 10 per cent by the Fourcault process. In 1928 no window glass was produced in the United States by the hand-cylinder process, and production by the machine-cylinder process had dropped to 38.8 per cent of the output. Production by the sheet-drawing process rose to 61.2 per cent, about equally divided between the Libbey-Owens process and the Fourcault process.

West Virginia ranks first in amount of production of window glass in the United States, with Pennsylvania second, Indiana third, and Louisiana fourth.

In Europe the hand-blown cylinder process, which until a few years before the war was the only process used, is rapidly being replaced by the more modern mechanical methods introduced by Libbey-Owens and Fourcault. The estimated production of window glass in Europe for 1926 was 1,180,000,000 square feet, of which over one-half was produced by the Libbey-Owens and Fourcault processes.

The substitution of machine methods for the hand-cylinder methods in Belgium has made great strides during recent years. The total Belgian production in 1913 was approximately 460,000,000 square feet, of which less than 14,000,000 was produced by the mechanical process (Fourcault). In 1927, of the total production in Belgium of 566,000,000 square feet 34.6 per cent was produced by the hand-cylinder process, 46.3 per cent by the Fourcault process, and19.1 per cent by the Libbey-Owens process. About one-tenth of the Belgian production of window glass is exported to the United States.

In recent years, since the beginning of the activity of building in the United States, the average annual reports in quantity have almost doubled those before the war. The considerable increase of imports in the years 1921 and 1922, in particular, was due to the domestic industry not being prepared in those years to meet the greatly enlarged demand.

The competitive conditions respecting window glass are complicated by the changes in method of production which are going on at home and abroad—in the United States from the mechanically blown cylinder process to the sheet-drawing processes, and in Europe from the mouth-blown cylinder process to the sheet-drawing processes.

In 1927 more window glass was imported into the United States than in any previous year. Imports that year amounted to 83,204,229 pounds, or about 18 per cent of the domestic consumption. In 1928 imports declined to approximately 68,000,000 pounds. Since 1924 the imports of window glass from Czechoslovakia, produced in considerable quantities by mechanical processes, have increased markedly. For the years 1925, 1926, 1927, and 1928, imports from that country have constituted by quantity over 23 per cent of the total imports, and by value about 27 per cent. The greater value per unit of imports from Czechoslovakia, as compared with those from Belgium and other countries, is accounted for by the fact that they consist to a large extent of heavy window glass sold under the trade name of "Vitrea."

Domestic exports of window glass normally less than 1 per cent of the production go principally to South America, Canada, and Cuba.

Considering the question of markets for window glass in the United States, it was found that no distinctive centers of consumption exist other than certain places where important sash and door factories are located. For the most part distribution corresponds with density of population, and the principal markets are the larger cities.

Taking the 1926 figures of domestic sales of window glass, approximately 37 per cent of the total analyzed shipments (covering over 92 per cent of the total domestic production for that year) were consigned to markets within a radius of 325 miles of Indianapolis, Ind. Approximately 74 per cent of the analyzed domestic sales were to markets east of the Mississippi River. Of individual cities Chicago was first with 9 per cent and New York second with 7.6 per cent. About 35 per cent of the total domestic shipments were received by New York and cities within 325 miles of New York.

In the matter of distribution, the Pacific Coast group of States received 7¼ per cent of the total domestic shipments, the Atlantic coast and Gulf group 45½ per cent, and the remaining States making up the interior of the country, 47 per cent.

A public hearing on window glass was hold by the commission on September 11, 12, 13, and 14, 1928, during which it was brought out that existing markets for Belgian window glass in the United States are far more localized than are the markets for the domestic product. Eight cities—four on the North Atlantic coast, New York, Boston, Philadelphia, and Baltimore, and four on the Pacific Coast, San Francisco, Los Angeles, Portland, Oreg., and Seattle—received 84 per cent of the total imports from Belgium in 1926, amounting to 59,188,376 pounds.

New York received 38.82 per cent of the total imports, or 22,978,538 pounds, while San Francisco received 17.31 per cent, or 10,245,844 pounds. The other cities ranged as follows: Los Angeles, 9.23 per cent, 5,467,209 pounds; Boston, 6.93 per cent, 4,105,922 pounds; Portland, Oreg., 3.67 per cent, 2,180,233 pounds; Seattle, 3.58 per cent, 2,076,523 pounds; Philadelphia, 3.07 per cent, 1,825,207 pounds; and Baltimore, 0.92 per cent, 544,815 pounds.

Mr. BONESTEEL. The Window Glass Manufacturers' Association, therefore, respectfully requests that the rates of duty as incorporated in the House bill now before you, which are the same as those contained in the President's proclamation, be maintained in the new Senate bill.

There is just one other little thing I should like to take a couple of minutes on, to clear up any possible misunderstanding.

Reference has been made to the imports of photo glass, and a question has been raised as to the propriety of including that in the figures pertaining to window glass.

Senator KING. Photo glass does not appear, then, in the same paragraph?

Mr. BONESTEEL. It is covered by the same paragraph.

Senator REED. It is made by the same process, simply in smaller pieces?

Mr. BONESTEEL. It is made by the same process.

Senator EDGE. The reference was to the fact that that got inland when the other glass did not.

Mr. BONESTEEL. Yes, sir; the point apparently being that it is some sort of a different process. As a matter of fact, it is made absolutely just the same as regular window glass, the only difference being in the thickness of the different sheets, and the weight. The weight of photo glass runs about 13 ounces per square foot, where common window glass, single strength, runs 18½ ounces.

I notice on the calendar that two representatives of the dry-plate concerns are to testify, I assume with the idea of claiming that the rates of duty should not apply on photo glass, as it is not made in this country. It is true that at the present time there is very little, if any, photo glass being produced in this country.

Senator KING. There is a difference between "very little" and "any." Now, which is it?

Mr. BONESTEEL. I would not say positively that there is absolutely none.

Senator KING. Do you make it?

Mr. BONESTEEL. Yes, sir.

Senator KING. How much?

Mr. BONESTEEL. Very little of it, because we can not——

Senator KING. How much?

Mr. BONESTEEL. We have not made—well, I suppose in the last four or five years we have not made a thousand boxes of it.

Senator KING. How many years does that cover?

Mr. BONESTEEL. I say, the last four or five years.

Senator REED. Why have you not?

Mr. BONESTEEL. The competition from the foreign shipments could not be met.

Senator REED. It is perfectly feasible to make it here; is it not?

Mr. BONESTEEL. Absolutely. I just want to give you a little history of the production of that kind of glass in the United States.

Senator REED. Tell us about it.

Mr. BONESTEEL. In 1913 the American Window Glass Co. equipped a plant for the manufacture of photo glass. It requires a little special equipment, because photo glass, on account of the purposes for which it is used—that is, photographic dry-plates and lantern-slides—requires a very much higher quality of product than glass for ordinary glazing purposes. In other words, little defects which would pass as a good sheet of glass to put in a window positively would not pass for a small plate of glass for photographic purposes; so that required special handling, special flattening, special sorting. We went to considerable expense, spent from $750,000 to $1,000,000, in 1913, in getting a plant in position to produce that product. During the war we were the only source of supply for that quality of glass in the United States. We supplied the whole country with their requirements for photographic dry-plate glass, and, in addition to that, supplied the little glass circles used in the gas masks during the war. We made something like 27,000,000 of those during the war.

We maintained that business after the war for two or three years, or until Belgium got back on her feet again, and they started to import it again into this country at prices away below our cost. Then we had to close up this plant, and it has been idle since 1924 or 1925.

Senator EDGE. Is that the explanation of the little that you have sold? They have given the impression that they could not compete with you for inland consumption.

Mr. BONESTEEL. The demand for that is not inland. It is at St. Louis and Rochester. That is where the biggest end of that is sold. Of course they get right in there.

Senator [illegible]. As a matter of fact you would, of course, have some advantage inland which you would not have on the seaboard.

Mr. BONESTEEL. I say, there is very little used inland of that particular quality of glass.

I wanted to clear up that point—that we can make photo glass, and we are in a position now to do it. Until just recently the only process by which that glass could be made was our cylinder process. I do not know whether any of the Fourcault plants have been able to make any of that under their process or not. We have just recently demonstrated, however, in one of the new plants that we are equipping with that process, that we are able to produce that quality of glass, and will be able to furnish it either by the Fourcault process or by our cylinder process. In fact, we have a pretty good-sized contract now which we have been able to get in view of this anticipated raise in duty which gives us a chance to get back into that business, I admit on a very narrow margin of profit, but it will help to reduce the overhead; and if this rate of duty is maintained we feel that we can again get back and make use of this plant on which we spent so much money, and will be able to furnish the entire requirements of the United States in this quality of glass, made either by the cylinder or the sheet-drawn process, whichever they desire.

Senator EDGE. Are there any questions?

Senator KING. The imports of that amount to but 8,000,000 pounds; do they not?

Mr. BONESTEEL. Photoglass?

Senator KING. Yes, in 1926; so there was not a very great amount produced and imported. That includes the entire consumption, or most of the consumption.

Senator EDGE. What does it represent in value?

Senator KING. Mr. Albertson says slightly higher than the other.

Mr. BONESTEEL. Yes, sir.

Senator KING (to Mr. Albertson). Which other do you refer to?

Mr. ALBERTSON. Ordinary window glass.

Senator KING. That is $2.17 net. By the way, for A quality, double strength, instead of $2.17 as it was a number of years ago, and $3.64, as it was in 1924, you are charging now more than $4.37; are you not, Mr. Witness?

Mr. BONESTEEL. Yes, sir.

Senator KING. What are you charging for common window glass in that unit?

Mr. BONESTEEL. I do not know that I can give you that right offhand for that praticular quality. I can give you, however, the relative selling prices of single-strength glass, which gives the fair percentage which applies right through to all qualities and strengths.

Senator REED. There has been some gain in price since the Presidential proclamation; has there not?

Mr. BONESTEEL. No, sir.

Senator REED. There has not?

Mr. BONESTEEL. No, sir. The last established price on ours was October, 1928.

Senator KING. You raised the price in 1927; did you not?

Mr. BONESTEEL. We raised it in 1927; yes, sir.

Senator KING. You raised it in 1928?

Mr. BONESTEEL. We raised it in 1928, and we raised it again in 1929. No, not 1929; I beg your pardon—the latter part of 1928.

Senator KING. In those two years, notwithstanding this business has gone to the "demnition bow-wows," you raised your prices more than 25 per cent; did you not?

Mr. BONESTEEL. Yes, sir; we did. We had to, in order to make any money.

Senator KING. And you sold your product; did you not?

Mr. BONESTEEL. Not all of it.

Senator KING. The output of domestic production is greater now, notwithstanding there has been a diminution in building, than it was in 1927?

Mr. BONESTEEL. No, sir; absolutely not.

Senator KING. What is the difference in production? I am not speaking of yours; I am speaking of the business—the entire domestic business.

Mr. BONESTEEL. That is what I have in mind.

Senator KING. What was the domestic production for 1927?

Mr. BONESTEEL. Well, now, you speak of production——

Senator KING. That is what I am speaking of.

Mr. BONESTEEL. You must remember that the stock of window glass in the warehouses of the manufacturers at the present time is very close to a million boxes more than it was a year ago. Production does not mean so much. You have got to sell it.

Senator EDGE. According to the tariff report here, if this is the class of glass that you are discussing, the quantity ran from 368,000,000 square feet in 1919 down to 260,000,000 in 1921, then 510,000,000 in 1923, 567,000,000 in 1925, 530,000,000 in 1926, and 481,000,000 in 1927. Is that about your knowledge of it?

Mr. BONESTEEL. Yes; that is the production.

Senator EDGE. The American production of window glass. In other words, in the year 1927 the American production of window glass was somewhat less than in three of the other six years upon which we have reports. It has not greatly changed.

Mr. BONESTEEL. Between May 31, 1928, and May 31, 1929, the stock of glass on hand in the warehouses of the window-glass manufacturers was increased 31.7 per cent, or 783,000 boxes.

Senator EDGE. That is what we might term the exportable surplus?

Mr. BONESTEEL. Of course we do not export very much.

Senator KING. I suppose you do not attribute that in any way to your raising your prices more that 25 per cent?

Mr. BONESTEEL. No, sir; we do not. I can show you——

Senator KING. Then the more——

Senator REED. Let him finish his answer.

Senator KING. All right.

Mr. BONESTEEL. Just to show you how the demand for glass is falling off, let me give you a statement of the orders placed with the industry. These are compiled by the association representing all the manufacturers of window glass in the United States, or 95 per cent of the American production.

For the five months of 1928, the orders specified—where they give the sizes, we know they want the glass—1928, five months, 4,738,911

boxes. For the same period of 1929, 2,733,084 boxes, or a decrease of over 2,000,000 boxes for five months of 1929 compared with 1928, or a reduction of 42.3 per cent.

Senator REED. Was that due to the building slump?

Mr. BONESTEEL. That is due to the lessened demand for glass.

Senator KING. Do you not think the higher price, more than 25 per cent higher, would have something to do with it?

Mr. BONESTEEL. I do not think so. If they need the glass, they have got to have it; that is all.

Now, in this same period, for the four months—that was all that was available—for the four months of January, February, March, and April, 1929, compared with 1928, the imports of the glass which enters into direct competition with our ordinary, common window glass increased 1.8 per cent.

Senator KING. How many pounds were there?

Mr. BONESTEEL. Two hundred and twenty-eight thousand pounds.

Senator KING. As against an annual production of 500,000,000?

Mr. BONESTEEL. Well, while our business has fallen off 42 per cent, the imports have had a little gain in that same period.

Senator KING. What were your profits in 1916? What was your capital?

Mr. BONESTEEL. Well, in order to eliminate any——

Senator KING. Answer my question, please.

Mr. BONESTEEL. I shall have to explain.

Senator KING. No; if you will not answer my questions we can not get through. I asked you what your profits were in 1916. Can you answer that?

Mr. BONESTEEL. Yes, sir; I can.

Senator EDGE. Is this the association?

Senator KING. I am speaking of Mr. Monro's company.

Mr. BONESTEEL. We have no records in the association, of course, of the profits of an individual. They are all combined.

Senator KING. Haven't you figures of Mr. Monro's company?

Mr. BONESTEEL. Yes. I have the figures of our comapny. I am secretary and treasurer of our company.

Senator KING. You increased your capital stock repeatedly by stock dividends?

Mr. BONESTEEL. No, sir; we did not.

Senator KING. By putting your surplus back?

Mr. BONESTEEL. We put some of our surplus back.

Senator KING. That is what I mean; and your profits?

Mr. BONESTEEL. We put some of the profits back into the business, of course.

Senator KING. Have you a report made to your directors each year?

Mr. BONESTEEL. Yes, sir.

Senator KING. For 10 or 12 years?

Mr. BONESTEEL. Since 1910.

Senator KING. Will you send to the secretary of the committee a statement of the reports of your company for every year since 1910?

Mr. BONESTEEL. We will be glad to submit it.

Senator KING. The profits, dividends, and so forth. That is all.

Senator EDGE. Have you anything further?

Mr. BONESTEEL. Nothing more.

Senator EDGE. Thank you very much.

(Mr. Bonesteel submitted the following brief:)

BRIEF OF THE WINDOW GLASS MANUFACTURERS' ASSOCIATION

To the FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: The American window-glass manufacturers herewith submit a statement in reply to certain testimony that was offered by the importers at the hearing on this subject. This industry is organized under the Window Glass Manufacturers' Association. This organization comprises in its membership the persons and plants that manufacture 95 per cent of the window glass produced in this country. It is this association which makes this statement. It was this association which took up the matter of an increase of duty before the United States Tariff Commission, presented its case, and was heard at the hearing before the commission on the subject. It is this association that was represented by Mr. Monro, its president, at the hearing before the Ways and Means Committee, and the brief filed with that committee was filed by the association.

Mr. Schottland, in his testimony before the Senate Finance Committee on June 24, 1929, stated that the new rates of duty provided for in the House bill would place a complete embargo on foreign glass.

As late as 1927, Belgian single strength B quality glass was being quoted for importation at list less 10 per cent. f. o. b. Antwerp or 1.16 per 50-foot box, which prices no doubt gave the foreign manufacturers a profit. Even granting the foreign manufacturer all the increases in cost which he claims, it can be readily seen that even with the 50 per cent increase in duty, they will be able to quote prices in the United States which the domestic manufacturers will be unable to meet at a profit.

Reports from the Pacific coast indicate that foreign manufacturers are at the present time quoting prices of list less 5 to 7½ per cent. On this basis we do not see that there has been any complete embargo placed on importations of foreign glass.

Mr. Schottland also made the statement that the rates of duty as provided for by the President's proclamation and incorporated in the House bill are in excess of the increase asked for in the brief of the window glass manufacturers submitted to the Ways and Means Committee. It is true that the average of the rates proposed by the window glass manufacturers showed an increase of 46.1 per cent, but by referring to Exhibit B, page 1478 of the hearings before the Ways and Means Committee, you will note for the first tariff bracket we requested 60 per cent increase, second bracket 45.4 per cent, and third bracket 53.9 per cent, or an average increase in these three brackets of 53.1 per cent. The imports of window glass in these three brackets represented in 1928, 77.4 per cent of the total importations and it is on these brackets that the greater protection is needed.

Mr. Schottland stated that the comparison of costs of the foreign and domestic manufactures incorporated in the preliminary statement of information prepared by the Tariff Commission, on the basis of which the presidential proclamation was issued, did not reflect a true comparison at the present time on account of changing conditions both as to process of manufacture and cost of production. It is true that a number of the Belgian hand cylinder process factories are installing the Fourcault sheet glass process, and it is also true that factories in the United States formerly operating by the machine cylinder process are installing the Fourcault sheet process. This condition will, of course, tend to lower to some extent the cost of manufacture both in Belgium and in the United States. In this connection, we wish to refer to tables 27 and 15, page 62 and 48 of the preliminary statement of information furnished by experts who investigated costs both here and abroad for the Tariff Commission. This statement shows a comparison of costs obtained exclusively from plants operating by the sheet drawn process, showing a total cost per pound in Belgium of 1.91 cents against a cost in the United States of 3.91 cents, the domestic cost being more than twice that of Belgium. There is no doubt but what labor cost in Belgium at the present time is higher than in 1926, but the same condition applies to the labor cost in sheet glass plants in the United States. The rates of wages paid to the cutters have both in the Fourcault process plants and the Libbey-Owens process plants, been considerably increased since 1926, the aver-

age rate per box single and double now being 17 per cent higher than in 1926, which wages in the Fourcault plants represent about 30 per cent of the total labor cost.

Under the circumstances, a complete investigation at this time of the cost of manufacture both in the United States and abroad would show no material change in the relative difference between foreign and domestic costs and the difference as set forth in the report from the Tariff Commission for the year 1926.

Considerable importance has been attached by the importers of window glass both in the testimony before the Ways and Means Committee and the Senate Finance Committee on reports of earnings by the Libbey-Owens Sheet Glass Co. as reflecting the general prosperity of the window glass industry in the United States. While I am not entirely familiar with the complete details of the business of the Libbey-Owens Sheet Glass Co., I am informed that they have a capacity for the production of from ten to fifteen million square feet of plate glass on which they no doubt derive considerable profit. This quality of glass does not come under the provisions of paragraph 219.

They also have considerable gas property holdings in West Virginia, have a number of foreign licenses of their process and also are interested in whole or in part through stock ownership in other foreign window glass companies and there is no question but what a very large percentage of their net earnings of $2,513,639, reported for their fiscal year ended September 30, 1928, are from sources other than the manufacture of common window glass on which an increase in rates of duty is requested.

The following are a few quotations from the annual report of the Libbey-Owens Sheet Glass Co., for the year ended September 30, 1928, as made by J. C. Blair, president:

"The plate-glass plant operated at full capacity throughout the year showing a marked improvement in production and in quality over the record of the previous year. The addition to the plate-glass plant referred to in the last annual report was completed shortly after the close of the fiscal year and the new unit for the production and manufacture of plate glass by the continuous process were placed in operation October 19, 1928. * * *

"Foreign business of the company is showing great improvement, especially in Belgium. * * *

"Licensees of the Libbey-Owens Sheet Glass Co. are: America-Japan Sheet Glass Co., Futashima, Japan; Canadian-Libbey-Owens Sheet Glass Co., Hamilton, Ontario; Compagnie Internationale pour la Fabrication Mecanique du Verre, Moll, Belgium; Compagnie des Verreries de Moutier pour la Fabrication Mecanique du Verre, Moutier, Switzerland; Compania Espanilo para la Fabrication Mechanica del Vidrio (Barcelona, Spain; Campagnie Franco-Belge pour la Fabrication Mecanique du Verre, St. Etienne, France; Compagnie Franco-Belge pour la Fabrication Mecanique due Verre, Lens, France; Societa Italian Vetri e Cristalli, Venice, Italy; Deutsche Libbey-Owens Gesellschaft fur Maschinelle Glasherstellung Aktiengesellschaft, Gelsenkirchen, Germany. * * *

"The Owens, Libbey-Owens gas department is continuing its devlopment work most satisfactorily, and there is every reason to believe that it will furnish sufficient gas for your company's needs for many years to come. * * *

"The Compagnie Internationale pour la Fabrication Mechanique due Verre, parent European licensee of your company has completed its most successful year from the standpoint of both earnings and operations, and reported a profit of $779,077.62 before depreciation, for the fiscal year ended April 30, 1928. Your company has a substantial stock interest both in the Belgian company, which is the parent company operating in Europe, and also in several of its principal subsidiaries which operate in other European countries.

"The German subsidiary closed its first fiscal year with a very substantial profit. The production and quality produced by the German company were most satisfactory and the window-glass market in Germany was in a healthy condition throughout the year. * * *

"The American-Japan Sheet Glass Co. (Ltd.) closed its last period with a profit, although the window-glass market in Japan has not been in a very good condition. Its products are very well received on the Japanese market and the Japanese feel optimistic about the future of their company.

With these diversified sources of income, all of which are included in the net profits as reported for the year, we do not believe that the financial condition of the Libbey-Owens Sheet Glass Co. should be used as a basis for determining the present prosperity of all the domestic window-glass manufacturers.

Considerable importance has been attached to the ratio of imports to domestic consumption, which percentage is based on domestic production figures. It is true that according to reports of the Department of Commerce, imports of window glass for the year 1929 were 13,973,000 pounds less than in 1927, a reduction of about 17 per cent. Statistics covering actual shipments by all domestic manufacturers for 1927 are not available, but there is no question but what shipments for 1928 were considerably less than for 1927, and the reduction in imports for 1928 was not due so much to increased production of sheet glass in the United States (as claimed by importers) as it was to the reduction in actual consumption of glass in the United States.

The true ratio of imports to consumption should be based on shipments rather than production, as glass carried in the warehouses of the manufacturers can not be considered as being consumed.

From statistical records of the Window Glass Manufacturers' Association, the stock of glass in the warehouses of the manufacturers on May 31, 1928, was 2,467,197, 50-foot boxes and on May 31, 1929, 3,249,972, 50-foot boxes, or an increase of 782,775, 50-foot boxes, or 31.7 per cent.

The reports of the Department of Commerce show imports of glass weighing less than 80 pounds per case for the first four months of 1928 as 12,653,355 pounds, and for the first four months of 1929, 12,881,858 pounds, or an increase of 1.8 per cent.

The shipments of domestic glass not including glass weighing more than 80 pounds per case, as per records of the Window Glass Manufacturers' Association, were 2,919,082 boxes for first four months of 1928, and for the same period of 1929, 2,458,493 boxes, or a decrease of 460,589 boxes, or 15.8 per cent.

The Window Glass Manufacturers' Association records for the first five months of 1929, covering orders received by domestic manufacturers, show a decrease of 2,005,827 boxes, or 42.3 per cent, as compared with the same period for 1928.

The above figures all show that in spite of the decreased demand for window glass in the United States the imports are showing a slight increase.

Photoglass.—Objection to increase in duty on this grade of glass has been made before hearings before the Ways and Means Committee and also the Senate Finance Committee on the grounds that this particular product is not now being produced in this country.

Photoglass is only window glass of less thickness than the ordinary single-strength glass weighing on an average about 13 ounces per square foot against 18½ ounces per square foot for single strength and is used for the production of photographic dry plates. Up to about 1912 or 1913 there was very little, if any, of this grade of glass produced in the United States, but about this time the American Window Glass Co. demonstrated that it could be successfully produced by the mechanical cylinder process and proceeded to remodel one of its factories at an expense of about $1,000,000 for the production of this quality of glass.

During the war, when all imports were shut off, that company was the sole source of supply in the United States for photo glass for the manufacture of photographic dry plates, lattern-slide glass, etc. This factory also produced the eyepieces used in the manufacture of lenses for the gas masks, producing in the neighborhood of 27,000,000 pieces. This factory, having about 600 employees, enjoyed this business throughout the war period and for several years following, or until the Belgian factories got back on their feet and again imported this quality of glass at prices far below domestic costs, at which time it became necessary to close this factory down, and the same has not been in operation for four or five years. The new tariff rates provided in the House bill will enable this company to resume the manufacture of this kind of glass. Formerly this product was made only with the mechanical cylinder process, but it has recently been demonstrated that it can also be successfully produced by the Fourcault sheet process. With the additional protection afforded by the President's proclamation incorporated in the new tariff bill, this company will be able to produce by their cylinder or sheet process all of the photo glass required by this country, and although the margin of profit will be very small it will enable the company to spread its overhead accordingly. This company expects to be in a position to produce this glass by the Fourcault process some time the latter part of this year.

Statements have been made before the Senate Finance Committee that the photo glass furnished during the war period by the domestic manufacturers was not equal in quality to that formerly imported. This may very possibly be

correct, considering that it was produced in this country during the stress of war-time conditions, general inefficiency of labor, etc., but the American manufacturer, if again favored with this business, can and also would expect to furnish glass equal to or better in quality to any that can be imported.

Representatives of two photo dry-plate manufacturers testified before the Senate Finance Committee that while they did not oppose the increase of 50 per cent in the specific rate (indicating that they could import to their advantage under this increase), they requested that photo glass be excepted in paragraph 219 of the act so that it would not come under the 50 per cent ad valorem provision of same. This testimony shows that the domestic manufacturer would be unable to compete with the foreign manufacturer on this quality of glass without the little added protection the 50 per cent ad valorem provision gives.

In addition, this glass is received at the port of entry in practically the same style of package as regular single-strength window glass or other thin glass, and as thin glass may be used for many purposes other than photographic dry plates it would be impossible to determine at the port of entry for just what purpose the glass is to be used and thus apply a special rate of duty. We therefore, believe that photo glass should remain under all the provisions of paragraph 219.

It seems unnecessary to go further into the claims made by the importers. They had a free and fair hearing before the Tariff Commission. All the evidence in their possession was presented at that time. They were represented by able counsel, and their case well prepared and presented. The commission conducted, through its impartial experts, an investigation of production costs, both here and abroad. After this investigation, and after a hearing given to both sides of the question, the commission recommended to the President that the rates of duty on window glass be increased, in accordance with the facts that had been ascertained and proven.

There is no reason for this committee to change the verdict given by the commission and approved by the President in his proclamation. There has been no change in conditions which would warrant any change in the decision thus made. There have been minor changes in wage scales and other matters relating to production costs. These changes have been confined to no one country. The proportional cost of production between the American manufacturer and his foreign competitor remains the same as when the Tariff Commission made its investigation. There is no basis for any claim that this committee should push aside the report of the United States Tariff Commission, the proclamation of the President of the United States and the action taken after due hearing and consideration by the Ways and Means Committee of the House.

Respectfully,

WINDOW GLASS MANUFACTURERS' ASSOCIATION.

JUNE 25, 1929.

Sworn before me, a notary public for the District of Columbia, this 25th day of June, 1929.

[SEAL.] MARVIN A. TYLER, *Notary Public.*

STATEMENT OF A. H. SCHOTTLAND, REPRESENTING BENJAMIN SCHOTTLAND & CO., EAST ORANGE, N.J., AND THE VITREA CO. (INC.), NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You are here to discuss paragraph 219?

Mr. SCHOTTLAND. Yes, sir.

Senator EDGE. All right; proceed. Have you a brief?

Mr. SHOTTLAND. They are going to file a brief.

Senator EDGE. Then you will just speak orally? Is that it?

Mr. SCHOTTLAND. Yes, sir.

I want to tell the committee that the rates incorporated in the tariff bill by the Ways and Means Committee exclude Belgian window glass from the United States markets entirely.

As you probably know, the Tariff Commission presented a report to the President recommending a 50 per cent increase in the rates then in effect in the tariff bill of 1922. The President proclaimed an increase in the rates, and those increased rates went into effect on June 13th; and since then we have been excluded from the country entirely.

We feel that if the——

Senator EDGE. Just a moment, before you go beyond that. The 50 per cent increase approved by the President gave us what result? What are the rates?

Mr. SCHOTTLAND. The rates now, according to the report of the Tariff Commission, are, for window glass not exceeding 150 square inches——

Senator REED. That is all shown in the bill, Senator.

Senator EDGE. One and seven-eighths cents per pound?

Mr. SCHOTTLAND. That is right.

Senator EDGE. That is what I am trying to find out. The bill that was finally passed by the House contains the recommendations of the President?

Mr. SCHOTTLAND. Yes, sir.

Senator REED. In other words, they have made permanent in the bill the present law established by the proclamation of the President.

Senator EDGE. That is just what I wanted to find out.

Senator BARKLEY. Was that proviso incorporated in his proclamation?

Mr. SCHOTTLAND. No, sir; I do not think it was.

Senator BARKLEY (reading):

Provided, That none of the foregoing shall be subject to a less rate of duty than 50 per centum ad valorem.

That was not included?

Mr. SCHOTTLAND. No, sir.

I want to call the attention of the committee to the fact that before the increase in the rates of duty went into effect we were selling only in certain definite cities, seven cities in the entire United States—seven seacoast towns.

During the hearings before the Tariff Commission the domestic manufacturers brought a witness from New York who qualified as an expert to testify that we did not and could not sell into the interior. At that time and at this time, too, the rates into the interior are 22 cents per hundred pounds, and that 22-cent rate kept us entirely out of the interior of the country. Now that the President has increased the rates, and now that the House has increased them, if the Senate puts its O. K. on that we will be entirely excluded from the country, and we will be legislated out of business.

We wish to call the attention of the committee to the fact that the conditions in the industry to-day, in 1929, are not the same as they were in 1926, the period for which the Tariff Commission investigated the industry; and we beg to call the attention of the committee to the fact that a tariff is made for a future date. It is made to govern conditions which exist now and which will exist; and we rather think that a tariff ought to anticipate developments rather than be guided by antiquated statistics.

There are three processes of manufacture in the industry. There is hand-blown glass, hand cylinder glass; there is machine cylinder

glass; and then there is the sheet, drawing process, a modern process, which is the most economical and the most improved process of all.

When the Tariff Commission investigated the window-glass industry, the hand cylinder plants were still in operation. Since then they have discontinued. Nevertheless, those statistics and those figures are still in the commission's report, and they form part of the report.

Senator EDGE. Just a moment right there: How do you explain the fact that in 1927, which is a year later than 1926, there was mechanically produced 399,091,000 square feet, more than 30 per cent beyond the production of the year 1926?

Mr. SCHOTTLAND. I am not talking about machine cylinder; I am talking about hand cylinder, the old hand-blowing process.

Senator EDGE. Then you are not talking about either mouth blown or mechanically produced glass?

Mr. SCHOTTLAND. I am talking about mouth-blown glass.

Senator EDGE. All right; then let us go over that.

The total production of mouth-blown glassin square feet was practically the same in 1927 and 1926—574,000,000 one year and 566,000,000 the next year.

Mr. SCHOTTLAND. And it is out of existence now, Senator. All the plants are discontinued, the American manufacturers testify, and I believe it is in the report of the Tariff Commission.

Senator EDGE. What has taken its place? You say you are not talking about either of those?

Mr. SCHOTTLAND. I said I was; pardon me.

Senator EDGE. If one of them is out of the picture we will not have to worry about it.

Mr. SCHOTTLAND. It is out of the picture in reality, but of course it still exists in the report of the Tariff Commission, and the data for that industry are still reflected in the rate, and the data for that industry are reflected in the recommendations made to the President.

Since that time the second process, the machine cylinder process, is also passing out of existence, despite the fact, of course, that the statistics for it are still in the report of the Tariff Commission. There is only one company that really manufactures by the machine cylinder process, and that is the American Window Glass Co. They operate under patents which have since expired. The extent to which they value their process is shown by the fact that they are installing in their factories the newer and more economical processes, namely, the sheet-drawing processes.

I have a record before me from the American Glass Review of June, 1, 1929. It says:

> Plans for the installation of the Fourcault sheet-drawing machines at both the Hartford City, Ind., and the Jeannette, Pa., plants of the American Window Glass Co. were announced this week by company officials. The tank at Hartford City went out of operation May 24, and the No. 2 tank at the Jeannette factory was closed down on the 11th of this month preparatory to the making of necessary changes and alterations for the new installation.
>
> While work on both projects is to start in the near future, some time is expected to be required for completion of the extensive changes in furnace construction involved. As to just how soon operations will be resumed under the Fourcault process is, therefore, problematical, it was stated.
>
> The new installations will embody all the improvements as worked out by the company in its first Fourcault installations at the Belle Vernon factory, as well as in the one now under way at the Arnold plant, and will materially enhance production facilities.

Senator REED. Did the Tariff Commission get any comparative costs on production by the Fourcault process?

Mr. SCHOTTLAND. They did, sir.

Senator REED. Was that submitted to the President?

Mr. SCHOTTLAND. That was in the report.

Senator REED. Do you think that did not justify the action which the President took?

Mr. SCHOTTLAND. Well, sir, I do not know what you mean by that.

Senator REED. The rates in the House bill as it comes to us are the same as the President's proclamation. If the House bill is right, then the President was right, and vice versa. If the proclamation by the President, made two weeks ago, was correct, then the House bill is correct; is it not?

Mr. SCHOTTLAND. Well, sir, I do not think the recommendations arrived at by the Tariff Commission are valid and up to date to-day. I think they were perfectly all right for 1926; but I think the developments in the industry since 1926 have been so far-reaching that those statistics are not valid now.

Senator REED. But you just told us that the Tariff Commission's report included comparative costs of making window glass under the Fourcault process.

Mr. SCHOTTLAND. It did.

Senator REED. Have those conditions changed?

Mr. SCHOTTLAND. They certainly have.

Senator REED. In what respect?

Mr. SCHOTTLAND. Well, more plants are operating under the Fourcault system than ever before.

Senator REED. That is true; but if the comparative cost of producing glass by the Fourcault process justified this increase in the duty when the President made the order two weeks ago, certainly it justifies us in leaving it alone now, does it not?

Mr. SCHOTTLAND. I said that I do not think those recommendations were justified.

Senator REED. In what respect were they wrong?

Mr. SCHOTTLAND. They were wrong, in my opinion, because the recommendations were based on weighted average costs. Included in those weighted average costs were the costs for the hand cylinder process, which has since gone out of existence entirely, and will never come back.

Senator REED. I think we can all agree to disregard that.

Mr. SCHOTTLAND. But the Tariff Commission did not disregard it, sir.

Senator REED. But that process went out in America long before it went out in Belgium, and the inclusion of that in the weighted average would tend to raise the Belgian cost; would it not?

Mr. SCHOTTLAND. Well, sir, I think that in all fairness neither the hand cylinder process nor the machine cylinder process in this country nor the hand cylinder process in Belgium should be included. The hand cylinder processes are already out of existence, and the chief exponent of the machine cylinder process is junking his plants very rapidly—junking the machine cylinder process on which those recommendations were based.

Senator REED. Admitting all that to be true—and I think it is true—what do you say to the fact that the Tariff Commission report

in Table 23 shows that in the United States it costs 3.93 cents to make a pound of window glass by the sheet-drawing process as against 1.91 cents in Belgium.

Mr. SCHOTTLAND. May I call your attention to the fact that it says that for 1926, Senator; not for 1929?

Senator REED. Yes, I know; but that much more than justifies the duty carried by the House bill. If that is not now true, I want you to point out why it is not true.

Mr. SCHOTTLAND. Well, sir, if that was in 1926, that would be justified; if you all were making a tariff for 1926, that would be justified; but it is not justified now.

Senator REED. All right.

Mr. SCHOTTLAND. There have been improvements made in all processes.

Senator REED. Why not?

Senator EDGE. Yes; why not? We have asked that question several times.

Mr. SCHOTTLAND. One reason is that labor costs in the United States have remained the same ever since 1926, and they have advanced in Belgium.

Senator REED. How much?

Mr. SCHOTTLAND. Thirty and six-tenths per cent. That is in the report of the Tariff Commission, but I do not see it reflected in the recommendations.

Senator REED. Assuming that the labor costs in Belgium have advanced 30 per cent over 1926, that would add only 12 cents to the Belgian cost, leaving that $2.03 per hundred pounds as against $3.93 per hundred pounds in America. That still more than justifies this increase.

Mr. SCHOTTLAND. Well, the Tariff Commission allocated costs for general plant and office overhead in the United States in such a way that you can easily correct any adjustments that might have to be made in labor for the statistics in the United States; but we do not know how they derived them. We do not say that they did not derive them properly, but we simply do not know how; so we can not allocate those additional labor costs for the general plant overhead and the office overhead.

Senator REED. Furthermore, I have been in Belgium myself within a year and made some inquiry about this, and I did not learn that there was 30 per cent advance in labor costs there. Certainly there is not in clerk hire.

Mr. SCHOTTLAND. Well, sir, the report of Consul Burdette from Brussels shows that there was, and I think Mr. Albertson will tell you that. It is in the report.

Senator REED. Does he report that that advance extended over the whole field of labor, including clerical labor?

Mr. SCHOTTLAND. I could not say. My memory does not recall.

Senator REED. I do not think he does.

Senator KING. I notice here, in the same report to which Senator Reed has called attention, that the overhead in the United States is 0.74, and in Belgium only 0.19; and general office overhead in the United States is 0.14 as against 0.4. I notice that in manufacturing materials and supplies there is a difference of only 0.39 and 0.38; so that the cost of manufacturing materials and supplies is sub-

stantially the same in Belgium as in the United States. The general plant overhead is very much increased here.

Senator REED. The raw material costs less than half as much there.

Senator KING. Repairs and maintenance are nearly double in the United States; general overhead is more than five times as great, and the office overhead is three and one-half times as much. In the case of power and heat, it is 0.49 as against 0.40. The cost of raw materials, as Senator Reed states, according to this report, is 0.63 as against 0.30.

Senator REED. You speak of a 30 per cent increase in labor costs in Belgium. Was not half of that increase in 1926, and was it not due entirely to the depreciation of the franc at that time?

Mr. SCHOTTLAND. No, sir; it has been recent. Some of it has been as recent as December, 1928.

Senator REED. I understand that; but was not half of that 30 per cent increase caused exclusively by the depreciation of the Belgian franc in the latter part of 1926?

Mr. SCHOTTLAND. No, sir; I do not believe it was. As a matter of fact, I believe the franc was stabilized in the latter end of 1926.

Senator REED. The Tariff Commission representative tells us that about half of that apparent increase is due to the changed value of the money in which the wages were paid.

Mr. SCHOTTLAND. I do not know how that could be when the franc was stabilized toward the end of 1926. As a matter of fact, I do know that the increases were granted after 1926.

Senator KING. This 30 per cent of which you are speaking?

Mr. SCHOTTLAND. This 30 per cent—a little over 30 per cent.

Senator KING. Has this witness completed his statement? I did not hear all of it.

Senator EDGE. His counsel filed a brief. You heard practically all of his statement.

Senator KING. I want to call attention to a few matters.

Is it a fact that during the last two years the window-glass prices have gone back to what they were in 1925 and 1926—4.37 and above?

Mr. SCHOTTLAND. I could not tell you exactly. All I know is that they started to advance in May, 1928, and they have advanced three times since.

Senator KING. So in the face of this competition they have increased their prices, I am advised, at least a dollar per unit for the A quality, double strength. What is your information as to that?

Mr. SCHOTTLAND. I could not tell you exactly how much it is. I think, in percentage, it is about 27 per cent. I think the report of the Tariff Commission has something to say about that. I think it is accurate.

Senator KING (to Mr. Albertson). How much has the increase in the price been in the last year or two years on quality A, double strength?

Mr. ALBERTSON. I understand back to the 1926 level. There is a representative of the domestic industry here to verify that.

Senator KING. And that would be an increase of approximately how much?

Mr. ALBERTSON. I should want to verify that.

Senator KING (to the witness). I notice from the report I have here, that the domestic production of window glass for 1927 was 481,021,350 square feet. Is that correct?

Mr. SCHOTTLAND. I think so. There is material on that in the report of the Tariff Commission which I think is valid.

Senator KING. And the imports were only 69,300,000?

Mr. SCHOTTLAND. For 1927, did you say?

Senator KING. Yes.

Mr. SCHOTTLAND. I am not sure. Just one moment [examining papers].

Senator KING. Is that correct?

Mr. SCHOTTLAND. I can not find it. I could not tell you about that.

Senator KING. The House hearings show that, on page 1485, and that the ratio of imports to domestic consumption is only 12.6 per cent.

Mr. SCHOTTLAND. That has gone down since then, Senator.

Senator KING. Has there been an increase during the last six months, relatively, and during the past year, in the domestic production?

Mr. SCHOTTLAND. The last available figures for the domestic production were for 1927. We have no figures, as far as I know, for 1928, and certainly none for 1929. They are always behind. Mr. Albertson can tell you more about that.

Senator KING. Has the consumption been affected somewhat by the reduction in building—the decrease in the number of buildings erected?

Mr. SCHOTTLAND. That would be the only thing to affect it, of course. The building industry is the mainstay of the window-glass industry.

Senator KING. Do you know whether there has been a diminution in the number?

Mr. SCHOTTLAND. I could not tell you. That would be only a matter of hearsay. There are really no statistics on that.

Senator KING. I will not ask you about that, then. Are you an importer?

Mr. SCHOTTLAND. Yes; we are.

Senator KING. Does the foreign product reach any of the inland points?

Mr. SCHOTTLAND. No, sir; it does not. The American manufacturers testified to the fact that it does not, with this exception—that St. Louis and Rochester are the two towns in which photo dry plates are made. Those two towns take a great deal of photo glass, which is not window glass.

Senator KING. Does the Libbey-Owens Co. produce much of this window glass?

Mr. SCHOTTLAND. Yes, sir; it produces a great deal. I think it is the outstanding figure in the industry.

Senator KING. As a matter of fact, they produce about 40 per cent; do they not?

Mr. SCHOTTLAND. I believe they do. I think that is the figure, sir.

Senator KING. And the Pittsburg Plate Glass Co. is now directing its attention to the production of window glass; is it not?

Mr. SCHOTTLAND. I understand that they are building an additional plant which is going to manufacture about 2,000,000 boxes a year in Oklahoma.

Senator KING. Two million boxes? How many feet would that be?

Mr. SCHOTTLAND. That would mean 100,000,000 square feet.

Senator KING. That would increase the production, assuming that there is no increase in the domestic production above the present, one-fifth, or approximately 20 per cent?

Mr. SCHOTTLAND. Yes, sir.

Senator KING. Does the Pittsburg Plate Glass Co. now manufacture any of this window glass?

Mr. SCHOTTLAND. I think they do, but I do not know where.

Senator KING. If you do not know, I do not ask you to give an opinion.

Are you acquainted with the Monro Co.—the American Window Glass Co., of which William L. Monro is one of the important factors?

Mr. SCHOTTLAND. Yes, sir; I am.

Senator KING. That company has not until recently, if at all, adopted the more modern methods; has it?

Mr. SCHOTTLAND. It has not; no, sir.

Senator KING. If there has been any diminution in the production of that company, what would be the cause, if you know?

Mr. SCHOTTLAND. I do know the cause. They are converting three of their plants to the new process, to the sheet-drawing process; and while that is going on, of course, they are not manufacturing. This report in the trade review says that the machines are closing down, and they are starting to make cullet, 3,000 tons of cullet, to be used in the Fourcault process. That is, their facilities are being turned over to make the raw material which will be used later in the sheet-drawing process.

Senator KING. What domestic companies are manufacturing window glass?

Mr. SCHOTTLAND. The outstanding figure, of course, is the Libbey-Owens Sheet Glass Co., which manufactures by its own patented process. The Roland Glass Co., uses the sheet-drawing process. The Adamson Glass Co. uses the sheet-drawing process.

Senator KING. Are those modern?

Mr. SCHOTTLAND. Those are all modern; yes, sir. The sheet-drawing process is the modern process.

Senator KING. Senator Reed mentioned one the name of which, because I am ignorant on this subject, I do not recall.

Senator REED. I spoke of the Fourcault process. That is the name of the inventor—a foreigner.

Mr. SCHOTTLAND. Yes, sir.

Senator KING. Is that the one that is being used?

Mr. SCHOTTLAND. Yes, sir. It may interest you to know that the patents on that process in the United States have expired, but not in Belgium; so that every one in this country is perfectly free to manufacture glass by that process without paying a cent of royalty.

Senator KING. And does that enable them to manufacture greater quantities at the same cost?

Mr. SCHOTTLAND. I understand it enables them to manufacture greater quantities at a lower cost. I think the report of the Tariff Commission bears that out.

Senator KING. Has there been any export of the domestic product so far as you know?

Mr. SCHOTTLAND. There has been some, but since the war the exports are not of very great importance.

Senator EDGE. The report says that is insignificant.

Mr. SCHOTTLAND. Yes, sir; practically. The point is that in 1926, when these figures were arrived at——

Senator KING. Oh, I beg your pardon; I thought you were through.

Mr. SCHOTTLAND. I am sorry; I have hardly started.

Senator EDGE. You have had half an hour already. Do you have to read this report?

Mr. SCHOTTLAND. No, sir; I do not.

Senator EDGE. In view of the fact that your counsel have filed a complete brief, I do not think it is necessary for you to read the brief.

Mr. SCHOTTLAND. Well, Senator Edge, in view of the fact that we are practically out of business and that we did not appear personally before the Ways and Means Committee——

Senator EDGE. I have already said that your counsel have filed a brief and we are putting you on through courtesy. We are only too glad to do it; but you have taken the place of your counsel, who also have filed a brief. Now you come a second witness. You did not even apply to be a witness and we are giving you extra time.

Senator KING. We permitted substitutions here before, however.

Senator EDGE. But this is a substitution with two statements, one by counsel, and now he is proposing to make a second one.

Senator King. We permitted them to file a brief, so it is just the same. (To Mr. Schottland:) Did you testify before the House committee?

Mr. SCHOTTLAND. No, sir; we did not. We presented a brief.

Senator KING. I think he ought to be heard.

Senator EDGE. I am perfectly willing; but we have to close these hearings to-morrow night, and if we are going to give an hour to one individual of course they will not be closed, and we have already notified everybody to come Wednesday morning on the next schedule.

Mr. SCHOTTLAND. Shall I go on?

Senator EDGE. You can go on, but briefly.

Mr. SCHOTTLAND. I will try to be as brief as possible.

I want to call your attention to the fact that in 1926, the date at which these statistics were valid, the machine cylinder process was manufacturing 59.2 per cent of the glass produced, and the sheet-drawing processes were manufacturing 38.8 per cent.

In 1928, according to the report of the Tariff Commission, it was the old machine cylinder process that was manufacturing 38.8 per cent, and the sheet-drawing processes were manufacturing 61.2 per cent; and those figures are rapidly going down for the machine cylinder process, and rapidly going up for the Fourcault process, the sheet-drawing process.

We believe that for purposes of comparison only the most modern plants in the United States should be compared to those in Belgium.

I want to state, in addition to the figures I gave before, that the cost of transportation has gone up. The cost of transportation from Belgium to the United States used to be $4.25 per ton. It is now, in 1929, $5.50. Still the Tariff Commission report says $4.25.

I also want to call your attention to the fact, as Senator Reed said, that these costs were taken during a period of currency depreciation, when everything was upset, and every time they started to do anything the costs kept mounting. They had to make sales

rapidly, they had to buy things rapidly, in order to get ahead of the depreciating franc; and I do not believe such a period as that could be considered a normal period for statistical purposes.

Senator EDGE. You testified before the House committee to all these facts from page 1482 to page 1508—three distinct briefs or statements (I do not know what you may call them), filed by your attorney. Now, if you have something that is not contained in those seventeen pages, of course we are glad to have it.

Mr. SCHOTTLAND. Yes, sir; I have.

Senator EDGE. But it does seem to be perfectly indefensible to take the time of the committee after all that testimony, already in our possession.

Mr. SCHOTTLAND. This is new, Senator:

The American manufacturers asked in their brief for an increase of 46.1 per cent, and they were granted by the House Ways and Means Committee 50 per cent. They were granted 108 per cent of their demands—more than they had asked for, more than they dreamed of getting, more than they hoped to get.

Senator REED. Will you point out any increase that was granted to them by the House that is in excess of what the President granted to them on the report of the Tariff Commission?

Mr. SCHOTTLAND. No, sir; there is none; but I think the industry is in better shape to tell what it wants and what it hopes to get than the Tariff Commission. With all due deference to the Tariff Commission, I certainly think that the American Window Glass Co. is in better shape to say just how much it wants than the Tariff Commission, because they are selling window glass, and the Tariff Commission is not.

Senator REED. My recollection is that this matter was pending before the Tariff Commission for nearly six years, and that the order of the President was made on a report after that long study. The House has adopted that conclusion just as the President did. [After a pause.] I am told that it was six years on plate glass, and two years on window glass. I was wrong in that.

Mr. SCHOTTLAND. I also want to call the attention of the committee to the character of the testimony that was given before the House Ways and Means Committee. I have to go back to 1921 in order to analyze it.

Senator KING. You will have to make it very brief.

Mr. SCHOTTLAND. I will try to, sir.

In 1921, Mr. Hilton——

Senator EDGE. I will give you just ten minutes, and at the end of that time I am going to notify you that your time is up. I think I am justified in that. You have been on the stand forty minutes now, and we have 17 pages of testimony already before us.

Senator REED. Part of that is my fault.

Senator KING. Part is mine. I thought he was through when I was interrogating him.

Mr. SCHOTTLAND. In 1921 Mr. H. R. Hilton came on the stand and testified for the American Window Glass Manufacturers. He testified for all of them; but he was manufacturing glass in his plants by the old hand cylinder processes, which have since been discarded.

In 1921 he came before the House Ways and Means Committee, and said that his cost was $5.75 a box. That was 10 cents a pound.

When the Tariff Commission investigated in 1926 they found that the weighted average cost at that plant was only 4½ cents. Mr. Hilton was testifying in 1921, and his process was an antiquated process then. The American Window Glass Co. was the kingpin in the industry at that time; and the figures show that they had earned in 1920, per share of preferred stock, $113.59, and per share of common stock $32.76. So the American Window Glass Co. did not testify before the House Ways and Means Committee in 1921, because they had shown such exorbitant profits the year before.

To-day it is the American Window Glass Co. that is testifying. It is not the Libbey-Owens Sheet Glass Co.; it is not the Fourcault plants that are testifying. The only company that has come out in the open and asked for increases in the rates of duty has been the American Window Glass Co. Of course they can ask for an increase now, because their process in on the verge of departure. It is not the Libbey-Owens Sheet Glass Co. that is testifying.

Senator KING. That is the one that had those enormous profits?

Mr. SCHOTTLAND. In 1920 the American Window Glass Co. had them; but since then their process has become antiquated. They have not got them now. Just as Mr. Hilton went on the stand for the domestic manufacturers in 1921 because his was the antiquated process, the one that was going to disappear by virtue of progress, so the American Window Glass Co., which is now changing its plants to the new system, comes on the scene, and it gives data, it testifies, instead of allowing the Libbey-Owens Sheet Glass Co. to testify.

The reason why the Libbey-Owens Sheet Glass Co. is not going to testify is because it produces about 40 per cent of the entire production in this country, and it has superseded the American Window Glass Co. as the foremost figure in the industry. It was organized in 1916 with $2,000,000 of capital. It has grown into a company that had a capital valuation of $21,000,000 in 1928. It earned net profits of $11,470,000 in the last four years. According to the Standard Statistics Corporation, it paid a 25 per cent stock dividend in 1920. In 1921 it paid none. In 1922 it paid 8 per cent.

Senator KING. Stock?

Mr. SCHOTTLAND. No; 8 per cent in cash. In 1923 it paid 8 per cent cash and 4 per cent extra. In 1924 it paid 8 per cent and 2 per cent extra, and 50 per cent stock dividend. In 1925 it paid 8 per cent regular and 2 per cent extra in cash. In 1926 it paid 8 per cent regular, 4 per cent in cash, and 20 per cent in stock, extra. In 1927 it paid 8 per cent regular and 4 per cent extra. In 1928 it paid 8 per cent regular.

Senator KING. On all that stock dividend as well as the other?

Mr. SCHOTTLAND. Yes, sir; on every bit. It has increased the value of its stock about 1,100 per cent.

Senator KING. And paid a dividend on all of that?

Mr. SCHOTTLAND. And pays dividends on all of it.

Senator KING. Did their representative appear before the House Ways and Means Committee?

Mr. SCHOTTLAND. No, sir; they were not represented at all. They were not represented before the Tariff Commission.

Senator EDGE. I assume that the brief filed by counsel has more or less of that in it.

Mr. SCHOTTLAND. No, sir; this is new material that has not been heard before.

I have two things more to draw to your attention. I will let the others go by. I want to read this statement:

The American markets are now closed to imported glass. The new duties are prohibitive and exclusive instead of protective, and the market will be at the mercy of the American manufacturers.

The domestic manufacturers have been given a choice of two alternatives: They may either raise their prices to the full extent of the increases, or else they may leave conditions the way they are, so that window glass from abroad may remain excluded from the market.

If they do not elect to advance their prices, they will manufacture and sell 67,870,133 pounds of glass more, the entire extent of the importations for 1928, according to Table 5 on page 26 of the Report of the Tariff Commission. According to Table 23, on page 56, the direct labor cost is nine-tenths of a cent per pound. This cessation of importation will then enable the manufacturers to pay to labor during the year $610,831.20. Of course the Treasury of the United States will lose the $1,100,061 that it collected in duty in 1928. The country will therefore be subsidizing labor at a loss to the Nation of $489,229.80. It would seem far more profitable to pay the $610,000 directly to labor, and let the imports continue.

Now, the other alternative is——

Senator KING. When you say there will be no importation, you mean with the rate fixed in the House bill?

Mr. SCHOTTLAND. I mean the rate fixed in the House bill definitely excludes all window glass from this country.

Senator EDGE. You can print all of that in the record.

Mr. SCHOTTLAND. Well, sir, I want to give you the alternative.

Senator EDGE. You can print that in the record. I am trying to tell you that your time is up.

(The remainder of the statement above referred to is here printed in the record, as follows:)

If they do advance their prices by 50 cents per box (the average increase), the manufacturers will be taxing the consumer on 10,985,263 boxes (table on p. 33) consumed in 1927, the last year for which there are complete records.

The consumer will pay them $5,492,631.50, and not one of the men said to be out of work will receive a dollar for all this additional profit to be made by the manufacturer.

(Mr. Schottland submitted the following brief:)

BRIEF OF BENJAMIN SCHOTTLAND & CO. AND THE VITREA CO.

On the basis of a report by the Tariff Commission, the President has recently proclaimed a 50 per cent increase in the rates of duty on window glass, which increase has been in force since the 13th of this month (June, 1929). Its immediate effect has been to raise the price of Belgian window glass to a level greatly above the price of domestic window glass, and if these increased duties are maintained, Belgian window glass will be practically excluded from the United States.

The commission took data in Belgium covering a period when the decline of the Belgian franc made for chaotic conditions in all industries in this country. It has presented a report which is an academic comparison of conditions prevailing in 1926.

If this were 1926, the report might stand unchallenged. If the recommendations applied to 1926, they might be valid, but since 1926 conditions in the industry have changed remarkably. Since that year the industry has developed so notably, that if Congress follows its avowed intention to "bring the tariff up to

date," it can not accept recommendations based upon the methods and costs of that year. It must take into consideration conditions as they now exist.

There were three processes of manufacturing window glass in the United States in 1926: The hand cylinder, the machine-cylinder, and the thoroughly modern and continually improving sheet-drawing process. Since that time the hand-operated plants have been entirely discontinued.

In 1926, according to page 24 of the report, the machine-cylinder plants accounted for 59.2 per cent of domestic production, while the sheet-drawing processes made only 38.8 per cent. In 1928 it was the newer processes that accounted for 61.2 per cent while the machine-cylinder plants made only 38.8 per cent. In two years the respective positions of the processes in the industry have been completely reversed. This change is still going on with even increasing rapidity, and in a few years at most, the machine-cylinder plants will be entirely superseded exactly as the hand-cylinder plants have already been superseded.

The comparative costs of production, based upon the cost of the antiquated and almost discarded machine-cylinder process, are, therefore, useless and misleading. Only by consideration of the latest developments in the industry can your committee make rates of duty that will be fair both to the industry and to the consuming public.

Since 1926 the cost of labor in the United States of America, in this industry, has been stationary. This is amply supported by the report of the Tariff Commission. But the same report points out that labor costs in Belgium in 1929 are 30.6 per cent (pp. 47 and 48 of the report) above what they were in 1926. This additional cost of labor in Belgium was not taken into consideration by the Tariff Commission in its recommendations, but surely must be taken into consideration by this committee in fixing a proper and effective tariff.

Again, the ocean freight rate from Antwerp to New York has increased from $4.25 per ton in 1926, to $5.50 per ton in 1928, an increase of over 29 per cent. This increase is official and can be verified by the United States Shipping Board, whose vessels carry a large part of this freight.

Moreover, the Belgian costs established in the report of the Tariff Commission were taken during a period of currency depreciation. Production costs taken under such circumstances are not normal and can not in justice, be considered as typical of the industry. Not only wages, but every item entering into production costs were greatly undervalued because the restatement of value in the terms of any continuously depreciating currency lags behind the depreciation itself. The stabilization of the Belgian franc, which followed, caused a considerable increase in the cost of living in Belgium. It also caused a like increase in the cost of producing window glass in 1927 and 1928, which increase of costs still continues. The report of the Tariff Commission, therefore, can not be followed because it is based upon conditions existing in 1926 which are naturally changed in 1929.

To substantiate our contention that the report of the Tariff Commission does not reflect present conditions, we draw your attention to the curious fact that the increases there recommended, and proclaimed by the President, are in excess of those demanded by the most interested domestic manufacturers. In their brief to the Ways and Means Committee the American manufacturers demanded an increase totaling 46.1 per cent. It seems reasonable to suppose that the American manufacturers demanded everything that they could think of. They asked for 46.1 per cent increase. They received 50 per cent increase—more than 108 per cent of their demands. It seems obvious that the conclusions of the Tariff Commission are not valid for 1929, if they have recommended rates in excess of those expressly demanded, hoped for, or even dreamed of, by the American manufacturers themselves.

When the American manufacturers pleaded for higher duties on window glass in January, 1921, they were represented before the Ways and Means Committee by Mr. H. R. Hilton, whose company was using the since-discarded hand-cylinder process. At that time the machine-cylinder process made the huge bulk of production, and the American Window Glass Co. was the most powerful factor in the industry. Naturally, a representative of that company would not have been able to say, as Mr. Hilton said, that "if Belgium is permitted to bring glass in here, all the hand plants are through now." The American Window Glass Co. at that time, had just ended a year when it had earned $113.59 per share on its preferred stock and $32.76 per share on its common stock, besides paying out in royalties to the company that owned all of its common stock, the amount of $2,453,817—equal to over 35 per cent of its net income. From the American

Window Glass Co., an appeal for greater protection at that time would have been grotesque.

Mr. Hilton stated that the cost at that time at many factories was in excess of the selling price of $5.75 per box, which means practically 10 cents per pound. He stated further that costs were then increasing.

It is easy to understand why the exponents of the process used by Mr. Hilton have passed out of the picture. According to the report of the Tariff Commission (p. 51), the weighted average cost for all plants in 1926 was 4½ cents per pound, less than half of Mr. Hilton's figures in 1921. Yet, at that time, Mr. Hilton painted a dark picture of his condition without realizing that it was new methods, not the tariff, that would put his plant out of business.

In 1929 the American manufacturers were represented at the Ways and Means Committee hearings by the president of the American Window Glass Co., practically the only producer left to use the now obsolescent machine cylinder drawing process. This company now finds itself in the same position that Mr. Hilton was in in 1921. Just as Mr. Hilton was then advocating a tariff that would protect his obsolete process of manufacturing by the hand-cylinder process, so now in 1929, the American Window Glass Co. is advocating a tariff to protect its almost obsolete method of manufacture by the machine-cylinder process.

The largest producer of glass by the new sheet-drawing process is the Libbey-Owens Sheet Glass Co. It is easy to understand why this company is not here asking for an increase in tariff. It's common stock, par value $25, sold last week on the New York curb up to $202 per share.

The Libbey-Owens Sheet Glass Co. produces about 40 per cent of the entire production of this country and has superseded the American Window Glass Co. as the largest producer. Organized in 1916 with $2,000,000 capital, it grew into a company of $22,000,000 by 1928. It earned net profits of $11,470,031 in the last four years. According to Standard Corporation records, it has paid dividends as follows:

1920, 25 per cent stock dividend.
1921, none.
1922, 8 per cent cash.
1923, 8 per cent cash and 4 per cent cash extra.
1924, 8 per cent cash and 2 per cent cash extra and 50 per cent stock dividend.
1925, 8 per cent cash regular and 2 per cent extra in cash.
1926, 8 per cent cash regular, 4 per cent in cash, and 20 per cent in stock extra.
1927, 8 per cent cash regular and 4 per cent extra in cash.
1928, 8 per cent regular in cash.

Notwithstanding all these dividends, the company, according to its financial statement of September 30, 1928, had an undivided surplus of $8,195,350.

It will thus be seen that this company, without any increase in the tariff, has been able to pay regular cash dividends and to more than double its issue of stock, and has increased the market value of its stock eight times its par value, so that in the past eight years the actual increase in the value of its stock has been over 1000 per cent.

But the American Window Glass Co. is not so shortsighted as was Mr. Hilton's company in 1921. This company may be anxious to have a tariff based on 1926 costs, but it is rapidly converting its plants to the modern and more economical sheet-drawing processes. Trade reports show that the American Window Glass Co. operates six plants. In 1928, one was already converted to the sheet-drawing process. Since then the company is converting three more plants (American Glass Review of June 1, 1929), leaving two plants out of six that are still equipped with the obsolete machine cylinder process. There can be no doubt that the two remaining plants will also be changed in the near future. Why should a tariff be based on the cost of production by a process which is now almost, and in a short time will be entirely discarded.

In the following comparison of costs in Belgium and in this country by the new method, we base our figures on those of the Commission's report, but take into consideration the major changes since 1926, in order to bring this cost comparison up to date. The cost figures are given in cents per pound.

	United States	Belgium
Production cost, sheet-drawing process plants (p. 56 of report), including imputed interest	3.86	1.900
Increased wages (30.6 per cent of direct labor in Belgium) (p. 56 of report) [1]		0.110
Increased wages (30.6 per cent of general plant and office overhead in Belgium)		0.070
Transportation (p. 70 of report)	0.49	0.400
Increase in ocean freight (p. 1500 hearings before the Committee on Ways and Means)		0.097
	4.35	2.662
Average duty collected in 1928 (p. 26 of report)		1.492
	4.35	4.178

[1] Increase in wages also increases costs of items power and heat, manufacturing materials, repairs and maintenance (p. 42 of report) but we have no means to allocate them properly, and no changes of these items have therefore been made.

Amount by which United States cost exceeds Belgium cost, 0.177 cent per pound or 11 per cent of increase present rates.

Even this slight difference in cost of less than 2 mills per pound is probably more than offset by a proper reduction on certain other items given by the Tariff Commission as going to make up the American cost. The item of general plant overhead of 0.69 cent per pound in American factories seems out of all proportion to the same item of 0.19 cent per pound in Belgian factories. But in any event the 1922 tariff practically equalizes the cost of production in the two countries.

Before concluding we wish to discuss shortly the present state of the American window glass industry.

The report of the Tariff Commission states on page 13 that "In 1925 more window glass was produced in the United States than in any previous year." The figures on page 12 of the report show that the domestic production in practically every year after 1922 was from 75 to 100 per cent higher than in 1921.

Modern methods are distinctly labor-saving. In this connection the report of the Tariff Commission to the President states on page 19 that "The experience of the Fourcault (sheet drawing) plants already in operation had shown that it required about one-third less labor to produce the same quantity of glass by this mechanical means than by the old-fashioned process." We also wish to refer in this matter to page 1497 and 1498 of the hearings before the Committee on Ways and Means.

Page 51 of the report of the Tariff Commission to the President shows that direct labor represents 39 per cent, of the total production costs of the antiquated cylinder processes, while this ratio is only 25 per cent for the modern sheet-drawing processes.

Wages in the American window glass industry have been stable for the last few years, as stated before; yet, it is remarkable to note that in spite of lower production costs the sheet-drawing process plants are able to pay higher wages than the machine cylinder plants.

The wage scale in effect for 1928 to 1929 is as follows:

Fourcault factories (sheet-drawing plants), 48 cents per case, single strength; 52 cents per case, double strength.

Libbey-Owens (sheet-drawing plant), 46 cents per case, single strength; 50 cents per case, double strength.

American Window Glass Co. (machine cylinder,) 43 cents per case, single strength; 47 cents per case, double strength.

(P. 1484, hearing before the Committee on Ways and Means.)

According to testimony of the American manufacturers before the Ways and Means Committee, there are about 15,000 men occupied on the domestic window glass industry, of which about 3,000 men are at present unemployed. As a matter of fact a table on page 15 of the Bulletin of the United States Bureau of Labor Statistics No. 441 shows that in the year 1925, the year of the greatest production which the domestic industry ever had, there were only 8,346 men employed in the entire industry. But even if there should be 3,000 men unemployed it is evident that the condition is due to changes introduced by the conversion of plants from the old cylinder process to the modern sheet-drawing systems. These, as remarked before, reduce the necessary number of working men by about one-third. For example, the old glass blowers have been eliminated by the industry. The flatteners are slowly following. The progress of the industry, more and more, is replacing the skilled and the unskilled men, by machinery.

It has thus been demonstrated that the manufacturers in this country who use the modern processes, need no greater protection than they had in the tariff

act of 1922. The only ground upon which the present prohibitive rates could be defended would be that they may aid the one domestic producer which has not yet converted all its plants from the antiquated methods of production, to modern methods.

That the difficulty which the American Window Glass Co. is now experiencing is caused by domestic, not by foreign competition is evidenced by the fact that in 1927 when the price of glass was reduced by the American Window Glass Co. ostensibly to meet foreign competitions, the greatest reduction was made in territory where no foreign glass is used. The reduction amounted to 9 per cent in seaboard communities where foreign glass competes and to 15 per cent in the interior where nothing but domestic glass is sold.

An increase in the tariff of 1922 will accomplish two results:

1. It will enable the users of almost obsolete methods to continue the use of such methods.

2. It will add to the already enormous profits of the users of modern methods.

It is submitted that neither one of these results justify increasing the cost of window glass to the home builders of this country.

Respectfully submitted.

C. BASCOM SLEMP,
JOHN W. PRICE,
LOUIS TITUS,
Attorneys for Benjamin Schotland & Co., Importers, and the Vitrea Co. (Inc.).

SUPPLEMENTAL BRIEF OF THE VITREA CO. (INC.), NEW YORK CITY

The House Ways and Means Committee incorporated in paragraph 219 covering the proposed duty on window class, the proposed clause:

"*Provided* That none of the foregoing shall be subject to a less rate of duty than 50 per cent ad valorem."

The testimony presented before the Senate committee showed clearly that the application of this ad valorem clause would, in many instances, cause an additional increase over the specific duty, and works against the interests of the American consumer. We understand that a compromise has been suggested to amend this clause as follows:

"*Provided,* That none of the foregoing weighing more then 2 pounds per square foot shall be subject to a less rate of duty than 50 per cent ad valorem."

Such a proviso would eliminate the 50 per cent ad valorem clause for photo-glass, untra-violet ray glass, and ordinary window glass, as imported from Belgium, It would limit the operation of this clause to glass which is known in the trade as heavy drawn sheet glass, crystal sheet glass, or vitrea glass, all of which are imported almost entirely from Czechoslovakia.

According to page 4 of the report of the Tariff Commission, this glass represents a higher grade of sheet glass, possessing a more brilliant surface and a more uniform thickness. Only a very small amount of this particular glass is produced in the United States (page 5 of report of Tariff Commission). Practically none of this glass has been produced in Belgium. More than 90 per cent of the imports come from Czechoslovakia. (P. 22, Report of Tariff Commission.)

The witness for the domestic manufacturers testified before the Tariff Commission that the imported heavy drawn sheet glass does not represent a danger to the domestic industry as it has higher production costs than ordinary single and double strength window glass and sells at a comparatively higher price. (Pp. 85 and 88, Minutes before the Tariff Commission, Docket No. 68.)

Representatives of the users of so-called photo glass presented to the Senate committee very strong arguments against this clause providing for a not less than 50 per cent ad valorem duty. These same arguments apply with equal force to this heavy drawn sheet glass.

The preliminary statement of the Tariff Commission mentions that this heavy drawn sheet glass represents a higher and more expensive product than regular window glass, and when used for glazing, goes only into more expensive buildings; like hotels, big apartment houses, etc.

The imported heavy drawn sheet glass is now sold c. i. f. American seaport excluding duty. The 50 per cent ad valorem duty would be levied on the export value which is identical with the value c. i. f. American seaport. The establishment of the 50 per cent ad valorem duty would not affect all qualities of the imported heavy drawn sheet glass as on some of these qualities the present specific duty is equal to more than 50 per cent ad valorem. The 50 per cent ad valorem clause, nevertheless, would seriously affect the better qualities of this imported

heavy drawn sheet glass, which better qualities are practically not produced in this country, except in negligible quantities.

In order to show the effect that this 50 per cent ad valorem clause would have on the sales prices of the better qualities of this heavy sheet drawn glass, a statement showing the present selling prices of this glass, the present specific duty, and the effect which the proposed 50 per cent ad valorem duty would have n further increasing the present rates, is hereto annexed.

The majority of sales of this glass are made in the 3/16-inch thickness, second and third categories. These categories comprise glass used for automobile glazing and the quality in question is mostly used for this purpose.

The application of the 50 per cent ad valorem clause to glass weighing over 2 pounds per square foot represents a discrimination not only against the particular commodity of sheet glass, but also against one country, namely, Czechoslovakia. The proposed duty, if adopted, will increase the extraordinarily high duties proposed in the House bill, and this increase would result, notwithstanding the fact that production costs in Czechoslovakia are considerably higher than those in Belgium.

We therefore respectfully ask that the proposed 50 per cent ad valorem clause be entirely eliminated from paragraph 219 as it does not benefit the domestic manufacturers but places an additional burden on the shoulders of the consumers in this country. It has not been demanded by the domestic manufacturers and a similar clause was rejected in 1922 due to the fact that it was recognized to be of no benefit to domestic interests. We might also add that such a clause was not included in the proclamation of the President.

Respectfully submitted.

C. BASCOM SLEMP,
LOUIS TITUS,
Attorneys for Vitrea Co. of New York.

DISTRICT OF COLUMBIA, *ss:*

Louis Titus, being duly sworn, deposes and says that he is one of the attorneys for Vitrea Co. of New York on whose behalf the foregoing brief is filed; that he has read the foregoing brief and knows the contents thereof and verily believes the same to be true.

LOUIS TITUS.

Subscribed and sworn to before me this 5th day of July, 1929.

[SEAL] CHAS. W. PECKHAM,
Notary Public in and for the District of Columbia.

My commission expires October 22, 1932.

Present prices for vitrea glass, cut sizes, select quality

Thickness	Category	Price c. i. f. American seaport, exclusive of duty	Specific duty proclaimed on May 14, 1929	50 per cent ad valorem duty	Additional increase of duty
		Cents	*Cents*	*Cents*	*Per cent*
3/16 inch	Up to 144 square inches	10	4.88	5.00	2½
Do	Up to 2 feet 8 inches over 20 inches long.	16½	5.34	8.25	54½
Do	Up to 5 feet	17½	6.34	8.75	38
Do	Up to 6 feet	18	6.83	9.00	31¾
Do	Up to 8 feet 4 inches	18½	7.80	9.25	18½
Do	Up to 16 feet 8 inches	19¾	8.78	9.87	12½
Do	Over 16 feet 8 inches	21	9.75	10.50	7½
7/32 inch	Up to 144 square inches	10½	5.74	5.25	
Do	Up to 2 feet 8 inches over 20 inches long.	17	6.34	8.50	34
Do	Up to 5 feet	18	7.50	9.00	20
Do	Up to 6 feet	18½	8.03	9.25	15¼
Do	Up to 8 feet 4 inches	19½	9.18	9.75	6¾
Do	Up to 16 feet 8 inches	20½	10.33	10.38	
Do	Over 16 feet 8 inches	22½	11.48	11.25	
¼ inch	Up to 144 square inches	12½	6.56	6.25	
Do	Up to 2 feet 8 inches over 20 inches long.	19	7.25	9.50	31
Do	Up to 5 feet	20	8.50	10.00	17⅞
Do	Up to 6 feet	20½	9.19	10.25	11½
Do	Up to 8 feet 4 inches	22	10.50	11.00	4⅞
Do	Up to 16 feet 8 inches	23½	11.81	11.63	
Do	Over 16 feet 8 inches	25½	13.13	12.65	

Prices and duties figured on basis of 1 square foot.
Majority of sales in 3/16 inch thickness, categories 144 square inches to 2 feet 8 inches and 2 feet 8 inches to 5 feet.

STATEMENT OF PERCY H. JENNINGS, REPRESENTING THE VITA-GLASS CORPORATION, NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the Vitaglass Corporation?

Mr. JENNINGS. Yes. I am president of the company.

Senator EDGE. You are president of the Vitaglass Corporation?

Mr. JENNINGS. The Vitaglass Corporation is importing the glass that lets through the ultra-violet health rays of sunlight, the shortest rays.

Senator EDGE. Have you a brief?

Mr. JENNINGS. Yes, sir.

Senator EDGE. File that with the clerk.

Senator KING. Under what head does that come?

Mr. JENNINGS. It comes under sheet glass.

Senator EDGE. You are testifying, in other words, to the same paragraph, 219. Have you any additional testimony supplementary to this brief that you want to give the committee?

Mr. JENNINGS. No, sir. I would like to emphasize one or two points.

We are satisfied with the specific rates of duty. The thing that hits us is the 50 per cent ad valorem. This glass costs very considerably more than ordinary sheet glass to make.

Senator EDGE. In other words, you would not complain of the duty carried through the President's proclamation, or the increase, if that proviso were not in the bill?

Mr. JENNINGS. No, sir; or if it were fixed so that the proviso did not cover ultra-violet transmitting glass. The suggestion I would make would be that that might be put similarly to the way it is in the plate glass, paragraph 222, 50 per cent, to read:

Provided, That none of the foregoing weighing over two pounds per square foot shall be subject to a less rate of duty than 50 per centum ad valorem.

Senator KING. I do not see how that would help you.

Mr. JENNINGS. Ours is imported as regular single and double thick window glass. It is in those weights, and those come under 2 pounds to the square foot.

Senator REED. Your Vitaglass in this country sells at wholesale at about $2 a square foot, does it not?

Mr. JENNINGS. About $1.50. Those particulars are all in the last paper, back of the brief.

Senator EDGE. I think we have your story pretty well, unless there is something that the members of the committee want to interrogate you about. You have made a very helpful suggestion.

Mr. JENNINGS. The main reason for this, Senator, is that as it stands it constitutes a severe tax on health.

Senator BARKLEY. Does your amendment cover the situation of these other gentlemen who have been here?

Mr. JENNINGS. I think it does, as a matter of fact.

Senator EDGE. Partially, I would say.

Senator REED. Your batch is more expensive than the ordinary window-glass mixture, is it not?

Mr. JENNINGS. About five times. I have been told also that they get about half as much usable glass.

Senator REED. How long does this glass retain its beneficial qualities after exposure to the sunlight?

Mr. JENNINGS. After a chemical action, which takes place within the first few weeks, it stabilizes and stays put indefinitely.

Senator EDGE. There is absolutely no glass produced in this country that you can use?

Mr. JENNINGS. There are glasses, one produced by the American Window Glass Co., which is covered in the Bureau of Standards report. It does not transmit the ultra-violet way down to the end of the spectrum, and it does not transmit any substantial quantity.

Senator KING. Then it is not satisfactory.

Mr. JENNINGS. I do not like to put that in the record.

Senator KING. If it is satisfactory, why don't you use it?

Mr. JENNINGS. The Bureau of Standards report shows that it transmits one-half of 1 per cent of the rays at 3,000 and 20 Angström units.

Senator KING. If it were as satisfactory as the other you would use it, would you not, if you could get it at reasonable prices?

Mr. JENNINGS. It could be used if it were satisfactory.

Senator KING. I do not think you ought to be so tender that you can not state the facts.

Mr. JENNINGS. The Corning Glass Works have been making a glass called Corex, which is not made in commercial quantities or sizes, available for windows, and which, I have just been told within the last few days, they were not planning to make for anything except special uses. It is used for screens for arc lamps.

Senator KING. You said something about it being five times as costly. I did not quite understand you. You mentioned the cost. Do you mean to say the cost of the glass which you use is about five times as much as that of the ordinary sheet glass that we have in our windows?

Mr. JENNINGS. Yes.

Senator KING. And it comes under the same duty as sheet glass, does it?

Mr. JENNINGS. Yes. We have been paying the specific rates of duty.

Senator KING. What does that amount to, about 50 per cent?

Mr. JENNINGS. It amounts to about 5 cents per square foot.

Senator KING. Reduced to ad valorem, it would be what, approximately?

Mr. JENNINGS. It depends on how you figure it. Figured on our cost, it would be about 20 per cent.

Senator KING. You are not paying it so much on a particular linear unit as you are on the value.

Mr. JENNINGS. No, sir. It is paid at the specific rates of duty. For example, we import lights of the larger size, which we do, as a rule. We pay 3¼ cents a pound under the present law.

Senator EDGE. Under the bill, without the proviso?

Mr. JENNINGS. Yes.

Senator EDGE. Under the proviso you would pay how much? If it were a dollar a square foot, you would pay 25 cents.

Mr. JENNINGS. Anywhere from 25 cents to a dollar.

Senator EDGE. You would pay the difference between 3¼ and 25 cents?

Mr. JENNINGS. May I put in some amendment to that brief?

Senator EDGE. Of course. Amend it just exactly as you want it and then give the final copy to the reporter.

(Mr. Jennings submitted the following brief:)

BRIEF OF THE VITAGLASS CORPORATION

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

GENTLEMEN: This brief is presented by me on behalf of Vitaglass Corporation, New York, of which I am president. Vitaglass Corporation, formed in August 1926, is financed by American capital and owned over 99 per cent by United States citizens. It is the pioneer in the health window glass field in this country. It has the exclusive American rights on Vita glass, the health window glass, which transmits the vital ultraviolet health rays in sunlight shut out by ordinary window glass. There is a small band of the shortest ultraviolet rays in natural sunlight having wave lengths from 3,200 Angstrom units down to 2,900 or 3,000 Angstrom units generally regarded as the health part of natural sunlight. These are the rays referred to.

At present we are importing all our Vitz glass from England, where it was invented five years ago by Prof. F. E. Lamplough, M. A., Cambridge, and is being manufactured by Pilkington Bros. (Ltd.). We are engaged in an extensive selling and promotion campaign to build up the sales to an extent sufficient to justify its manufacture in this country by an economical machine unit.

We ask that the 50 per cent ad valorem clause in paragraph 219 of H. R. 2667 be either eliminated or changed so that it will not apply to Vita glass or similar ultraviolet transmitting glass. The elimination or alteration of this clause as suggested will leave it so that Vita glass will continue to come in under the specific rates of duty provided by section 219 and pay duties varying from 1⅞ cents to 3¾ cents per pound (about 2½ cents to 5 cents per square foot) instead of 25 cents to $1 per square foot (depending on the basis of assessment used) which it would have to pay under the 50 per cent ad valorem clause. We ask the elimination of this clause for Vita glass and similar special glasses for the following reasons:

1. The 50 per cent duty would represent a severe tax upon health through seriously limiting the use of this glass, particularly in hospitals, sanitoria, and schools.

2. We believe there is no other window glass of equal demonstrated health value and short ultraviolet ray transmitting qualities made on a commercial scale in this country. Therefore, there is nothing to protect by a high tariff.

3. This glass is of special value to increase plant, animal, and fowl growth on farms. Vitaglass Corporation has recently arranged to secure an off-grade (inferior appearance) Vita glass which, provided it is not taxed with this 50 per cent duty, can be sold for agricultural uses at considerably lower prices than we have to charge for Vita glass suitable in appearance for general glazing.

4. This 50 per cent duty if imposed now would seriously impair and impede a growing business and might indefinitely delay its development to the point where it can be set up as a home manufactured product.

With reference to the health value of Vita glass, it is perhaps sufficient to state that it is already used in some 500 hospitals, sanitoria, health institutions, and schools in various parts of this country and that it is vouched for by a continually increasing number of doctors and scientific authorities, based upon scientific tests and actual experiences in use. Attached is a memorandum marked "A", quoting summaries of some of these statements and tests and containing lists of some of the hospitals and schools using Vita glass.

With reference to the value of Vita glass for agricultural and horticultural uses, the inclosed memorandum marked "B" gives a summary of tests and experiences. It will be noted that, amoug other things, remarkable results have been obtained with Vita glass in securing normal healthy growth of chickens and better egg production in the winter months, and with the quicker and sturdier growth of garden plants and vegetables. Its effectiveness for larger animals has been demonstrated by experiences in the various zoos in this country and abroad where it is used.

With regard to point No. 2, we understand that the principal object of the present tariff is protection of domestic manufacture. There is only one glass commercially manufactured in this country which purports to have a vital health ultraviolet transmission. The measurements of the Bureau of Standards as published in their Circular Letter No. 235, January 14, 1928, page 3, paragraph 2

(memorandum C herewith), show this glass to have a transmission of one-half of 1 per cent of the ultraviolet rays of the wave length 3,020 Angström units. In any case the glass in question is sold to consumers at a price sufficiently lower than Vita glass, so that it does not appear to need protection. There is another American glass called Corex, dealt with in the same report which is made, not commercially, only in small lots and small-sized lights for special uses and not for window glazing. Our information is that there is no real prospect of the manufacturers putting this glass into commercial production in a form in which it will be generally available for windows.

With regard to point No. 4, the 50 per cent tariff would have to be added to our sales prices and would make the cost for Vita glass to users so burdensome as greatly to restrict its use and retard the growth of the business. This would mean a corresponding delay in reaching the point where Vita glass can be economically manufactured in this country. The 50 per cent tariff would probably also mean an immediate cutting down of our development and sales expenses and therefore materially reduce employment of American sales labor, advertising, etc.

We suggest that a simple way to accomplish the desired change in paragraph 219, without affecting general window glass interests, would be to make the 50 per cent ad valorem provision apply only to glass weighing over 2 pounds per square feet. (There is a precedent for such a limitation in par. 222 covering plate glass, where the 50 per cent ad valorem is made to apply only to glass over one-half inch in thickness.) This change lets Vita glass come in as before under the specific rates of duty, as Vita glass is made in weights the equivalent of single thick to double thick window glass.

Respectfully submitted.

VITAGLASS CORPORATION,
P. H. JENNINGS, *President*,

MEMORANDUM A

REGARDING HEALTH VALUE OF VITA GLASS

Tests run by the United States Army Medical Corps, the Walter Reed Hospital in Washington, using south light through Vita glass in one test and north light through Vita glass in another, were highly successful and demonstrated the efficacy of Vita glass. Animals were used as being more easily controlled than human beings, the rats being placed in two similar cages, one glazed with Vita glass and the other with ordinary glass. Both groups were then fed diets deficient in vitamin D, one which was prepared to produce rickets within a short time. The tests were run successively from December 1927 to July 1928.

We are quoting herewith from the summary of the sunlight test, which is as follows:

"1. Two groups of white rats of the same age were placed on the same deficient diet and confined in cages under the same daylight from December 12, 1927 to March 25, 1928. One group was confined under window glass, the other under a glass partially permeable to ultra-violet light, i. e., Vita glass. This difference in the light was the only difference in environment between the two groups.

"2. Marked rickets was produced in the control rats under window glass. Normal bone calcification was produced in the rats under the Vita glass. This is attributed to ultra-violet light passing through the Vita glass in sufficient amount to render an otherwise deficient diet adequate in vitamin D.

"3. After 100 days under these conditions the rats under Vita glass averaged 125 grams in weight, those under window glass 77 grams."

A portion of the summary of the same test run with sky shine, north light, as follows:

"1. Two groups of white rats of the same age were placed on the same diet deficient in vitamin D and confined in cages under the same light from the north sky from April 14, 1928 to July 23, 1928. One group was confined under window glass, the other group under a glass partially permeable to ultra-violet light, i. e., Vita glass. This difference in the light passing through the glass of the cages was the only difference in environment between the two groups.

"2. Marked rickets developed in the control rats under window glass. Normal bone calcification was produced in the rats under the Vita glass. This is attributed to ultra-violet light passing through the Vita glass in sufficient amount to compensate for the deficiency of the diet in vitamin D.

"3. After 100 days under these conditions the rats under Vita glass averaged 135 grams in weight, those under window glass 117 grams."

The results of these tests have been that the Walter Reed Hospital has now specified Vita glass for its new tuberculosis unit.

Doctors Dennett and Caldwell, of the Post-Graduate Hospital, New York City, have recently concluded a test which has been run on children over the last two years. The results have been excellent and will be published in the American Medical Association Journal under date of June 22, 1929.

Council on Physical Therapy, American Medical Association, in Boston, January and February, 1927, on chickens: The Vita glass chickens gained over twice as much in weight and were protected from rickets while all the control chickens had rickets. There was another control group kept under ordinary glass and given 15 minutes daily exposure to a mercury arc lamp. Results at the end of the period showed practically identical gains and immunity from rickets for Vita glass chickens and mercury arc lamp chickens.

From a letter from the head resident, Mrs. Clara D. Neligh, of the Neighborhood House of Social and Industrial Settlement, Washington: "We are delighted with the results of our use of Vita glass. In the first place, the attendance record of 45 children enrolled in the settlement kindergarten was increased by one-third over the record of a similar group the year before." And, again "One of the wonders of Vita glass to me is that the sun does not need to shine to make it beneficial, and the cloudy days are no longer inside days."

From a prominent Toledo, Ohio, physician: "The children under Vita glass tan beautifully and improvement in general condition was marked in all cases during last winter."

From a doctor attending the Manhattan Eye and Ear Hospital, New York City: "The best proof of its value I feel is the fact that the nurses invariably put any children who are not doing well in the ward out on the porch (glazed with Vita glass) and know that benefit comes quickly in most cases."

From the sister superintendent of the St. Joseph's Hospital, Philadelphia: "Our little premature infants and malnutrition babes have obtained new life and strength from the sunlight through those panes of glass. Daily one sees a difference in these little ones."

From a letter sent out by William Church Osborn, president of the New York Society for the Relief of the Ruptured and Crippled, New York City: "This may appeal to you as a suitable memorial gift plan, and it surely would be most appropriate to bring the sun's life-giving energy unfiltered into a much needed Vita glass solarium on the roof and also to build a suitable swimming pool, both recommended by the entire medical staff to strengthen little weak and crippled limbs."

From the principal of an Ohio public school: "In comparing our record of attendance with last year, it gives us a gain this year of 20 days over 1927 for the first semester. Fifth grade: Absences, 63, 1927; 43, 1928. This is a greater gain than mere figures show, for we went through an epidemic of "flu" this year. Only two cases of "flu" were reported from this room, which was the lowest of any room in the building. Some rooms were hit as hard as 40 per cent in a single day."

From a letter describing conditions in the New England Peabody Home for Crippled Children, Newton Center, Mass.: "These statistics show that a certain number of sick and ailing children were divided into three groups of about 20 children each. One group was exposed to the direct sunshine outdoors, as much as weather conditions permitted. A second group was exposed to regular frequent treatments under the mercury arc vapor lamp. A third group was confined to sun porches glazed with Vita glass, and during the several weeks of experiment were not permitted outdoors. The Vita glass group showed greater gain through the period of observation than did either of the other groups." This institution has placed three consecutive orders, which demonstrates the fact that in their opinion Vita glass has been of assistance in helping their crippled children.

The subcommittee of the housing, zoning, and distribution of population in New York City, made up of New York's most prominent men, reported in regard to ultra-violet ray glass in their report of 1928 as follows:

"With the astounding discoveries that have been made in recent years as to the beneficial effects of the so-called ultra-violet rays of the sun, and the knowledge that ordinary window glass shuts out these beneficent rays from people's homes, the whole subject of light has become revolutionized. As one writer puts it, a ray of light travels 93,000,000 miles to reach us from the sun. Then, when it comes here we deliberately throw away and exclude its most valuable qualities. It seems a rather foolish proceeding.

"Were the producers of milk to attempt to skim off the health-giving qualities of that product and sell the residue to the consumers in this State, the legislature would rightly enact laws prohibiting such a practice—in fact, they have enacted such laws and do prohibit this practice. We think the time has come when the legislature should similarly prohibit the practice of skimming off the beneficial qualities of the rays of light and stop builders from erecting houses in which these beneficial rays are excluded from the places in which people live."

Dr. Walter H. Eddy, professor of physiological chemistry at Columbia University, has run a series of tests with Vita glass, January to March, 1928, and again in February and March, 1929, and the results show that exposure of animals to the sun's ultra-violet light through Vita glass was sufficient to protect them completely against rickets, although fed a diet which was prepared to give them this disease and even though the exposure was reduced to three and four hours per day. These tests, it should be noted, were made with winter sunlight in a large, smoky city.

It is here worthy of note that although hospitals and schools are notoriously poor in funds, we have glazed all or in part well over 500 such institutions with Vita glass, and this has been done only after careful and thorough investigation. We are attaching hereto a partial list of these and also a list of schools which have used Vita glass to advantage.

VITAGLASS CORPORATION,
P. H. JENNINGS, *President.*

MEMORANDUM B

AGRICULTURAL EXPERIENCES WITH VITA GLASS

Several scientifically conducted tests reveal the efficiency of Vita glass, particularly for poultry. Notably among these is the test conducted under the auspices of the council on physical therapy of the American Medical Association. This test was made at a laboratory near Boston from January 5 to February 12, 1927.

A number of groups of chickens were used, among them one group under Vita glass and another group confined under ordinary window glass as a control. Both of these groups were kept on a rickets-inducing diet. The increase in weight and growth under these conditions is probably one of the greatest determining factors. The table below gives the results in terms of weight:

	Ordinary window glass, average weight	Vita glass, average weight
	Grams	*Grams*
Jan. 5	79	82
Feb. 12	189.2	324.3

From Table 4 of the copy of this test as printed in the Journal of the American Medical Association, May 14, 1927, it will be noted that 5 out of 7 chickens in the ordinary glass group developed rickets and the other 2 showed traces. On the other hand, not one of the 14 chickens in the Vita glass group showed definite rickets. Two under X-ray diagnosis revealed a slight trace.

From other controls used in this test the results appear to justify the contention that Vita glass was as effective as 15 minutes daily radiation with a special ultra-violet ray lamp. The foregoing test shows that Vita glass will enable chickens to maintain normal growth even while on a diet deficient in green foods and other elements containing vitamin D.

In Poultry Science for February-March, 1929, Raymond J. Miller and R. Adams Dutcher, department of agricultural and biological chemistry, and H. C. Knandel, department of poultry husbandry, the Pennsylvania State College, published a paper on Nutritional Leg Weakness in Poultry. In the summary of this test they show that sunlight through Vita glass produces results in growth response and skeletal development comparable with those obtained with Newfoundland and Norweigian cod liver oils, thus revealing that sunlight through Vita glass compensates for certain vitamin deficiencies in the diet of poultry.

Other experiments made under less scientific conditions by laymen follow:

In one case over a period of five months in which chickens were kept indoors on board floors in a house glazed with Vita glass it was shown that they were never sick and displayed no sign of leg weakness.

In another case 1,500 chickens were hatched out in a brooder fitted with Vita glass and there was not a single case of leg weakness in the entire lot.

A test was conducted with 50 Rhode Island reds. They were not permitted to leave the brooder until 1 month old. In four months they weighed 6 pounds and at the end of 168 days were all in full lay.

Another test showed that chickens in houses glazed with Vita glass were much further advanced in growth and weight than those bred in houses glazed with common glass. These same chickens preferred plain food to medical substitutes. Thus, they demonstrated an economy in feeding plus even greater gain and quicker and larger growth.

A. T. Hingston, from the Poultry Farmer, stated: "I hatched out 4,000 chickens and I am convinced that they profited enormously by Vita glass. They were healthy, strong, more vigorous, very large for their age, and the mortality was very small."

A special point with reference to the use of Vita glass in the increase of egg production and profit for the farmer is the added nutrition of vitamin content for the public consuming these eggs. Prof. James E. Rice, of Cornell University's poultry staff, has referred to eggs as "Sealed sunshine." Miss Cora Cooke, poultry specialist of the Minnesota College of Agriculture, in commenting on this quality in eggs states: "If hens are to store up sunshine and the mysterious vitamin D in their eggs they must live under generally healthful conditions and spend much of the time in the sun."

HORTICULTURAL RESULTS WITH VITA GLASS

The Massachusetts Agricultural Experimental Station for the Commonwealth of Massachusetts has tested Vita glass and the following is quoted from their report, dated January 2, 1929: "Radishes planted March 2 and harvested April 9 under Vita glass and compared with a similar harvest grown under ordinary glass showed the following results: 42 plants under Vita glass, total weight, 263 grams; 56 plants under ordinary glass, total weight, 206 grams; average weight per plant under Vita glass, 6.27 grams; average weight per plant under ordinary glass, 3.71 grams."

The report continues: "On April, 1928, 38 days from seeding, the lettuce plants were fully 100 per cent larger than those under ordinary glass. The average weight of the three largest plants under Vita glass, as compared to the three largest plants under ordinary glass, is 584 grams, as compared to 332 grams. In both cases Vita glass gave almost 100 per cent greater growth in the same length of time.

The Parke, Davis & Co., of Detroit, Mich., under date of October 4, 1928, advise that "in a series of tests upon two groups (160 plants) of digitalis purpurea, it was found that plants exposed to the ultra-violet rays (under Vita glass) during development of seedlings exceeded the controls (under common glass) in growth and in potency of tinctures, after later culture under ordinary garden conditions."

In a letter from Fred W. Smith, superintendent of Irenee DuPont Greenhouses, Granogue, Del., states: "In summarizing the results thus far obtained from the use of Vita glass and experiments made with the same, using as a comparison the ordinary plate window glass, I find it quickens the germination of seeds, induces a stronger growth of plants, making large plants with a greater root action."

It is obvious that truck farmers utilizing greenhouses to produce early lettuce, radishes, cucumbers, strawberries, etc., for the consuming public also have the vitamin content contributed by sunlight as a factor in their sale. Where ordinary glass is used this vitamin content would naturally be of doubtful value, due to the fact that common glass excludes all of the vital or activating rays lower than 3,200 Angström units.

Vita glass in its application to farm uses is not necessarily confined to hot sash, cold frame greenhouses and poultry houses, but has a bearing also on the health of other stock, such as horses and hogs, and there is no question but what the farmer who specializes in hog raising, particularly in the latitude of Iowa, could effect additional profits through the use of Vita glass in housing his hogs during the winter. A recent test in which a lamp was used shows that through the use of ultra-violet rays it was determined that the food intake (amount of corn and

tankage necessary) was reduced by 45 pounds for a gain of a hundred pounds in hog growth. The pigs also grew faster, and the less food required more than paid the additional cost of providing them with the ultraviolet rays. It is a well-known fact that hogs are particularly prone to rickets.

Vita glass has been installed in the stables of Mrs. John Hertz, owner of Reigh Count, who has won several notable victories.

It is also used in the stables of the Bradley Idle Hour stock farm as a precautionary measure for the health of the animals during the winter season. Ward Acres, a farm in Westchester, N. Y., utilizes Vita glass in the cattle barns and have reported that since its introduction they have not lost a single calf in the barns.

Superintendent Veevers, of the London Zoo, stated that prior to the use of Vita glass in their lion house they lost from 10 to 20 valuable animals yearly. Since its use they have not lost a single animal and have extended its use to the monkey and snake houses.

It is now in use in the Bronx Zoo for lions and monkeys. It is also in use in the Cincinnati Zoo. Supt. Sol Stephen states that the chimpanzee is one of the most difficult animals to rear in this climate, and that seldom has such an animal lived longer than eight months behind ordinary window glass. Two years ago Vita glass was installed and not an animal has been lost since. Commenting on this, Colonel Stephen said: "If the zoo funds allowed, I would have all the windows in all the animal houses equipped with this glass."

Vita glass is now in the Zoological Park in Washington in the gorillas' quarters. Similarly, Vita glass is used in the Lincoln Park Zoo of Chicago, and a recent letter from Alfred E. Parker, director of Lincoln Park Zoo, states: "I must say it has been a wonderful success, keeping the coats of the animals in good condition and the animals free from colds; they are very active at all times, which is no doubt due to effects of the Vita glass. I hope to install the glass in the bird houses in the near future."

Vita glass offers the farmer a proven means of utilizing the powers of natural light to improve his stock and increase his profits.

VITAGLASS CORPORATION,
P. H. JENNINGS, *President.*

MEMORANDUM C

THE ULTRAVIOLET TRANSMISSION OF VARIOUS NEW GLASSES AND WINDOW GLASS SUBSTITUTES AS COMPARED WITH THAT OF COMMON WINDOW GLASS

DEPARTMENT OF COMMERCE,
BUREAU OF STANDARDS,
Washington, January 14, 1928.

This letter circular is issued in response to numerous inquiries for information on the transmissive properties of new glasses and organic substitutes for window glass for use in solariums, sun parlors, schools, homes, office buildings, animal houses, and greenhouses.

The visible rays of light are comprised between the approximate wave lengths of 760 mu in the red and 400 mu in the violet. Wave lengths longer than 760 mu are called infrared and those shorter than 400 mu ultra-violet. Though the average eye is not sensitive to wave lengths shorter than 400 mu, such rays actually exist in the light of the sun, extending down to a wave length a little more or a little less than 300 mu, depending on the time of day, season of year, latitude, and clearness of atmosphere.

Since ordinary window glass shuts out the ultra-violet rays below about 310 mu, much attention has been given of late to the production of special glasses, transparent to the shortest wave lengths which the atmosphere permits the sun to furnish us. This letter circular gives the results of ultra-violet transmission tests which have been made at the Bureau of Standards upon a number of such special glasses and common window glass.

TOTAL TRANSMISSION OF VARIOUS GLASSES FOR THOSE ULTRA-VIOLET SOLAR TO WHICH COMMON WINDOW GLASS IS OPAQUE

Using a filter method, direct measurements with sunlight as source have been made during the noon hours of especially clear days from April to December, 1927.

These measurements covered the solar spectral region to which common window glass is opaque (below about 310 mu). Table 1 gives for that region the total transmission found for the following specimens:

TABLE 1.—*Total transmissions of various glasses, when new, for the ultra-violet solar rays to which common window glass is opaque*

Trade name:	Per cent
Fused quartz	92
Corex	92
Helioglass (Vioray [1])	50
Vita glass	50
Cel-o-Glass [2]	20
Quartz-Lite	5
Flexoglass [3]	1
Common window glass	0-5

SPECIAL TRANSMISSION OF VARIOUS GLASSES FOR THE ULTRA-VIOLET RAYS

A second and more reliable method of measuring the relative transparency of a specimen of glass to ultra-violet light is to determine its spectral transmission curve, wave length by wave length. Curves of this description are shown in the accompanying illustration. These curves were obtained by means of an artificial source of light (quartz mercury arc) giving a line spectrum richer in ultra-violet than the solar spectrum.

By means of these spectral transmission curves an estimate of the relative transmissions of the various specimens for rays shut by common window glass, may be obtained by reading from the curves the values of the transmission at 302 mu—the wave length of an intense mercury line, of convenient value for making such tests. Table 2 gives transmission values for this wave length. These are our most recent findings for new specimens.

TABLE 2.—*Per cent transmission of various glasses at 302 mu when new*

Trade name	Number of samples tested	Average thickness	Average per cent transmission at 302 mu
		Mm.	
Fused quartz	1	4.7	92
Corex	4	2.8	89
Helioglass	15	2.3	56
Vita glass	15	2.5	44
Cel-o-glass	5	1.1	30
Quartz-Lite	16	1.9	.5
Common window glass	14	3.3	.0

[1] About.

SOLARIZATION

Helioglass, Vita glass, and Cel-o-glass have been found to decrease in transmission at 302 mu and neighboring wave lengths (295 to 310 mu) by exposure to ultra-violet radiation from the sun, quartz mercury arc and carbon arc. The rate of change is much more rapid with the arc than with the sun and varies also with the different glasses.

Vita glass has been on the market the longest, hence concerning this glass we are able to give the most information on solarization. A sample which had been in a hospital window in Rhode Island for a year was found to have a transmission of 25 per cent at 302 mu (for thickness, 2.3 mm.). Further exposure to the quartz mercury arc reduced the transmission but little, showing that solarization was complete.

Exposure in Washington of a sample (t=2.35 mm.) of Vita glass directly to the sun for 123 hours (between 9 a. m. and 3 p. m. during June, July, and August) decreased the transmission from 47 to 35 per cent. Our tests show that the

[1] Vioray is the foreign trade name for Helioglass.
[2] This consists of a fine wire screen whose interstices are covered with cellulose acetate.
[3] This is a loosely woven fabric usually covered with paraffin.

greatest decrease in transmission occurs during the first few weeks of exposure. The average transmission of Vita glass at 302 mu after complete degeneration by the mercury arc is about 25 per cent for a thickness of 2.3 mm.

Helioglass has not been on the market for a sufficient length of time to obtain a complete solarization test. Two samples each of Helioglass and Vita glass, exposed simultaneously to the sun in October to December, were found to have decreased in transmission at about the same rate. The average transmission of Helioglass at 302 mu, after complete degeneration by the mercury arc is about 30 per cent for a thickness of 2.3 mm.

Corex glass appears to undergo no appreciable change in transmission when exposed to solar radiation. For example, a sample of cathedral finish Corex which had been in a greenhouse roof in New York for 14 months was found to have, as nearly as could be measured on that kind of surface, the same transmission as a new sample. It was then polished plane and found to have a transmission of 89.5 per cent at 302 mu, while the average transmission for new samples as given in Table 2 is 89.

On the other hand, exposure to a quartz mercury arc causes a very marked decrease in the transmission.

Cel-o-glass (cellulose acetate) becomes opaque at 302 mu and shorter wave lengths, after 25 hours exposure to the quartz mercury arc. A sample that was exposed to the sun for 400 hours during the months of April to October decreased but little in transparency at 302 mu. On the other hand, samples that transmitted 30 per cent at 302 mu, when new, transmitted only 5 to 10 per cent at this wave length after being exposed on the side of a building continuously day and night for eight months, April to December, showing that the change in transparency may be owing to the varying conditions of the weather.

Quartz-Lite is not appreciably affected by sunlight. Exposure to the quartz mercury arc decreases its transmission slightly (measured at 313 mu).

Common window glass is also slightly decreased in transmission by exposure to the quartz mercury arc but changes inappreciably in sunlight.

The thinner the glass the greater in general will be its transparency to ultra-violet rays. Considerations of strength, however, set a limit to an indefinite reduction in thickness. Commercial samples have been submitted for test with a thickness of less than 1mm. (one twenty-fifth inch). In installing such glass, attention should be given to the proper size of sash to meet safety requirements.

MEMORANDUM D

REGARDING VITA GLASS SALES, PRICES, ETC.

Vitaglass Corporation started active business in September, 1926, and its sales have been as follows, in round figures:

	Square feet
September to December, 1926	9,000
Year 1927	181,000
Year 1928	320,000

It is distributed through selected glass jobbers, members of the National Glass Distributors Association, whose efforts are backed up by promotion men of the Vitaglass Corporation and by our advertising, mail propaganda, etc.

Vitaglass Corporation sells sheet Vita glass to selected jobbers in stock sheets approximately 40 by 50 inches, at 75 cents to 80 cents per square foot, depending on quantity purchased. The jobbers recut and sell to their trade at $1.13 and $1.20, depending on the size of the lights. The trade sells the consumers at $1.40 and $1.50, respectively, for lights under and over 5 square feet in area. There are discounts for quantity orders which bring the price down to about $1.10 for the consumer on large installations.

The price of Vita glass may appear high in comparison with that of ordinary glass, but the mix, or batch, used in Vita glass is much more expensive than that for ordinary glass. The process of manufacture is difficult and the yield of good usable glass is small. In addition, the cost of educational work necessary to introduce the idea and the article is so high that it would be impossible for the Vitaglass Corporation to make lower prices at this time and exist. Due to the fact that the manufacture of glass, in order to be done on an economical basis of cost, must be carried on in furnaces which are continuous in operation and can not be shut down and started up again except at heavy cost, it is necessary

to have a definite volume of sales and production before it can be produced economically. Since the volume of business in this country to date has not been large and since the sale of Vita glass in England is just now developing into some volume, it has been necessary to pool the sales of two countries in order to secure sufficient operation in England to accomplish the manufacture of this valuable health glass economically. Manufacture in this country by Vitaglass Corporation at this time would not be economical and can not be until sales have developed to a point to absorb the production of a continuous tank with at least one or two Fourcault machines. It is, however, the express intention of the Vitaglass Corporation to manufacture this glass in this country as soon as its volume of sales increases sufficiently to make an economical operation possible.

VITAGLASS CORPORATION,
P. H. JENNINGS, *President*.

PHOTO GLASS

[Par. 219]

STATEMENT OF G. A. CRAMER, REPRESENTING THE CRAMER DRY PLATE CO., ST. LOUIS, MO.

Senator EDGE. You are before the committee to discuss paragraph 219?

Mr. CRAMER. Yes, sir.

Senator EDGE. Did you appear before the House committee?

Mr. CRAMER. No, sir. I would like to file a brief now, Senator, and the testimony is supplemental to the brief.

Senator EDGE. File the brief, and then, if you will confine yourself to any information that is not contained in the brief, we will appreciate it.

Mr. CRAMER. Yes, sir.

Senator KING. What is the name of your company?

Mr. CRAMER. G. Cramer Dry Plate Co. We make photographic dry plates.

I am here to testify regarding photoglass, paragraph 219, which is classified in the tariff as sheet glass. We use this sheet glass for the purpose of making photographic dry plates in sizes ranging from about 28 square inches to 960 square inches, but the bulk of our business, or a very large percentage of it—probably 80 per cent—is in sizes less than 150 square inches. We have been importing practically all this glass—I may say 97 per cent of it—because we can not get a satisfactory quality in the United States. In fact, no photoglass has been made here for 5 or 6 or 7 years, that I know of.

Senator KING. You import how much, do you say?

Mr. CRAMER. You mean the entire industry, Senator?

Senator KING. No; this photoglass.

Mr. CRAMER. We import sheet glass for the purpose of making photographic dry plates.

Senator KING. What proportion do you import of that?

Mr. CRAMER. About 97 per cent. Here and there we use a little American glass, when we have to, in the larger sizes. It is easier to make in the larger sizes than in the small. As I say, we must use imported glass because of its quality. There has not been any made here that I know of for five or six or seven years. During the war two companies made it. One discontinued shortly and the other made it throughout the war and for about two or three years thereafter, but the quality was by no means the equal of the imported.

In fact, our reject was about five times greater than when we use the imported.

Senator EDGE. You are speaking of the time during the war and immediately after the war. You heard the previous witness suggest that they have expended in the neighborhood of $1,000,000 to put in the necessary machinery to make what was stated to be comparable to the Belgian product.

Mr. CRAMER. Yes.

Senator EDGE. Have you seen it recently, or have you tried it recently?

Mr. CRAMER. No. He is referring to the plant they put in?

Senator EDGE. Yes.

Mr. CRAMER. I am getting right to that.

Senator EDGE. Rejuvenating the plant and getting it ready for further production.

Mr. CRAMER. That is the very next point I have noted.

About three months ago this same company announced that they were ready to resume the manufacture of photoglass, and they sent us samples, a small lot—I don't recall whether it was 5, 10, or 20 foot boxes; something like that. We examined that glass and found about 30 or 40 per cent of that absolutely unfit for photographic purposes. That is the new glass you are talking about.

Senator EDGE. That is what I was talking about.

Mr. CRAMER. Some days before I left on this trip, their representative came down to see me and said they would like to make another trial for the business. In order to encourage, I gave him an order for a carload of this new glass, which has not as yet come in. But I reserved the right to return it if it was not satisfactory. In all good faith, I say to you that I have little or no hope that it will be satisfactory. I base that on previous experience.

Senator EDGE. Why can we not make it in this country? It is very interesting.

Mr. CRAMER. Senator, would it be agreeable if I finished first, or shall I answer your question?

Senator EDGE. I will not interrupt.

Mr. CRAMER. I will gladly answer it at this time if you want me to, but I will come to that.

If you will compare the rates in paragraph 219, the specific rates, with the rates in the bill of 1922, you will find that these specific rates provide for an increase of 50 per cent. But go further, please, into the proviso, which says that in every case the duty shall be at least 50 per cent ad valorem. That means on all glass we buy. That would increase the rate 90 or 100 per cent, or possibly more; not 50 per cent, but 90 per cent, or 100 per cent, or possibly more. So far as we are concerned, the specific rates might as well have been left out of the bill. All the glass we buy would be subject to your 50 per cent ad valorem.

Senator KING. Plus the specific?

Mr. CRAMER. No; as a substitute. If the specific does not amount to 50 per cent ad valorem, then the ad valorem shall apply.

Senator EDGE. That, of course, is not in the presidential proclamation.

Mr. CRAMER. No. That would be a very serious matter for us, because we could pass that advance on to our customers, even if we

wanted to, because we are in competition with celluloid films made chiefly by the Eastman Kodak Co., and I imagine that is why they are not here to testify. That is my own supposition, because thay are not interested so much in glass as they are in celluloid. They are trying to substitute films for plates wherever they can.

Senator KING. And that is a real competition, is it?

Mr. CRAMER. Oh, yes, indeed; a very serious competition.

Senator KING. So that if your prices are increased, you could not meet the celluloid competition?

Mr. CRAMER. That is it exactly, Senator.

Now, we must have the foreign glass, and we hope you are not going to make it impossible for us to get it. What we would like to have you do would be, if it would be possible at all, to separate the photo glass from the sheet glass. If you leave the photo glass in with the sheet, and continue with this ad valorem proviso that you have in mind, you are going to make it just about impossible for us to conduct our business successfully. At least we question very much whether we can prosper.

Senator REED. Can you get along under the specifics?

Mr. CRAMER. It would be making the best of a bad bargain, and really, if the glass is not made here, Senator, I do not see that it is necessary. But we could do that, Senator, to be fair.

Senator EDGE. It might be a question of the same old fundamental principle of encouraging an infant industry. Apparently this particular thing they have not succeeded in producing yet.

Mr. CRAMER. Senator, if you were running a business, you would hate to have to do it on future possibilities, would you not?

Senator EDGE. Yes. I would like to get this correct. You think this paragraph could meet your necessities by segregating the photo glass, taking it out entirely, and treating it separately, with the specific duty alone?

Mr. CRAMER. That would be ideal.

Senator EDGE. But without the proviso for the 50 per cent ad valorem.

Mr. CRAMER. Yes.

Senator KING. What specific?

Senator EDGE. The existing specific.

Mr. CRAMER. Just a specific; and I question whether it ought to be as high as it is in the House bill.

Senator KING. What is the specific in the House bill on this?

Mr. CRAMER. The specific rates were increased 50 per cent over the old.

Senator BARKLEY. Is sheet glass suitable for photographic plates so distinct in kind that you can separate it in the importations?

Mr. CRAMER. Senator, that is a question. We had this same matter up with Senator Smoot when we testified in 1922, and he seemed to think it could not be done, but I do not see why it should not be done. If you had a paragraph in there specifying sheet glass when used for the purpose of manufacturing photographic dry plates, or something to that effect, it seems to me that would solve it.

Senator EDGE. Will you submit to the reporter——

Senator REED. We have to levy our duties on the character of the glass at the moment of import. It is not practicable to trace it to the point of ultimate manufacture.

Mr. CRAMER. That may be. You see, I am not familiar with that. Perhaps that is what Senator Smoot had in mind.

Senator BARKLEY. This sheet glass is all more or less alike when it comes in. A certain part of it may be used for photographic plates, but there is no way to segregate that, is there, in a shipment of glass into the United States? It might all be used for photographic plates if the demand were sufficient.

Mr. CRAMER. No, Senator. It would have to be of very high grade, and selected. We could not use ordinary window glass for the manufacture of photographic dry plates.

Senator KING. It is easily distinguished, is it not, from ordinary window glass?

Mr. CRAMER. Let me say this. If you look over a lot of window glass, you may find one or two or three or four lights that might be all right for photo dry plate purposes, but the percentage would be very small.

Senator EDGE. It must be different, or you would not testify that you can not get it from the American producer.

Mr. CRAMER. Let me tell you why, Senator. Our demands are quite exacting. For one thing, the glass has to have as little curvature as possible, because, if it has not, we can not spread it with a thin film of emulsion. If it is wedge shaped, or thinner on one edge than on the other, that same thing applies. Then the photographer gets negatives of different density. If it has little mechanical defects, such as blisters or scratches, that makes retouching necessary after the photographer makes his negative. If those defects happen to come right in the eye, that can not be done, and that entire negative is ruined.

Here is one respect in which the Americans have fallen down. We must have it cut very accurately in squares, or, as we call it, rectangular, because, if it is not, it will not fit the plate holders used by the photographers. If a sheet of glass is a little too thick, or too long, or too wide, it will not go into the plate holder. If it is too short, it falls out just as the exposure is being made, or tilts forward.

Senator KING. How would you distinguish it, in a bill, from the ordinary window glass—because what Senator Reed said is quite true.

Mr. CRAMER. If what Senator Reed says is true—and I have no doubt he knows what he is talking about—then I would not know how to distinguish it.

Senator REED. You could not distinguish it merely by thinness, could you?

Mr. CRAMER. No.

Senator REED. Take the glass in those bookcases [indicating]. That is window glass.

Mr. CRAMER. Yes.

Senator REED. Some of those lights, as you look at them, from here, appear to be very irregular.

Mr. CRAMER. Yes.

Senator REED. One or two others are pretty good, and might be used for your purposes?

Mr. CRAMER. Yes.

Senator REED. That is very thin glass.

Mr. CRAMER. Yes.

Senator REED. You could not distinguish that by any type of description that we could put in a bill, could you?

Mr. CRAMER. No; I do not think so. Of course, the bulk of our business is in glass running from 15 to 17 ounces per inch. Window glass is heavier than th t. I do not know whether that would solve it or not.

Senator EDGE. Following all this, if I understand correctly, you take the position that the American producers can not produce a glass sufficiently perfect, that is, void of these waves and other defects you speak of, for your purposes, is that correct?

Mr. CRAMER. Practically the answer to that is yes. I want to qualify that, and be fair, by stating that we did use it during the war, but our reject was very much greater.

Senator EDGE. I am trying to find out whether you can use or not; or whether it is just a desire to get glass at a cheaper price, which is not a crime at all.

Mr. CRAMER. I understand. If we did use it our cost of production would go up considerably. There would be five times as many rejects.

Senator EDGE. I would like to get a yes or no answer from you, as to whether you could satisfactorily use the American product.

Mr. CRAMER. A certain percentage of it, and the rest we would have to reject.

Senator BARKLEY. Then it would not be satisfactory, would it?

Mr. CRAMER. No, sir; it would not. We are strictly up against it. This 50 per cent ad valorem is going to be a very vital matter with us.

Senator BARKLEY. How do you figure that 50 per cent ad valorem will amount to 90 or 100 per cent?

Mr. CRAMER. Because, Senator, we pay more for photoglass than the window glass sells for. For instance, we buy in 100-foot boxes, but if you would prefer the comparison in 50-foot boxes, I will give you the equivalent. We pay $3.80 or $4, or along in there, for a 100-foot box, f. o. b. Antwerp; 50 per cent of that would make your duty $1.90, or $2, whereas we have been paying $1 net on a specific rate in the old bill of 1¼ cents a pound.

Senator BARKLEY. That would depend on the price, though, would it not?

Mr. CRAMER. Yes. That is the danger. If the price went up, our duty would go up with it.

Senator REED. The ad valorem begins to bite on the higher priced glass.

Mr. CRAMER. Yes.

Senator REED. Your quarrel is not so much with what the President has done as with what the House committee has done in putting in this ad valorem proviso?

Mr. CRAMER. Yes.

Senator REED. I think we understand your point.

(Mr. Cramer submitted the following brief:)

BRIEF OF THE G. CRAMER DRY PLATE CO., ST. LOUIS, MO.

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN; Without any exception paragraph 219 of H.R. 2667 is the greatest menace we have had to contend with in our entire career, and if permitted to stand as now framed will very seriouly jeopardize the successful conduct of our business.

We refer in particular to that clause reading: "*Provided*, That none of the foregoing shall be subject to a less rate of duty than 50 per centum ad valorem."

If you will compare the specific rates which this same paragraph places upon cylinder, crown, and sheet glass with those now prevailing, you will find that very substantial increases in duty were provided thereby, but the 50 per cent ad valorem proviso nullifies all these and means that very much higher rates than even the proposed new specific duties will go into effect.

As an example, we now pay a duty of $1 per 100 foot box (net weight 80 pounds) on sheet glass not exceeding 150 square inches, and the proposed new specific rate of 1⅞ cents per pound would advance this to $1.50, but the proposed 50 per cent ad valorem would nullify the $1.50, and in place thereof would make the duty $1.90 to $2 or more, depending upon whether "ad valorem" is to be interpreted as meaning the cost at foreign port or laid down here. This calculation will work out in similar manner on all the other sizes; in fact, the larger the glass the greater the difference between the ad valorem and the specific duty will be.

Inasmuch as glass is our chief raw material, and we can not successfully raise the price of our dry plates because we are in competition with celluloid films manufactured principally by the Eastman Kodak Co. of Rochester, we think you will realize the seriousness of the situation we find ourselves in. Even the specific duties are increased to a figure greater than we believe necessary, but the 50 per cent ad valorem affects us most vitally.

In your consideration of this matter, please bear in mind that no glass of a quality high enough for our purpose is being manufactured in this country, and that which was manufactured here during the war, was not only exorbitant in cost, but of inferior quality.

Our glass, while called photo glass, is in reality a very high grade of, and specially selected window glass, and it comes under the classification of sheet glass in the tariff schedule.

We hope you can see your way clear, for the reasons stated herein, to eliminate the ad valorem clause entirely from paragraph 219.

Very truly yours,

G. CRAMER DRY PLATE CO.
G. A. CRAMER, *President.*
By O. W. HAMMER, *Vice President.*

Before me, Charles E. Alden, a notary public in and for the District of Columbia, appeared the above subscribers and stated that the above statements are correct to the best of their knowledge and belief.

[SEAL.] CHAS. E. ALDEN, *Notary Public.*

My commission expires October 13, 1932.

STATEMENT OF O. W. HAMMER, REPRESENTING THE HAMMER DRY PLATE CO., ST. LOUIS, MO.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. HAMMER. I am just going to take a few minutes. There are just two dry-plate factories that make exclusively photographic dry plates. They are both located in St. Louis. I do not know why—whether our ancestors migrated to St. Louis and got the idea of this business there or not, but we are in keen competition with the Eastman Kodak Co. on the celluloid plate. I had this matter up with

Senator Smoot in 1922, and I talked to him for two hours. I got to his office at 7.30 one morning, and we went over the entire matter. He told me that if we could distinguish between photo dry plate glass and sheet glass the question could be solved.

I took it up, then, with Senator Spencer, who was from our home city, and we drew an amendment. We found that would not do. At that time they had 35 per cent ad valorem in the House, and the Finance Committee of the Senate put on 50 per cent ad valorem. On the floor it was taken off, through the efforts of some Senator who realized and understood the proposition, and who argued it at some length and showed that it would be absolutely ruinous to our business were that to remain on as an ad valorem tax.

We do not like to subscribe to this proclamation of the President, in view of the window glass people, and we are not fighting them. If we could buy this glass in the United States we would buy it. We have to buy gelatin across the water, in Switzerland, and we pay a high duty on that. We are making no objection to that. We merely want to exist and continue the business started by our fathers.

I was going to say to the committee that in going through the Smithsonian Institution the other day I happened to see my father's picture and Mr. Cramer's picture under the title "Evolution of Photography." If you continue this 50 per cent duty, their pictures will merely remain there, and our business will be out.

Senator EDGE. Without giving away any trade secrets—don't answer me if you feel that it would—what is the approximate amount of this type of photo glass imported by the two concerns located in St. Louis?

Mr. HAMMER. About 70,000 boxes a year, for the two companies together.

Senator REED. Those are 100-foot boxes?

Mr. HAMMER. Fifty-foot.

Senator REED. You actually bring them in in 100-foot boxes?

Mr. HAMMER. They bring them in in 100-foot boxes, but we are figuring it on 50-foot now, because the bill says that.

Senator EDGE. That type of glass that you get costs you an average of what, in New York?

Mr. CRAMER. May I answer the question?

Senator EDGE. Yes.

Mr. CRAMER. We do not import by way of New York. We import by way of New Orleans.

Senator EDGE. What is the cost, then?

Mr. CRAMER. Landed?

Senator EDGE. What is the cost of the imported article?

Mr. CRAMER. About $5.60 or $5.70 per 100-foot box.

Senator EDGE. Including all transportation charges and duty?

Mr. CRAMER. On the lighter glass. Of course, as the size increases, it costs more. I am giving you the rate on the glass less than 150 square inches.

Senator EDGE. Then, it goes up proportionately.

Senator REED. Am I right in my recollection that the tariff bill of 1922 contained the provision that all this was to be imported in 50-foot boxes?

Mr. HAMMER. Yes.

Senator REED. Then the Treasury Department found that Congress did not mean it, although it had said it?

Mr. HAMMER. Something like that. I know we had the matter up with the Treasury Department at that time, and we drew a lot of papers.

Mr. CRAMER. It has always been that way, Senator, in all tariff bills. It never has been enforced.

Senator REED. It was put up squarely to the Treasury Department, and they held that although Congress said it, it did not mean what it said.

Mr. CRAMER. When the Americans make photographic glass they pack in 100-foot boxes.

Senator REED. This was not a reflection on you.

Mr. CRAMER. I understand; surely.

Senator EDGE. You just gave a figure of $5.70. What would the so-called photo glass produced by a domestic concern, comparable to the $5.70 product, in the smaller size, cost? What have they been quoting you?

Mr. CRAMER. They have not made any for six or seven years.

Senator EDGE. I thought you said they had quoted you.

Mr. CRAMER. This was merely a sample lot, and then some time later they took an order at that price.

Senator EDGE. At the same price?

Mr. CRAMER. Either $5.60 or somewhere in there.

Senator EDGE. In other words, it was the same price.

Mr. CRAMER. The same as the Belgian cost.

Mr. HAMMER. We told the agent for the American Window Glass Co., "If you can produce the glass, we are willing to buy this glass, plus the duty, tax, and all. We would rather buy it in America if we could get it."

Senator EDGE. The only reason you did not, you say, is on account of the question of quality, and not the price?

Mr. HAMMER. It is a question of quality altogether; the same as in the case of gelatin.

Senator KING. In view of the former statement of the competition that you are encountering from the celluloid process, if your price goes too high, would not the celluloid process get the business away from you?

Mr. HAMMER. Yes.

Senator KING. So, you are interested in the price?

Mr. HAMMER. Oh, yes. But I mean if they would make the same price as the Belgian prices.

POLLED GLASS

[Par. 221]

STATEMENT OF C. J. GUNDLACH, NEW YORK CITY, REPRESENTING THE MISSISSIPPI GLASS CO.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. GUNDLACH. Mr. Chairman and gentlemen, I am president of the Mississippi Glass Co.

Senator EDGE. You are appearing on rolled glass under paragraph 221?

Mr. GUNDLACH. Yes, sir.

Senator EDGE. Have you a brief?

Mr. GUNDLACH. I have a very short statement; no brief.

Senator EDGE. You prefer to make an oral statement?

Mr. GUNDLACH. Yes.

Senator EDGE. We will permit you to go ahead, to the end of your statement.

Mr. GUNDLACH. I appear on behalf of the eight manufacturers representing the rolled-glass and wire-glass industry in the United States: Advance Glass Co., Newark, Ohio; Blue Ridge Glass Corporation, Kingsport, Tenn.; Highland Western Glass Co., Washington, Pa.; Mississippi Glass Co., New York City; Mississippi Wire Glass Co., New York City; Pennsylvania Wire Glass Co., Philadelphia, Pa.; Sergeant Glass Co., Sergeant, Pa.; Southwestern Sheet Glass Co., Okmulgee, Okla.; and the Paul Wissmach Glass Co. (Inc.), Paden City, W. Va.

In our brief, and oral statement, we recommended a change from two brackets to a flat rate, regardless of size. Our product is rolled in large sheets and then cut down to the required size so that the smaller dimensions cost as much as the larger sizes. Therefore, we are not satisfied with the one-fourth cents per square foot advance on glass not exceeding 384 square inches. This really should be a flat rate, thereby eliminating an obsolete clause, as we can truthfully state that this is not ample in comparison with the costs in Europe, where they can produce this glass at much lower production costs and take advantage of this clause in the smaller sizes, due to the low rate of duty on the smaller sizes.

Our industry has much less protection than any of the other styles of glass, and we believe this would be backed up by the United States Tariff Commission, who have the data as to the average protection in the flat-glass industry. Therefore, in view of this, we trust that your committee can grant us a flat rate of 2 cents per square foot regardless of size.

Senator KING. You are getting 2 cents, are you not?

Mr. GUNDLACH. This is on the smaller glass. The next paragraph will explain it.

Senator KING. You are getting a 25 per cent increase on all above that, from 1½ to 2 cents. That is an increase of 25 per cent over the present rate.

Mr. GUNDLACH. That is on larger glass.

Senator KING. Over 385 square inches.

Mr. GUNDLACH. Yes. I am speaking of the smaller sizes.

All of our product is absolutely sold on a square-foot basis, covering paragraph 221, regardless of size, whether it is 12 inches square or 3 by 10 feet long. If, however, you still think there should be differential, we should get not less than 1½ cents per square foot on glass not exceeding 384 square inches, which would give us some benefit. Rolled glass is competitive with other flat glass. All we ask is to equalize the difference in conditions of competition in the principal market in the United States between a domestic article and like or similar competitive article imported from the principal competing country.

Senator KING. Let me see if I understand you. Where it says 1 cent per square foot, you want that raised to what?

Mr. GUNDLACH. One and one-half. We asked for a flat rate, Senator King, of 2 cents regardless of size, because there is no difference in our prices between 12 inches square and 36 by 120.

Senator REED. If we made it a flat rate of 1½ cents to apply to all sizes, how would that leave you?

Mr. GUNDLACH. That would give us much better results, of course.

Senator REED. It would give you better protection on the small sizes.

Mr. GUNDLACH. Yes. On all this glass coming in here, of course, we have reduced our prices in the last few years to keep out the import glass. Our glass today sells for 30 per cent less than it did some years ago.

Senator EDGE. You would prefer to have that flat rate rather than the quarter of a cent on one, and half a cent increase on the other, would you not?

Mr. GUNDLACH. Yes.

Senator KING. A flat rate of 1½ cents?

Mr. GUNDLACH. One and one-half cents for the small, and 2 over; or, of course, the 1½-cent flat rate would be of greater benefit to us.

Senator KING. On all?

Mr. GUNDLACH. Yes; because we do suffer on the small glass.

Senator REED. You would leave the duty on the large sizes just where it was under the act of 1922?

Mr. GUNDLACH. That is your pleasure, gentlemen.

Senator BARKLEY. That is not what he said. He wanted 2 cents, but he would take 1½ on all.

Mr. GUNDLACH. Two cents on the large sizes, Senator, and 1½ on the small, although we did ask for a flat rate of 2 cents.

Senator EDGE. Your statement does not go into the imports at all?

Mr. GUNDLACH. No. I state here that President Coolidge and President Hoover have given relief to the plate and window glass industry under the flexible tariff bill, which is effective at the present time; therefore, we would very strongly advocate the changes recommended by the manufacturers mentioned above.

Senator EDGE. Have you any record of the approximate amount of imports under this particular classification?

Mr. GUNDLACH. No, I have not.

Senator EDGE. Have they increased or decreased in the last few years?

Mr. GUNDLACH. We cut out prices down to meet the conditions, rather than have the glass come into this country.

Senator KING. Mr. Witness, your production increased from 13,000,000 plus in 1914 to 25,795,000 square feet in 1927.

Mr. GUNDLACH. Yes.

Senator KING. What was the increase from 1927 to 1928?

Mr. GUNDLACH. There was not much of an increase; about the same amount; about 60,000,000, I think, in 1927.

Senator KING. Twenty-five million.

Mr. GUNDLACH. I mean wire glass and rough rolled glass. There are two there, Senator. Wire glass comes in under the same schedule.

Senator KING. Rough plate glass was 3,000,000 square feet in 1927; and twenty-five million plus of rough wire glass.

Mr. GUNDLACH. Yes. That was rough.

Senator KING. You think there were 60,000,000 in 1928.

Mr. GUNDLACH. I want to correct you. That 3,000,000 is heavy rough glass. We do not make that. That is a half inch in thickness. The 25,000,000 you have there is wire, and then there is rolled glass in there.

Senator EDGE. You make the rough wire glass.

Mr. GUNDLACH. We do, Senator.

Senator EDGE. That is about 25,000,000. It has been practically the same thing for the past three years.

Mr. GUNDLACH. Yes. It is a new industry for fire protection.

Senator REED. Another suggestion, Mr. Gundlach——

Senator KING. Just a moment. The imports, I find, for instance, in 1923 were 1,822,000 square feet.

Mr. GUNDLACH. Yes.

Senator KING. In 1924, 2,359,000 square feet; in 1925, 1,047,000 square feet; in 1926, 1,562,000 square feet; in 1927, 921,000 square feet; and in 1928, 1,227,000 square feet.

Mr. GUNDLACH. Yes, sir.

Senator KING. So, the imports are insignificant, measured by the domestic production.

Mr. GUNDLACH. They are, because we have kept the prices down, Senator, to meet that condition.

Senator KING. Did you keep your prices down in 1923?

Mr. GUNDLACH. We certainly did.

Senator KING. You have made profits and lived, have you not?

Mr. GUNDLACH. Yes; we have.

Senator KING. Have you the balance sheet of the corporations that you are representing here?

Mr. GUNDLACH. No sir; I have not.

Senator KING. They have expanded, have they not, and increased their production?

Mr. GUNDLACH. They have increased their production; certainly.

Senator KING. And added to their plants?

Mr. GUNDLACH. Yes.

Senator King. And they have put back their profits into their business.

Mr. GUNDLACH. Some of them.

Senator KING. In some cases they have paid dividends.

Mr. GUNDLACH. Some have paid dividends, and some have not.

Senator KING. So that the competition has not prevented the increase in the business, and putting your profits back into your plants, and increasing your output.

Mr. GUNDLACH. Well, I can not answer for the others, but I know we have increased our capital, and we have also put some of it in there. We have had other lines on which we have made money and put it back into the glass business.

Senator KING. You have increased the capital of your company.

Mr. GUNDLACH. No.

Senator KING. At no time?

Mr. GUNDLACH. No, sir.

Senator KING. What is your capital?

Mr. GUNDLACH. $3,500,000.

Senator KING. Where is your plant?

Mr. GUNDLACH. Two in Pennsylvania, one in West Virginia, and one in St. Louis, Mo.

Senator KING. Was it organized at $3,500,000?
Mr. GUNDLACH. Yes.
Senator KING. All paid up?
Mr. GUNDLACH. Yes. It was $2,500,000, and we increased it some years back to $3,500,000.
Senator KING. By issuing bonds, or stock?
Mr. GUNDLCH. We issued stock.
Senator KING. Stock dividends?
Mr. GUNDLACH. No, sir. We never paid a stock dividend.
Senator KING. You have put some of your profits back?
Mr. GUNDLACH. Yes; we have, at times.
Senator KING. What dividend did you pay last year?
Mr. GUNDLACH. Last year we paid 8 per cent.
Senator KING. Any stock dividend?
Mr. GUNDLACH. No, sir.
Senator KING. That was cash?
Mr. GUNDLACH. Yes.
Senator KING. How much do you carry in your surplus and undivided profits account, for last year?
Mr. GUNDLACH. It was very small last year.
Senator KING. How much?
Mr. GUNDLACH. I could not answer offhand, because I have not those papers with me.
Senator KING. What do your books show that your present undivided profits are, and your surplus account, in the aggregate?
Mr. GUNDLACH. I could not answer that offhand, Senator.
Senator KING. How many millions, or hundreds of thousands?
Mr. GUNDLACH. I do not know exactly, because I do not want to make that statement unless I know positively.
Senator KING. You are the president of the company.
Mr. GUNDLACH. Yes; I am.
Senator KING. And have been with it for years.
Mr. GUNDLACH. Yes, sir; ever since I was a boy.
Senator KING. What were your dividends in 1927?
Mr. GUNDLACH. In 1927 they were very small. We took it out of surplus. We made very little money in 1927.
Senator KING. 1926?
Mr. GUNDLACH. 1926 was a little better; 1928 was just fair.
Senator KING. It was 8 per cent, you say.
Mr. GUNDLACH. We took some of it out of our surplus. We thought that the stockholders were entitled to dividends on their stock.
Senator EDGE. There does not seem to be any very serious competition from imports, as a matter of fact.
Mr. GUNDLACH. No; there is not, Senator, from the reports there.
Senator EDGE. Business is good.
Mr. GUNDLACH. As I say, we have held our prices down to a place where we tried to shut out the importations.
Senator EDGE. Imports are about——
Mr. GUNDLACH. Yes; but our prices used to be higher. Our prices to-day are 30 per cent less than they were 6 or 7 or 8 years ago.
Senator EDGE. Imports are about one half of 1 per cent.
Mr. GUNDLACH. Yes.

Senator REED. Mr. Gundlach, how thick does your product run on an average?

Mr. GUNDLACH. From one-eight to three-eights of an inch.

Senator REED. How many ounces to the square foot does that weigh?

Mr. GUNDLACH. The one-eighth weighs about 2 pounds to the square foot; the three-sixteenths about 3; and the quarter inch about 4.

Senator REED. If, then, we put on a specific duty per pound for this material, regardless of size, that would be fairer than to base the duty on the mere surface of it, would it not?

Mr. GUNDLACH. Yes. It is covered by that.

Senator EDGE. You mean it is covered in the existing bill?

Senator REED. What do you mean by "it is covered by that"?

Senator EDGE. We have the existing bill before us.

Senator REED. There is a proviso in the existing bill that if it weighs over 100 pounds per hundred feet——

Mr. GUNDLACH. Yes. I wanted to quote it to you:

> Not exceeding three hundred and eighty-four square inches, 1 cent per square foot; all above that, 2 cents per square foot; and all the foregoing weighing over one hundred pounds per one hundred square feet, shall be subject to an additional duty on the excess at the same rates herein imposed.

That is the old custom, Senator.

Senator EDGE. That does not answer Senator Reed's question.

Mr. GUNDLACH. Absolutely.

Senator REED. It occurred to me that it is more logical to impose a specific duty per pound, regardless of size or weight.

Mr. GUNDLACH. You are right, Senator. It would simplify it, Senator.

Senator REED. Rather than to make different brackets, according to the area.

Senator EDGE. Did the Fordney-McCumber bill follow that method?

Mr. GUNDLACH. No. They followed the one that is in now.

Senator BARKLEY. Do they make this sheet glass all of a uniform size and cut it later?

Mr. GUNDLACH. They cut it all to size.

Senator BARKLEY. They cut it to any size they want?

Mr. GUNDLACH. Yes.

Senator BARKLEY. The only additional cost would be in the additional cutting, which would be infinitesimal, would it not?

Mr. GUNDLACH. The cutting is just the same.

Senator BARKLEY. So that, so far as the manufacturing costs are concerned, there is not any very substantial difference?

Mr. GUNDLACH. There is no difference between a piece of 384 square inches, and anything over. That is the reason we are asking for the flat rate. We are asking for something I think we are entitled to.

Senator EDGE. The flat rate, whatever we finally decide, would be fair, and would be better than this method?

Mr. GUNDLACH. Exactly. It would simplify it, Senator. That is what we are trying to get at.

Senator KING. Just a moment. I am not quite sure that I understand you on that. As I understand Senator Reed's suggestion,

it is that the rate be fixed with reference to the poundage rather than the area.

Mr. GUNDLACH. It would be the same as it is now, practically.

Senator KING. For my own information, would it not cost less, relatively, to make a sheet of glass one,sixteenth of an inch thick, or an eighth of an inch thick, than one two-eighths of an inch thick?

Mr. GUNDLACH. There would not be any difference there.

Senator KING. Would it be fair?——

Mr. GUNDLACH. It is rolled out. We might roll a thinner glass just a few sheets quicker. There is very little difference in it. The cost is in the material.

Senator KING. It did not seem to me it would be fair to have double the duty because it weighed twice as much, for the same area.

Mr. GUNDLACH. Oh, absolutely. Glass costs so much per pound to manufacture.

Senator KING. It seems to me that part of the cost, relatively, was in first getting the original "spread," if I may use that expression——

Senator REED. No. It is in the weight.

Mr. GUNDLACH. It is absolutely in the glass, so much per pound.

Senator KING. Is that recognized by manufacturers of glass?

Mr. GUNDLACH. Yes, sir.

Senator KING. The trouble incident to getting your first unit, in thickness, is not determinative at all of the cost that ought to be charged, but the whole factor is the weight?

Mr. GUNDLACH. Yes, sir.

Senator EDGE. And the amount of material used.

Mr. GUNDLACH. Absolutely. That is the cost of the glass. I think you gentlemen can recognize that.

Senator EDGE. Thank you.

PLATE GLASS

[Par. 222]

STATEMENT OF ABRAHAM SOLOMON, NEW YORK CITY, REPRESENTING THE ASSOCIATION OF IMPORTED PLATE GLASS CONSUMERS AND THE FURNITURE MANUFACTURERS ASSOCIATION OF GRAND RAPIDS, MICH.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Yor represent the Association of Imported Plate Glass Consumers; is that correct?

Mr. SOLOMON. Yes.

Senator EDGE. Of New York City?

Mr. SOLOMON. Yes, sir.

Senator EDGE. And you are appearing before the committee to discuss paragraph 222?

Mr. SOLOMON. Yes, sir.

Senator EDGE. Have you a brief?

Mr. SOLOMON. I have a brief that is not quite ready; if I may have 48 hours to file it.

Senator EDGE. You may have 36. It will have to be in by tomorrow night some time.

Mr. SOLOMON. I also represent the Furniture Manufacturers Association of Grand Rapids, Mich.

Senator EDGE. I understand you will file a sworn brief with the reporter. What do you want to present to the committee, in addition to what the brief will contain?

Mr. SOLOMON. I have considerable information here. I shall try to make it as brief as possible.

Senator EDGE. Will you not include all that information in your brief?

Senator KING. We might say the same of all of them.

Senator EDGE. He says that he has not prepared his brief. Go ahead. I will give you a limited time, in view of the fact that your brief has not been prepared. I assumed that what you proposed to tell the committee would be incorporated in your brief.

Mr. SOLOMON. I will incorporate as much of it as possible in the brief. Some things can not be incorporated in the brief, I think.

Senator EDGE. Go ahead and tell us orally what you are going to put in your brief.

Mr. SOLOMON. Gentlemen, we are in a rather peculiar position by virtue of the fact that the President's proclamation has increased the rate of duty, on January 17, 1929, from the 1922 tariff rates which were 12½, 15, and 17½ cents per square foot, to 16, 19, and 22. These increases were made not on a majority finding of the Tariff Commission but on a split report, three members of the Tariff Commission having decided that we were entitled to a reduction in the tariff rates on plate glass. The other three decided that there should be an increase, due to the fact that they have included the costs of three years, 1923, 1924, and 1925. They admit, however, that if we take the last year's costs available, which was the year 1925, that we were entitled to a reduction in the tariff. In other words, in that respect, if we take the last year's figures available, which was 1925, the Tariff Commission is unanimous that we are entitled to a reduction on polished plate glass.

Now, then, these figures——

Senator KING. Is polished plate glass the only article you are speaking of now?

Mr. SOLOMON. Paragraph 222; yes, sir.

Senator EDGE. Before you go on, so that I may get the comparisons correct, were you here when Mr. Porter testified on Saturday?

Mr. SOLOMON. No, sir. I did not know that he testified.

I am speaking of paragraph 222, Senator.

So that the Tariff Commission were unanimous in their opinion that if we take the last year's figures available, and the costs of the year 1925, there should be a reduction in the duty on plate glass.

Now, the President has proclaimed an increase, based, not on the majority or unanimous finding of the commission——

Senator EDGE. What is the increase that he proclaimed? What does that amount to, as compared to the existing bill? Is it 12½ cents?

Mr. SOLOMON. The President increased the first rate to 16, from 12½. The house put it back to 12½ cents.

Senator EDGE. I see. Then the 19 cents——

Mr. SOLOMON. The 19 and the 22 cent rates were retained.

Senator EDGE. As the President's proclamation called for.

Mr. SOLOMON. That is right.

Senator EDGE. But, as to the first classification, the President's proclamation amounted to how much?

Mr. SOLOMON. Twenty-five per cent. It increased it from 12½ to 16.

Senator EDGE. The bill before us returns it to 12½.

Mr. SOLOMON. Yes. The second bracket was increased from 15 to 19, and the same rate was retained in the House; the third bracket was increased from 17½ to 22, and the House retained the 22.

So that we have the peculiar situation where, if we take the last year's costs available, 1925, the entire Tariff Commission is unanimous that we are entitled to a reduction in the rates, instead of which we have an increase, and that is based merely on the recommendation of the three members, who take three years, 1923, 1924, and 1925.

Another very interesting point in connection with this matter is the fact that these rates, and the conclusions of the Tariff Commission, were based upon the old casting method of making plate glass. The reason for that is this: The 1922 tariff act provides for cast polished plate glass. Now, then, the domestic manufacturers and the experts of the Tariff Commission all recommend that the terminology of the paragraph be changed, because cast polished plate glass does not represent the present situation in the plate-glass industry, because——

Senator REED. The House has changed the language. It has cut out the word "cast."

Mr. SOLOMON. Yes; and that is because——

Senator EDGE. That does not appear here. We have not that before us. It is out of the bill. Why discuss that?

Mr. SOLOMON. For this reason, that there are three new additional methods of making plate glass, which came into effect while the 1922 law was in existence. There is the continuous method, the Bicheroux method, and the Libbey Owens method.

All these three methods are considerably cheaper than the old casting method.

Senator EDGE. Of course, you understand that it is impossible for the Tariff Commission to get these foreign costs since 1925.

Mr. SOLOMON. I am not talking about foreign costs. I am talking about domestic costs.

Senator EDGE. We have the domestic costs, have we not?

Mr. SOLOMON. Even if we rely on the 1925 costs of the Tariff Commission, which was the last year, the Tariff Commission is unanimous that there should be a reduction; and that is under the old method.

Senator EDGE. You said that five times; and then, dealing with three of them, you said they took the other view based upon something.

Mr. SOLOMON. No, sir. The Tariff Commission was unanimous.

Senator EDGE. I understand; but on the recommendation that went to the President, three of them took one view, and three the other.

Mr. SOLOMON. Correct.

Senator REED. And the reason they differed was because they could not agree on what market in this country shoud be used as the determining factor.

Mr. SOLOMON. No, sir. The reason for that was this: The three who recommended the increase said that 1925 was not representative because in this country the production was high, while in Belgium it was low.

Since that period, it is worthy of note that the increase in this country has been about 60 per cent, while the production in Belgium has remained stationary.

The United States Department of Labor explains that one of the new methods, the continuous method, is 33⅓ per cent cheaper in all departments of manufacturing.

Mr. Higgins, representing the Pittsburgh Plate Glass Co. before the Ways and Means Committee, waived that aside, because he thought—and this is from the record—that this was merely an estimate of the Department of Labor. I made inquiry of the Department of Labor, and they said that this information was obtained from manufacturers. They were not estimates, but accurate figures.

In order to show that the production of plate glass in this country has not in any way been affected by the old rates, I merely have to point out that in 1921 the total production in this country was about 51,000,000 or 52,000,000 square feet. This year the production is estimated to be 180,000,000 square feet. Last year it was 140,000,000 square feet.

Senator REED. Do you regard it as a fair comparison to select 1921 as the basis?

Mr. SOLOMON. For production?

Senator REED. For anything. Your business was not good in 1921, was it?

Mr. SOLOMON. Yes, sir.

Senator REED. It was?

Mr. SOLOMON. 1921 was good; 1922 was better. In 1923 there was a shortage of plate glass. There was not enough production in this country. So that we have an increase here of several hundred per cent—three or four hundred per cent—in the production of the country, and that is under the old rates.

Senator KING. What was it in 1927?

Mr. SOLOMON. In 1928 it was 140,000,000 square feet.

Senator KING. You gave 180,000,000 square feet.

Mr. SOLOMON. Estimated for this year.

Senator KING. What was it in 1927, if you have the figures?

Mr. SOLOMON. I have not the figure handy here, Senator.

Senator KING. How have the imports been?

Mr. SOLOMON. The ratio of imports last year to consumption was about 9 per cent.

Senator KING. Nine per cent only of imports?

Mr. SOLOMON. Yes, sir.

Senator KING. That is of polished plate glass?

Mr. SOLOMON. Polished plate glass, paragraph 222. It was estimated for 1930, by the largest manufacturer, that the production capacity of the country, when they get through with their present current improvements that are going on, will be 225,000,000 square feet.

Then we have another very peculiar situation, in small glass. We have a situation where the duty on small glass is higher than the selling price. You have 8, 10, and 12 cent glass, where the duty is at the present time 16 cents; and in the new House bill it will be 12½ cents; not adding the freight, or handling, or any other expenses.

Senator EDGE. While your figures do not greatly differ, you seem to be edging along a little. According to the Tariff Commission

information the figures are 130,000,000 instead of 140,000,000; and the imports are about 15,000,000, which would be over 11 per cent instead of 9 per cent.

Mr. SOLOMON. No. I want to correct you on that.

Senator EDGE. Don't correct me——

Mr. SOLOMON. Because the Tariff Commission——

Senator EDGE. Wait a minute. Don't correct me. Correct the Tariff Commission.

Mr. SOLOMON. That does not include the production of the Libbey-Owens Co.

Senator EDGE. What is that?

Mr. SOLOMON. Not the sheet glass, but plate glass, Senator. The Libbey-Owens Sheet Glass Co. manufactures plate glass, and those figures do not include their production.

Senator REED. Theirs is polished drawn glass.

Mr. SOLOMON. Window glass, first drawn, and then polished into plate glass; yes, sir. Their production should be added to the 130,000,000 of the Tariff Commission in order to make the figures correct. I think the representative of the Tariff Commission will bear me out in that.

Senator KING. The representative from the Tariff Commission, here present, confirms that statement.

Senator REED. Is there any ground polished window glass coming from Europe?

Mr. SOLOMON. There is one type, known as German crystal plate glass. It is of that type. It comes in very small quantities, and the prices are considerably higher than the prices of plate glass. That is a different paragraph, and has nothing to do with this paragraph at all.

Senator REED. That is not included in your import figures here, then?

Mr. SOLOMON. No, sir.

Senator EDGE. All right. Have you any further information? Have you anything else in addition to your brief?

Senator KING. I do not want to interrupt you, but I wanted to ask you about the furniture men, and how they are affected.

Mr. SOLOMON. First of all, since the President increased tha rates in January—the law went into effect on February 16. The first month for which we can make any comparison is March of this year. The American production for March, 1928, was 11,951,385 square feet. In March, 1929, it was 13,144,216, an increase of 10 per cent. For the same period the imports for March, 1928, were 1,535,968, but in this year, since the increase of the rate, they were only 198,807, a decrease of 87 per cent.

Senator REED. What was the figure the month before the increase went into effect?

Mr. SOLOMON. I have not the figure handy. I would be very glad to send it to you, Senator.

Senator REED. It was very high, was it not?

Mr. SOLOMON. I beg your pardon?

Senator REED. The imports were very high?

Mr. SOLOMON. For the month of January?

Senator REED. The month preceding the increase.

Mr. SOLOMON. I do not know the figures, but I will be glad to send them to you, Senator.

Senator REED. I will be glad to have them.

Mr. SOLOMON. The domestic manufacturers, in the hearing before the Ways and Means Committee, in their brief, made the following statement, on page 1563:

We have heretofore called attention to the trade conditions affecting the selling price of the smaller sizes of plate glass. Owing to the unavoidable cutting of small sizes in excess of active demand and the necessity of selling these smaller sizes in competition with cheaper glass, the price obtained by the manufacturer for these sizes will continue to be below the average cost of production and so low as to largely exclude the foreign product of these sizes from our market.

Mr. SOLOMON. May I just add one item here? This is from a signed report made by a domestic plate glass manufacturer, the Allegheny Plate Glass Co., owned by the Ford Motor Co., to a customs agent, Mr. E. J. Dougherty, on August 6, 1926. On page 2 of the report is the following question:

Question. Is the domestic industry injured or likely to be injured by reason of the importation of such foreign merchandise?

The answer was "No."

Then the question is (question 3b):

Question. In what manner and to what extent is your industry injured or likely to be injured?

The answer is as follows:

Answer. We do not believe it is being injured at present or is likely to be injured in the future on account of the increased demand for automobile sizes, street and railway car windows, which has increased many fold in the past five years; and which has a tendency of a still greater increase by reason of the popularity for closed-model automobiles. There is at this time a market for plate glass for all that domestic plate glass manufacturers produce over and above importations.

On account of the greater production of plate glass in this country, due to the new continuous process, manufacturing costs have undoubtedly been lowered to such an extent that lower prices should prevail. If lower prices did prevail, plate glass would undoubtedly be used for many purposes where common window glass is now being used.

The medium-priced houses of to-day can not afford to install plate glass on account of the prohibitive prices. With lower prices on plate glass, this in itself would be a big field for increased production.

The protective tariff of to-day is certainly high enough to protect the American industry, considering the small amount of labor required to make plate glass. If you will look into the question you will find the biggest part of the cost of manufacturing polished plate glass is for raw materials, such as coal, sand, soda ash, freight, etc. The labor cost per square foot at this time is normal.

Senator REED. What is the date of that?

Mr. SOLOMON. August 6, 1926. Since then the new processes not only the continuous but the Bicheroux and the Libbey-Owens, have also tended to reduce the cost and increase the production.

Senator REED. And since that time the domestic price of plate glass, for small sizes, has about been cut in half, has it not?

Mr. SOLOMON. All the plate glass has been cut in half; yes, sir.

Senator Reed. And the prices are lower today than they have been at any time since before the war?

Mr. SOLOMON. I believe that is correct; yes, sir.

Senator REED. And lower than they were before the war?

Mr. SOLOMON. That I do not know. But that is substantially correct. And the effect of that is, Senator, that the ad valorem equivalent has multiplied several times.

Senator REED. Another effect of that is that a number of the plate glass companies are now in bankruptcy.

Mr. SULLIVAN. No, sir; there is no concern in bankruptcy that I know of, but on the contrary, whatever reports we can get show a very optimistic condition. Following is an extract from the New York Times of March 13, 1929, with regard to the Pittsburgh Plate Glass Co.

The Pittsburgh Plate Glass Co. shows for 1928 a net profit of $8,468,773 after depreciation, depletion, Federal taxes, and other charges, equivalent to $3.90 a share earned on 2,166,524 shares of stock. This compares with $6,430,355 or $2.97, a share, on the same share basis in 1927.

Senator REED. And you regard that as an evidence of the condition of the plate glass market?

Mr. SOLOMON. That is the condition of the Pittsburgh Plate Glass Co.

Senator REED. Yes; that is the condition of the Pittsburgh Plate Glass Co., but the Pittsburgh Plate Glass Co. makes many other products than plate glass.

Mr. SOLOMON. Yes.

Senator REED. And plate glass is less than half of its business.

Mr. SOLOMON. Yes, sir. But they produce 50 per cent of all the plate glass made in the United States. Such is the information found by the Tariff Commission. And that includes all the plate glass. Now if you eliminate the plate glass made by the automobile interests for their own purposes, they manufacture probably 75 to 77 per cent of the plate glass for general consumption.

Senator REED. Did you ever hear of the Standard Plate Glass Co., of Butler?

Mr. SOLOMON. Yes, sir.

Senator REED. Do you call them prosperous?

Mr. SOLOMON. No; I do not think they are very prosperous, and for the reason which I would like to quote right here, a very significant reason——

Senator KING. Is that the company which soon after it was organized gave a certain amount of glass for each share which they sold?

Mr. SOLOMON. That is right. They offered to sell you a foot of glass for every dollar you invested there.

Senator KING. Yes.

Mr. SOLOMON. That was the company that came about by the consolidation of two old companies. In my opinion it is highly overcapitalized, and they also have very antiquated machinery. It has been announced in Glass Industry, in the November, 1928 issue, that one of their plants was shut down because of the antiquated machinery.

Senator EDGE. Any other questions?

Senator REED. I have one or two. I am told in a letter dated May 14 that the Standard Plate Glass Co. right at the present moment is on the very verge of bankruptcy. I am told also that another plate glass company last year lost over $600,000 and this year has lost already over $100,000.

Senator KING. Have you any objection to giving the names of those companies, Senator?

Senator REED. I think perhaps I had better not do it without permission.

Senator KING. I am going to put something into the record about the Standard and its organization and methods.

Senator REED. I have information that the American Plate Glass Co., at Durant City, has lost money both last year and this year. Further, that the Pittsburgh Plate Glass Co. is not so much affected by this because their plate glass business is only 30 per cent of their volume.

Mr. SOLOMON. It may be the most profitable, though.

Senator KING. And is 50 per cent of the domestic production in the United States.

Mr. SOLOMON. Yes, sir; and 75 to 77 per cent if we eliminate the plate glass made by the automobile manufacturers themselves. This is from the issue of Glass Industry of November, 1928, page 264:

> The Standard Plate Glass Co. discontinued operations in their casting hall, grinding and polishing departments at Springdale, Pa., on September 25 for an indefinite period for the reason, it is stated, that the equipment has become obsolete and can not be operated profitably. Approximately 300 workmen are said to have been affected, some of whom have been transferred to the company's plant at Butler, Pa.

Senator REED. I am also told that the Pittsburgh Plate Glass Co. made more money out of its one plate glass plant in Belgium than all its plate glass plants in this country.

Mr. SOLOMON. I am in no position to argue that. I have no idea of their figures. They have not been made public, so far as I know.

There are only two other points I want to call your attention to, Senators, and those are very vital, I think. In the first place, exports to Canada and to Australia have increased considerably. Glass is being sold in Canada for considerably less money than it is being sold to the American consumer.

Senator KING. By the Pittsburgh Plate Glass Co.?

Mr. SOLOMON. I have not got the names of the exporters.

I also wish to call attention to the fact that strenuous efforts have been made by domestic manufacturers to low pedal on the new processes of manufacturing plate glass, but, nevertheless, we find that they have petitioned the Ways and Means Committee to include all of the different processes of manufacturing plate glass with the casting method. Now, then, if they come here and ask you to include the three new processes with the old process, casting method, why isn't it fair then to include the lower cost of manufacturing in those three new processes in fixing the rates? I do not think it is fair or justified to get the present increased rates on the antiquated method when there are three newer methods, and you are going to make the law for the future and not for what has gone by.

Then, again, this may be of very little interest, but quite pertinent, I think, to the facts. We are all interested to help the agricultural interests in the country, the farmers, and so on, and it seems pertinent to call your attention to the fact that the Belgians have bought from the United States in 1927, the last year the figures are available, wheat to the extent of $25,720,000; raw cotton to the extent of $16,885,000; gasoline and kerosene, $5,278,000; copper, crude, $4,510,000;

barley, $2,442,000; oil cake, $3,310,000; automobiles and parts, $4,173,000; machinery, $3,764,000. The trade balance between Belgium and the United States for this year amounted to approximately $43,982,000 in favor of this country.

Now the total imports of plate glass from Belgium are only $2,000,000, and from the entire Europe combined it is only $4,000,000.

Senator BARKLEY. How does that compare with the total domestic production?

Mr. SOLOMON. The total domestic production in dollars?

Senator BARKLEY. Yes.

Mr. SOLOMON. I am very sorry I have not got the figures in dollars, but in percentage the imports last year were about 9 per cent of the consumption of the country.

Senator KING. You stated you represented the furniture companies of Grand Rapids?

Mr. SOLOMON. The Association of Furniture Manufacturers, that is 50 manufacturers.

Senator KING. Fifty manufacturers?

Mr. SOLOMON. Yes.

Senator KING. What is their attitude on this proposed increase in the tariff upon polished plate glass?

Mr. SOLOMON. They want a reduction. They want the quality of the imported glass which they have always received.

Senator KING. How many men are employed in this furniture business who are interested in this item?

Mr. SOLOMON. Twelve thousand.

Senator KING. Twelve thousand men?

Mr. SOLOMON. Yes.

Senator KING. And what is the capital invested by those various corporations?

Mr. SOLOMON. Approximately their volume of business I think was $50,000,000, according to the information I received.

Senator KING. To what extent do they use plate glass and to what extent would they be affected by a reduction or an increase in rates?

Mr. SOLOMON. They would have to naturally add it to the cost of their furniture and pass it on to the consumer, and by the time it gets to the consumer the cost is considerably increased.

Senator KING. What proportion of the domestic production and the import is consumed by the furniture manufacturers in the United States?

Mr. SOLOMON. May I get that, Senator, again?

Senator KING. What proportion of the domestic production, plus the importation of polished plate glass is consumed by the furniture manufacturers of the United States?

Mr. SOLOMON. There are no statistics on that point, Senator.

Senator KING. Have they furnished you any information showing the consumption in dollars?

Mr. SOLOMON. Of plate glass?

Senator KING. Yes.

Mr. SOLOMON. No, sir; I did not inquire for it. I will try to obtain it if you like to have it.

Senator KING. I wish you would do that, and send it to Senator Edge, the chairman of this committee.

Mr. SOLOMON. Yes, sir.

Senator BARKLEY. You stated a while ago there were some 12,000 men employed in the furniture business affected. How many men are employed in the plate-glass industry?

Mr. SOLOMON. These 12,000, Senator, are only the employees of the members of the association, the Grand Rapids Furniture Manufacturers Association. In the industry there are probably many times that amount.

Senator BARKLEY. Do you know how many men are employed in the plate-glass industry?

Mr. SOLOMON. There is the information in this Tariff Commission report.

Senator EDGE. I think that is in the record.

Mr. SOLOMON. I think it is less than 1,000.

Senator EDGE. Anything else?

Senator REED. At this point I would like to put in the following record from the Tariff Commission showing the unit value of imported plate glass, 1920 down to date.

In 1920, 88 cents per square foot; 1921, 67.2 cents; 1922, first eight months, 43.4 cents, last three months, 49.6 cents; 1923, 61.6 cents; 1924, 59.2 cents; 1925, 44.3 cents; 1926, 34.3 cents; 1927, 28 cents; 1928, 21.1 cents.

That is the way the market has gone, is it?

Mr. SOLOMON. That was to meet the American prices, sir. The prices were always fixed by domestic manufacturers. The foreign glass was always bought on the basis of quality, and the prices were to meet those prices. At no time in the history of the industry have they ever fixed a price which compelled the domestic manufacturer to lower his price.

Senator REED. The same Belgian manufacturer that was selling it at 88 cents in 1920 and 21 cents in 1928 was making a profit on 21 cents in 1928, was he?

Mr. SOLOMON. Well, I can not tell you what profits they made.

Senator REED. They seemed anxious to sell, did they?

Mr. SOLOMON. No, sir; from what they tell me they are really holding on to the market as best they can, hoping that they might get relief from the new tariff.

Senator KING. If the domestic manufacturer was charging 88 cents a square foot at the time indicated by the Senator and dropped it down to 21 cents he must have been making a tremendous profit?

Mr. SOLOMON. It is undoubtedly due to the lower method of manufacture.

Senator EDGE. Was that due to the lower method of manufacture?

Mr. SOLOMON. The lower cost of manufacturing.

Senator KING. You stated a moment ago that these three new processes have been developed since the war?

Mr. SOLOMON. Yes.

Senator KING. Quite recently?

Mr. SOLOMON. Yes.

Senator KING. To what extent do they cut the cost of producing?

Mr. SOLOMON. The only information that we have is that which I was able to get from the Bureau of Labor, and it was that the saving has been about one-third, 33⅓ per cent in all the departments.

Senator KING. That is just the labor cost?

Mr. SOLOMON. Yes. But the Tariff Commission may have further figures about the further details. I do not know.

Senator EDGE. As a matter of fact the plate-glass business, according to the figures that Senator Reed gave us was very good during 1923 and 1924?

Mr. SOLOMON. Yes.

Senator EDGE. The automobile consumption of plate glass was great then?

Mr. SOLOMON. In 1923 the production in this country was too small. And just to give you one example, Henry Ford was making cars in order to meet the kind of glass he was able to get.

Senator EDGE. And yet the price did not go up very much, as I recall, in listening to the figures?

Mr. SOLOMON. Why, it went up a number of times. These figures do not affect the price because the prices that were current in the market are not reflected in these figures at all. The plate glass in that period was selling anywhere from $1.50 to $3 a square foot.

Senator EDGE. Where are these figures collected?

Mr. SOLOMON. They may be factory list prices. I do not know what they are.

Senator REED. These are the official figures of the invoice value of the imported glass, and you say you were getting $3.50 per square foot for it?

Mr. SOLOMON. I am talking about the general market.

Senator REED. You were selling in the general market, were you not?

Mr. SOLOMON. Yes.

Senator REED. Then this glass that was invoiced to you at 61 cents was selling at $3.50?

Mr. SOLOMON. What year are you speaking of, Senator?

Senator REED. 1923, the same year that you are speaking of.

Mr. SOLOMON. No; I think the retail price was anywhere from $1 to $1.50 a square foot. The Pittsburgh Plate Glass Co., throughout their fifty-eight odd warehouses in this country, were getting these prices.

Senator REED. And so were you?

Mr. SOLOMON. What is that?

Senator REED. And so were you?

Mr. SOLOMON. Yes, sir.

Senator KING. What part of the market did you reach?

Mr. SOLOMON. Well, as far as Detroit, which is the principal consuming market.

Senator KING. By the way, did the price have anything to do with the automobile manufacturers going into the production of plate glass for their own use?

Mr. SOLOMON. Not only the price, but also the fact that they could not get enough glass for their own requirements.

Senator KING. Are many of the automobile companies manufacturing their own plate glass?

Mr. SOLOMON. Yes, sir. The American Plate Glass Co., to which Senator Reed refers, is owned by the Durant interests. They bought it at the time when there was a scarcity of plate glass, and they paid a very high price for the plant. The Ford Motor Co. had to buy the Allegheny Plate Glass Co., which is an old casting

method plant, whereas they have their own continuous casting plant at Detroit.

Senator KING. Did they discontinue it?

Mr. SOLOMON. No, sir; it is still operating. They have the plant for sale if anybody wants to buy it.

Senator BARKLEY. Has the slump in the building trades industry had any serious effect on the plate-glass industry in the last two or three years?

Mr. SOLOMON. No, sir. As a matter of fact, as you can see by the figures, the production has multiplied several times. Multiplied two or three hundred per cent in this period.

Senator BARKLEY. There has been a falling off in building, has there not?

Mr. SOLOMON. Yes; and yet the demand for plate glass was the greatest in the history of the United States last year. Capacity this year is still larger, and next year still larger.

Senator BARKLEY. So it does not go hand in hand with the building construction.

Mr. SOLOMON. No, sir; because a large percentage of the plate glass is consumed by the automobile interests and by the mirror interests.

Senator BARKLEY. That is all.

Senator REED. Mr. Solomon, the duty on the small sizes has been 12½ cents a foot since 1922, has it not?

Mr SOLOMON. Yes.

Senator REED. And you have been importing and selling as far west as Detroit and Grand Rapids, have you?

Mr. SOLOMON. As far as Detroit; yes, sir.

Senator REED. Selling Grand Rapids too?

Mr. SOLOMON. No, sir. Not the 12½ cent glass, by the way. And the 12½-cent glass quoted sold when the prices were double what they are now. But to-day the price is less than the amount of the duty alone. In other words, it is an absolute embargo.

Senator REED. On the larger sizes the duty was 15 cents?

Mr. SOLOMON. Yes.

Senator REED. And you have been importing and paying that duty and selling as far west as Detroit?

Mr. SOLOMON. We can not do it any more to-day.

Senator REED. I am asking you what you have been doing. Now listen to me.

Mr. SOLOMON. Yes, sir.

Senator REED. Until the President raised the duty on the middle brackets to 19 cents——

Mr. SOLOMON. Sixteen cents. Nineteen cents, second bracket; yes.

Senator REED (continuing). You were importing glass and paying 15 cents on that second bracket and shipping it as far west as Detroit.

Mr. SOLOMON. Yes, sir; but the selling price was higher. Since the selling price came down we could not do it.

Senator REED. When did you quit shipping as far west as Detroit?

Mr. SOLOMON. Oh, I imagine about a year and a half or two years ago.

Senator REED. And you quit that when the price fell further, did you?

Mr. SOLOMON. Yes, sir. May I read just one statement here?

Senator EDGE. No; you can not read anything more. Put it in the record if you want to.

(Mr. Solomon submitted the following brief:)

BRIEF OF ASSOCIATION OF IMPORTED PLATE GLASS CONSUMERS AND FURNITURE MANUFACTURERS ASSOCIATION OF GRAND RAPIDS, MICH.

Plate glass was provided for in paragraph 222 of the tariff act of 1922, as follows:

Duty (per square foot):	Cents
Not exceeding 384 square inches	12½
Above that and not exceeding 720 square inches	15
Above 720 square inches	17½

By presidential proclamation dated January 17, 1929, these rates were increased as follows:

Duty (per square foot):	Cents
Not exceeding 384 square inches	16
Above that and not exceeding 720 square inches	19
Above 720 square inches	22

In paragraph 222 of the pending tariff bill (H. R. 2667) the following duties are provided:

Duty (per square foot):	Cents
Not exceeding 284 square inches	12½
Above that and not exceeding 720 square inches	19
Above 720 square inches	22

In other words, the House of Representatives restored the rate of duty provided by the tariff act of 1922 for plate glass in the lowest tariff bracket but adopted the rates of duty in the presidential proclamation for plate glass in the other two tariff brackets.

CHANGES IN DUTY REQUESTED

The following tariff provision for plate glass is respectfully requested:

Duty (per square foot):	Cents
Not exceeding 144 square inches	[1]
Above that and not exceeding 384 square inches	2½
Above that and not exceeding 720 square inches	5
Above 720 square inches	7½

REASONS IN OPPOSITION TO INCREASED RATES OF DUTY IN PENDING TARIFF BILL AND IN SUPPORT OF REDUCTION IN DUTY

1. The increased rates of duty in the presidential proclamation (two of which were adopted in the pending tariff bill) were based on a report of the United States Tariff Commission to the President dated August 22, 1928, in which three of the six members of the commission recommended a reduction of the rates of duty on plate glass to 10.91 cents, 13.10 cents, and 15.28 cents for the three tariff brackets, respectively. This recommendation was based on the costs of production of plate glass in the United States and abroad for the year 1925, which were the latest costs ascertained by the commission.

2. The recommendation of higher duties by the other three members of the commission was not based on the latest costs of production ascertained by the commission but on average costs for the years 1923, 1924, and 1925—four to six years ago. In following this recommendation, the presidential proclamation departed from the established practice in cases arising under the flexible tariff provision of predicating changes of duty on the latest costs of production ascertained by the United States Tariff Commission. The adoption of the recommendation of higher duties, for which there was no majority finding of the commission, was also a departure from previous and present practice in cases of this kind. To that effect please refer to the recent announcement by President

[1] Free.

Hoover that no changes in rates of duty under the flexible tariff provision will be made in the absence of a majority finding of the United States Tariff Commission.

3. All members of the United States Tariff Commission agreed that a comparison of the latest costs of production of plate glass ascertained by the commission indicated a reduction in the rates of duty provided in the tariff act of 1922. (See pp. 29 and 43 of the commission's report to the President dated August 22, 1928.)

4. The provision for plate glass in the tariff act of 1922 was limited to "Cast polished plate glass" (par. 222); because, when that tariff law was written, plate glass was made by the old "casting" method only. The pending tariff bill provides for "plate glass, by whatever process made"; because, since the passage of the tariff act of 1922, and particularly since 1925 (the last year investigated by the United States Tariff Commission), three improved methods of making plate glass have been employed in this country on a vast scale. These improved methods, known as the "continuous" process, the "Bicheroux" process, and the "Libbey-Owens" process, now represent at least one-half of the total productive capacity of the domestic plate-glass industry. All of them are operated in conjunction with the improved method of continuous grinding and polishing and effect large savings in labor and material, as compared with the old "casting" method, which is operated in conjunction with the old method of discontinuous grinding and polishing. The costs of production of plate glass ascertained by the United States Tariff Commission did not take into account any of the improved methods referred to and the presidential proclamation was accordingly limited to "cast polished plate glass." The pending tariff bill, however, is not limited to "cast polished plate glass" but provides for "plate glass, by whatever process made." It is manifestly inconsistent and erroneous, therefore, for the pending tariff bill to retain any of the rates in the presidential proclamation which gave no consideration whatever to the enormous savings in costs of production effected by each of the improved methods of making plate glass referred to. In other words, the language of the pending bill is in keeping with present conditions but its rates are based on obsolete costs.

5. Since 1925 (the last year investigated by the United States Tariff Commission) the productive capacity of the domestic plate-glass industry has increased by fully 60,000,000 square feet, and a further expansion of at least 50,000,000 square feet is now nearing completion. This entire increase is due solely to the application of the three improved methods of manufacture referred to. All new plate-glass plants built since 1925 and now being built are designed and equipped for these improved methods only. At least two old plants, which were designed and equipped for the old "casting" method, are now being converted for use of one of the improved methods. Since 1925 also no domestic plate-glass plant has been built for use of the old casting method; and, on the other hand, one plant, which employed such method, has now ceased operations due to its inability to compete with the more efficient plants referred to.

6. As a result of its improved methods of production referred to, the domestic plate-glass industry is now selling plate glass to canada and australia, without any tariff advantage over foreign producers, at prices which are fully 30 and 20 per cent, respectively, less than its selling prices in this country. The glass thus sold to Canada and Australia consists of the same assortments sizes, shapes, and qualities as are regularly sold in this country and is just as salable in this country as in Canada and Australia.

7. In the eight years from 1921 to 1928, during the last six of which years the duties provided by the tariff act of 1922 were applied to plate glass, the annual production of plate glass in the United States steadily increased from 53,000,000 square feet to 143,000,000 square feet. For the year 1929 the domestic production of plate glass, as estimated by the officers of the largest American plate-glass company, will be 180,000,000 square feet. (See annual report to stockholders of Pittsburgh Plate Glass Co. for year 1928.) What better proof can be offered that no increase of the rates of duty on plate glass in the tariff act of 1922 was necessary or justified.

8. The production of plate glass in the United States is now almost twice as much as the combined production of the rest of the world; and the individual production of some American plate-glass companies is more than the entire production of Belgium, the largest foreign producer.

9. As evidenced by the financial statements of the largest factors in the domestic plate-glass industry (Pittsburgh Plate Glass Co. and Libbey-Owens Sheet Glass Co.) the importation of plate glass under the tariff act of 1922 has not affected the profitable operation of the domestic industry but, on the contrary,

the profits of the industry as a whole have been enormous. For example, the capitalization of the two companies referred to at the time of the passage of the tariff act of 1922 and their net profits for the six full years (1923–1928), during which the rates of duty provided in that act were effective, were as follows:

Company	Capital in 1922	Net profits 1922–1928, inclusive
Pittsburgh Plate Glass Co	$37,134,900	$78,733,000
Libbey-Owens Sheet Glass Co	6,999,275	22,792,008

It is a matter of record also that an investment of $1,000 in each of these companies in 1923, at the end of 1928 would amount to $2,740 and $4,929, respectively. The inability of the weakest factor in the domestic industry, which is burdened with fixed charges altogether disproportionate to its size and which still employs only the old "casting" method of manufacture, to compete successfully with other American companies may furnish an excuse for talking about "foreign competition" but can not conceal the exceedingly prosperous condition of the domestic industry as a whole.

10. Shortly after the passage of the tariff act of 1922 an application for a reduction in the rates of duty on plate glass was filed with the United States Tariff Commission by American furniture manufacturers. More than six years later the rates of duty were increased in the manner explained above. The importation of plate glass under reasonable competitive conditions, which was very difficult under the tariff act of 1922 and which is utterly impossible under the higher rates of the presidential proclamation and the pending tariff bill, is vitally necessary to large classes of American consumers, e. g., the building industry, furniture manufacturers, mirror manufacturers, store-fixture manufacturers, safety-glass manufacturers, and numerous others who cannot obtain the requisite quality and quantity of domestic plate glass to meet their requirements. The importation of plate glass should accordingly be encouraged, particularly so, because the imported glass has never undersold the domestic product in this market but has always been purchased solely on the basis of quality.

11. In support of our request for free entry of plate glass not exceeding 144 square inches, it should be sufficient to state that in most cases the duty alone (12½ cents per square foot), proposed in the pending tariff bill, and in all cases the duty plus the cost of transportation from abroad on plate glass of that size is more than the selling price in this country of domestic plate glass of the same size. In other words, if it were possible to obtain such foreign glass free of charge it could not be imported. The same statement is virtually true of plate glass above 144 square inches and not exceeding 384 square inches, for which we have suggested a rate of 2½ cents per square foot. That is why the importation of plate glass not exceeding 384 square inches has practically ceased and the imported glass is now confined to the larger sizes.

12. In support of our request for a reduction of duties on all sizes of plate glass, it should be noted that, when the tariff act of 1922 was passed, the selling prices of domestic plate glass were more than twice as high as they are now and the specific duties in that act, calculated on the prices of the imported glass f. o. b. Antwerp, were then equivalent to an average of 27.20 per cent ad valorem. The same specific duties, calculated in the same manner on the prices at which the foreign manufacturer must now sell in order to meet the prices of the domestic plate glass in this market, are now equivalent to an average of 129 per cent ad valorem; and the specific duties in the presidential proclamation (two of which are retained in the pending tariff bill), calculated in the same manner, are equivalent to an average of more than 200 per cent ad valorem. There is nothing fanciful about these figures. They have not only caused the cessation of imports of plate glass in small sizes but have also resulted in a sharp curtailment of the imports of all other sizes. Whatever plate glass has been imported into this country since the effective date of the presidential proclamation (February 16, 1929), has been shipped mostly in fulfillment of contracts entered into previous to the proclamation. The amount of new business in imported plate glass since then is almost trivial because the foreign producers can no longer accept orders for our requirements on a competitive-price basis. We are morally certain that, unless the tariff situation is corrected by a reduction of duties to a reasonable level, the importation of plate glass will stop altogether.

13. The drastic reduction in the selling prices of domestic plate glass since 1922 is due primarily to a corresponding or even greater reduction in domestic costs of production since the introduction of the improved methods of making plate glass previously mentioned and secondarily to the patent desire and efforts of the dominant domestic plate-glass interests to maintain complete control of this market, to discourage production by others, and to shut out all importations. Unless these tendencies are arrested by a reduction of duties to a reasonable level, it will be a matter of a very short time when the monopolistic purposes referred to will be an accomplished fact. Then standards of quality may be lowered and prices advanced without regard for anyone—least of all the American consumer.

14. The adoption of the rates of duty on plate glass in the pending tariff bill will only serve to extend and strengthen the monopolistic control of this essential commodity by one domestic plate-glass company at the expense of many other and larger American industries and of the American public generally. According to the United States Tariff Commission, the one domestic plate-glass company referred to produces 50 per cent of the total domestic production; 35 per cent of the domestic production is produced by the automobile interests, who make the glass primarily for their own use. In other words, only 65 per cent of the domestic production is available for general use in this country, of which 50/65, or 77 per cent, is produced by the dominant factor in the domestic industry—the Pittsburgh Plate Glass Co. (See p. 535, Summary of Tariff Information, 1929, complied by the United States Tariff Commission.)

15. By common consent, the primary purpose of the pending tariff bill is to aid the American farmer. It is obvious that anything calculated to decrease the purchasing power of consumers of our agricultural products would conflict with this purpose.

And it seems pertinent to point out in this connection that the little country of Belgium, which will be the principal sufferer if the proposed embargo on plate glass is translated into law—is one of the greatest world markets for American farm products.

A partial list of exports from the United States to Belgium for the year 1927 follows:

Wheat	$25, 720, 000
Raw cotton	16, 885, 000
Barley	2, 142, 000
Oil cake	3, 710, 000
Gasoline-kerosene	5, 278, 000
Automobiles	4, 173, 000
Machinery	3, 764, 000

CONCLUSION

It is respectfully urged that the duties on plate glass be reduced as herein requested.

Respectfully,

ASSOCIATION OF IMPORTED PLATE GLASS CONSUMERS,
By A. SOLOMON, *Chairman.*
FURNITURE MANUFACTURERS' ASSOCIATION OF GRAND RAPIDS, MICH.
By FRANCIS D. CAMPAU, *Secretary.*

Before me this 25th day of June, 1929, appeared Abraham Solomon, who, upon being duly sworn, deposes and says that he is the chairman of the Association of Imported Plate Glass Consumers, that he has read the foregoing brief, that he knows the facts therein alleged to be true, and that the matters stated on information and belief he believes to be true.

ABRAHAM SOLOMON.

Signed and sworn to before me this 25th day of June, A. D. 1929.

[SEAL.] BARBARA BEHRINGER,
Notary Public, Queens County.

Commission expires March 30, 1931.

STATEMENT OF FRANK W. MONDELL, WASHINGTON, D. C., REPRESENTING THE STANDARD PLATE GLASS CO. AND OTHERS

Mr. MONDELL. Mr. Chairman, at the time I made the request to be heard I was not sure that Mr. Tucker, president of the Standard Plate Glass Co., whom I represent, could be here. Mr. Tucker is here and will say very much better and from the standpoint of one who knows all about the industry, what I might have said. I shall be content to file a brief with the committee.

Senator EDGE. Do you wish to file a brief in addition to Mr. Tucker's statement?

Mr. MONDELL. Yes; a very short brief.

Senator EDGE. Then I will swear you, Mr. Mondell. All briefs that go into the record must be sworn to.

(Mr. Mondell was thereupon sworn by the chairman of the subcommittee,)

(Mr. Mondell submitted the following brief.)

BRIEF OF AMERICAN PLATE GLASS CO., KANE, PA.; EDWARD FORD PLATE GLASS CO., ROSSFORD, OHIO; LIBBEY-OWENS SHEET GLASS CO., TOLEDO, OHIO; NATIONAL PLATE GLASS CO., DETROIT, MICH.; STANDARD PLATE GLASS CO., PITTSBURGH, PA.

SENATE COMMITTEE ON FINANCE.

GENTLEMEN: After a long, thorough, and exhaustive investigation of the plate glass industry at home and abroad the United States Tariff Commission found that the duty on plate glass carried in the tariff act of 1922 did not equalize the differences in cost of production in the United States and the principle competing country; thereupon, the President by proclamation of January 17, 1929, increased the duty on polished plate glass as follows:

Lower bracket: From 12½ cents per square foot to 16 cents.

Intermediate bracket: From 15 cents per square foot to 19 cents.

Upper bracket: From 17½ cents per square foot to 22 cents.

These changes in tariff rates having been made in accordance with the provisions of the statutes after prolonged and thorough examination by the United States Tariff Commission, we would not assume to take up the time of your committee in reviewing the action of the Tariff Commission if it were not for the fact that Mr. Solomon, who addressed the committee, has made certain statements with regard to the attitude of the commission for which we find no basis in the commission's report.

The report of the United States Tariff Commission on polished plate glass to the President bears the date of August 22, 1928. The 28 pages of that report, which contains all of the findings of fact developed by the commission, was signed by all of the members of the commission. There is also an appendix of detailed costs and production data approved by the entire commission.

The inquiry of the Tariff Commission from the beginning covered the three years 1923, 1924, and 1925. The investigation was undertaken at the request of certain importers and users of foreign glass, and the Tariff Commission spent five months in the United States and Europe studying the costs of production of plate glass, during which time cost data was obtained from all producers in the United States, but the principal Belgian producers "declined to give any information of a pertinent nature bearing upon costs of production."

In November, 1925, a public hearing was held in Washington. At that time the representatives of the Belgian plate-glass manufacturers and importers requested the commission to reopen the investigation, promising that opportunity would be afforded to the representatives of the commission to obtain the foreign costs which had been refused. Thereupon, the matter was again carefully investigated and inquired into. The final public hearing was held by the commission in Washington in May, 1927, and after consideration of the testimony then given and of the facts which had been developed the report of the commission above referred to was made.

As above stated, the portion of the commission's report containing all of the facts developed was signed by all of the members of the commission. The facts

stated in the preliminary report of the commission, March 25, 1927, were also approved by the full commission.

Some of the more important facts thus unanimously agreed upon are as follows:

COMPARATIVE WAGES OF LABOR

The commission found, page 51, that "the average daily wage in Belgium was for most classes of workers in the plate-glass industry approximately one-fourth the average daily wage paid for like grades of work in the United States."

The commission also found, page 50, that the cost of producing plate glass in the United States above the Belgium cost for the 3-year period under consideration, including cost at the plants and imputed interest on plant assets, was 22.193 cents. By giving Belgium the benefit of a higher cost for general office overhead than the United States this increased cost in the United States compared with Belgium per square foot of glass was placed at 21.853 cents.

On these vital and essential facts there was no difference of opinion in the commission, and it is worth while to note that on the basis of these plant costs the 1922 tariff rate failed to equalize the difference in costs between the United States and Belgium by from 4½ to 9 cents.

NO DIFFERENCE OF OPINION AS TO ESSENTIAL FACTS

It will be noted that there was no difference of opinion expressed in the commission's report to the President of these essential facts. A difference of opinion developed relative to the period in which the comparisons should be made. The investigation of the commission from the beginning had been for the 3-year period, 1923, 1924, and 1925. Therefore it was entirely logical that the difference in cost of production should be estimated on the basis of the comparative costs for those three years, and the reasons for thus basing the cost of production are set forth forcibly and logically in the commission's report to the President (pp. 29 to 33).

There was also a difference of opinion with regard to transportation costs. A very fair adjustment of transportation costs would have been on the basis of the cost of transportation to the port of New York, and had the difference in cost been estimated on this basis, it would have remained approximatley the same as the difference in plant costs above referred to. Messrs. Marvin, Brossard, and Lowell, of the commission, however, fixed their weighted average cost of production by including a weighted average of the cost of transportation to the 14 important markets in the United States, including Boston, New York, Philadelphia, and San Francisco, and on this basis of calculation the excess of American as compared with Belgium costs was reduced to 20.31 cents per square foot, and as stated by these members of the commission, "Such difference in weighted average costs exceeds the weighted average rate of duty collected during the 3-year period by 4.22 cents per square foot, or 26.2 per cent." On this basis the commission recommended the changes in rates which were approved by the President.

In the course of his statement before the committee Mr. Solomon, referring to the recommendations of increases by the commissioners, to whom I have referred, said "They admitted, however, that if we take 1925 as the basis of comparison, we are entitled to a reduction." In one form or another, Mr. Solomon reiterated this statement five or six times during the course of his testimony.

We do not find anywhere in the report of the commission the slightest basis for that statement. The commissioners referred to base their recommendations very properly on the three years covered by the investigation, rather than on one year in which Belgium costs were the highest and American costs lowest, for a variety of reasons which, as the commissioners pointed out, were neither normal or likely to be continuous. While these commissioners therefore declined to depart from the program and policy of their investigation, they neither directly or indirectly stated or admitted that if a single year, instead of three, had been used as basis of calculation, the result of their calculation would have justified a decrease of rates. The fact is, taking the year 1925 alone, the difference in plant costs would have been slightly less, whereas if the year 1924 had been taken alone, the difference would have been considerably greater. The three years gave a fair average.

By far the more important difference of opinion in the commission related to the matter of transportation and by assuming that the weighted average difference of costs between the United States and Belgium should include transportation to Cleveland, Ohio, and to no other point, the minority members of the commission found a difference in costs thus calculated much lower than those found by the other members of the commission.

It does not occur to us that any extended argument is needed to establish the fact that this basis of calculation is unfair and unsound. It leaves out of consideration many factors of the cost situation and it admittedly leaves the American manufacturer at a very great disadvantage from a transportation standpoint at practically every important importing center in the United States.

DUTIES STILL TO LOW

The rates of duty carried in the bill now before the committee are in the two higher brackets the rates fixed by the presidential proclamation. The rate in the lower bracket was reduced by the House from 16 cents as declared in the presidential proclamation to 12½ cents, the old rate. No reason was given for this reduction but it may perhaps be assumed to have been due to the fact that owing to an unavoidable production of small sizes in excess of an active demand the American producers are forced to sell these sizes far below the average cost of production and, therefore, the importations of these small sizes is limited.

It is true that under present conditions the American manufacturer does not need a tariff rate on these small sizes sufficient to cover the difference in the cost of production at home and abroad, but it should be borne in mind that this is not due to the fact that the difference in cost of production does not exist but is rather due to the fact that the American manufacturer, unable to avoid in his manufacturing process the making of a large quantity of small sizes, must dispose of these sizes and does dispose of them at heavy loss compared to the average cost of production.

HIGHER BRACKETS SHOULD BE CORRESPONDINGLY RAISED

In this state of affairs any reduction in the rate on the lower bracket should be accompanied with an increase in the rates on the higher brackets covering the larger sizes where competition is keen and active. Only through such increases can the actual difference in cost of production at home and abroad be reflected in in the tariff rates, and the rates on these two upper brackets should be increased from 19 to 21 cents in the intermediate bracket, and from 22 to 23½ cents in the upper bracket.

It is a curious fact that in the discussion of tariff rates no one has called attention to the highly important fact that the American user of small sizes of plate glass is, under the protective system, able to buy this product in large quantities at a price much below, and at times but little more than half, the actual average cost of plate glass production. Under these circumstances no harm could certainly come to the American consumer by the retention of the rate fixed by the President's proclamation and if it was to be reduced as to one class in which there was limited importations, a fair adjustment would be an increase in the rates covering those sizes in which the importations are large.

Much has been said relative to the sale of certain agricultural products at a price below the estimated average cost of production. Nothing has been said about the sale of manufactured products, such as these, far below the proven and demonstrated average cost of production.

CHANGE IN PHRASEOLOGY

Quite apart from the question of reasonable and proper rates of duty, with regard to which there may be some ground for difference of opinion, is the question of the phraseology of schedules to clearly fix and determine classifications, upon which there should be no difference of opinion.

The proviso to paragraph 222 (a) is as follows: "*Provided*, That none of the foregoing measuring one-half inch or over in thickness shall be subject to a less rate of duty than 50 per centum ad valorem."

This proviso should be amended to read: "*Provided*, That none of the foregoing shall be subject to a less rate of duty than 50 per centum ad valorem." This change in phraseology is necessary because of the fact that large quantities of plate glass are imported having a thickness of less than one-half inch, frequently not above three-eighths inch, in thickness, which are used and substituted in the markets in the United States for one-half inch plate glass. In fact the United States Bureau of Standards recognizes a limit of tolerance for one-half inch plate glass of from one-sixteenth inch below to one-sixteenth inch above one-half inch. The above proviso should therefore be amended as proposed in order to afford the protection which the paragraph contemplated.

Subdivision (c) of paragraph 222 is intended to define the term "plate glass" as used in the act, and the paragraph as written states:

"The term 'plate glass' when used in this act, means glass wholly ground and polished on both surfaces."

That is, perhaps, an accurate definition, particularly if the word "wholly" is considered synonymous with "entirely" or "completely," but it is highly important that in using that definition it shall not be so construed as to authorize the importation of glass that is intended to and does take the place of plate glass, as it is defined, at a lower rate of duty.

In order to obviate the danger of such importations defeating the clear purpose of the plate-glass rates it is highly important that the proviso in paragraph 221 be modified.

MODIFY THE PROVISO OF PARAGRAPH 221

The above paragraph as now written is as follows:

"*Provided*, That all the above glass, and cylinder, crown, and sheet glass, when ground wholly or in part, and rolled or sheet glass not less than one-fourth of one inch in thickness when obscured in any manner, shall be subject to the same rate of duty as plate glass."

It should be modified to read as follows:

"*Provided*, That all of the above glass, and cylinder, crown, and sheet glass, when ground, polished, smoothed, or otherwise obscured, wholly or in part, shall be subject to the same rate of duty as plate glass."

The proviso in paragraph 221 modified as above suggested will bring the paragraph entirely in harmony with the logical purpose of the act by applying the plate-glass rates to certain glass which, while it does not come wholly within the plate-glass definition in paragraph 222, costs approximately the same to produce and is intended to and does compete directly with plate glass as thus defined.

Respectfully submitted.

FRANK W. MONDELL.

STATEMENT OF R. B. TUCKER, REPRESENTING THE STANDARD PLATE GLASS CO., PITTSBURGH, PA., AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the Standard Plate Glass Co. and the National Plate Glass Co. and others?

Mr. TUCKER. The Edward Ford Plate Glass Co., of Rossford, Ohio; the American Plate Glass Co., of Kane, Pa.; Libbey-Owens Sheet Glass Co., of Toledo, Ohio.

Mr. Chairman and gentlemen, I have testified before the Ways and Means Committee, and I only have a very brief supplemental statement that I should like to make. In order to save your time I will read it and then be very glad to answer any questions.

Senator EDGE. Do you prefer to finish your statement before we ask you questions?

Mr. TUCKER. I would if I may, because most of what I have to say involves the phraseology in these paragraphs.

Senator EDGE. Very well, you may do so and then the members of the committee will cross-examine you if they desire.

Mr. TUCKER. Thank you, sir.

The rates of duty on plate glass included in paragraph 222, clause A, as passed by the House of Representatives, are the same as those established by presidential proclamation, which were based upon a long and careful investigation by the United States Tariff Commission; with the exception that the House bill reduces the duty on first-bracket sizes from 16 cents per square foot to 12½ cents per square foot.

This reduction in the first bracket was by committee amendment after the reporting of the House bill. As no statement as to the

reason for the change was made, we must assume that it was due to the fact that competition among American manufacturers of plate glass has kept the price of these small sizes far below the average cost of production per foot of plate glass; so low, in fact, that the importations have been very limited. It is true that so long as these very low prices for samll sizes prevail, there will be no considerable importation of these sizes and therefore the additional duty is not for the time being essential. However, inasmuch as the increase in the three brackets recommended by the Tariff Commission barely covers the difference in the average cost of production on all sizes, any reduction in the duty under the first bracket should have been accomplished by the addition of the amount of reduction to the second and third brackets where foreign competition is sharp and active.

We desire to bring to the attention of the gentlemen of the committee certain changes in the phraseology of the paragraphs covering plate glass that we believe will clarify the whole structure and facilitate the administration of these sections. Clause C of paragraph 222 reads: "The term 'plate glass,' when used in this act, means glass wholly ground and polished on both surfaces," and is an accurate and adequate description of plate glass. Now, it will be noted that no provision is made in paragraph 222 for semifinished plate glass. We therefore recommend that the words "or in part" be added in clause C of paragraph 222 after the word "wholly," or, and preferably, that the proviso of paragraph 221 which now reads, "*Provided*, that all the above glass, and cylinder, crown, and sheet glass, when ground wholly or in part, and rolled or sheet glass not less than one-fourth of 1 inch in thickness when obscured in any manner, shall be subject to the same rate of duty as plate glass" be amended to read: "*Provided*, That all of the above glass, and cylinder, ground, and sheet glass, when ground, polished, smoothed, or otherwise obscured, wholly or in part, shall be subject to the same rate of duty as plate glass."

We also strongly recommend that the proviso in clause A of paragraph 222 which reads: "*Provided*, That none of the foregoing measuring one-half inch or over in thickness shall be subject to a less rate of duty than 50 per centum ad valorem" be amended to read: "*Provided*, That none of the foregoing shall be subject to a less rate of duty than 50 per centum ad valorem." This change in phraseology is necessary for the reason that large quantities of plate glass are imported in a thickness of three-eighths of 1 inch and seven-sixteenths of 1 inch and substituted in the markets of the United States for plate glass of one-half inch in thickness produced in domestic plants.

In closing I call to the attention of the gentlemen of the committee that although the present duty on plate glass was established by presidential proclamation on February 15, 1929, there has been no increase in the price charged to the consumer. The actual effect of the rates proclaimed by presidential proclamation has been to give the domestic manufacturers a better and broader opportunity in the domestic market and to insure employment to an increased number of American workers.

Senator REED. In other words, putting these rates into effect has not added to the consumer's bill one penny?

Mr. TUCKER. No. The prices charged are identical with those in effect prior to the presidential proclamation increasing the rates.

Senator KING. Then there was no necessity of your asking for an increase in rates, was there?

Mr. TUCKER. Yes, sir. Do you not think that we want to give employment to all the American workmen that is possible?

Senator KING. You did not increase the rates, you said?

Mr. TUCKER. Did not increase the sales price. We were able to insure to ourselves a greater production in the plants located in the United States.

Senator KING. Your production depends, does it not, upon your consumption?

Mr. TUCKER. Yes, sir.

Senator KING. Upon your sales, and your sales depend somewhat upon your price?

Mr. TUCKER. Yes, sir.

Senator KING. You have not increased your price?

Mr. TUCKER. But we have increased——

Senator KING. Have you increased your price?

Mr. TUCKER. No.

Senator KING. And you have increased your sales?

Mr. TUCKER. Yes, sir.

Senator KING. And you have increased production?

Mr. TUCKER. Yes, sir. And we have employed more workmen in our plants.

Senator KING. The previous witness stated that the estimate was that for 1930 the production with the new buildings that are going up would be more than 230,000,000 square feet per annum, and for 1929 it would be considerably more than 180,000,000 square feet.

Mr. TUCKER. May I call your attention, Senator, to the fact——

Senator KING. Pardon me. It is not fair for me to put double questions. Would you agree with him that the production would amount to 180,000,000 square feet this year?

Mr. TUCKER. No, sir.

Senator KING. And that it is an increase over last year?

Mr. TUCKER. There will be an increase this year over last year, but not nearly as great as that figure would indicate.

Senator KING. And last year was an increase over the preceding year?

Mr. TUCKER. Very little.

Senator KING. And that was an increase over the preceding year?

Mr. TUCKER. No, sir, 1926 up until this last year was the greatest production of plate glass in the history of the industry.

Senator EDGE. Do you think you can cut down this 9 or 11 per cent importation without increasing the price to the American consumer by having the present proposed rate carried into effect?

Mr. TUCKER. We think that if the 3½ cents that was deducted from the first bracket was allocated to the second and third brackets that it will insure even greater employment to the workmen in the American plants.

Senator EDGE. At no greater price?

Mr. TUCKER. And that no greater price will be charged to the American consuming public.

Senator KING. Will you tell me why that is a correct theory of those that are asking for the high tariff rates, that they are asking for them if they do not intend to increase prices?

Mr. TUCKER. Because the nearer 100 per cent we can operate the lower our cost is.

Senator KING. Then your theory is that it is no advantage to us at all in increasing the rates to the consumer, and that there is no advantage in our sending to Belgium more than $50,000,000 worth of our products, $26,000,000 or $27,000,000 of which are farm products, annually and finding markets for our surplus products?

Mr. TUCKER. I think the first essential is to find employment for the unemployed in this country.

Senator KING. Do you think the farmers need any consideration?

Mr. TUCKER. Yes; I sympathize with the farmer.

Senator EDGE. As long as the Senator has introduced the balance of trade subject you might be interested in the statement in the morning papers from the chamber of commerce that American tourists have spent over $525,000,000, as I recall it, in the last year, which cut down that balance quite a bit.

Senator KING. And in view of what my freind has stated it is quite interesting to note that our exports this year will be $5,600,000,000, and last year they were $5,365,000,000. That was a benefit to us, was it not, to find export markets for over five and one-half billion dollars of our surplus products?

Mr. TUCKER. Yes, indeed.

Senator BARKLEY. Do I understand that you represent the American Plate Glass Co.?

Mr. TUCKER. Yes. I am president of the Standard Plate Glass Co. But I represent the American Plate Glass Co. and the others that I have enumerated.

Senator BARKLEY. The American Plate Glass Co. recently issued a stock dividend of over amillion dollars, did it not?

Mr. TUCKER. That question was asked in the Ways and Means Committee by Mr. Rainey. And so far as I have been able to ascertain there was no stock dividend of that size issued.

Senator BARKLEY. What was the size?

Mr. TUCKER. None that I have been able to ascertain.

Senator BARKLEY. Did the Ford-McNutt Co. double its stock?

Mr. TUCKER. The Ford-McNutt Co. is not a plate-glass manufacturer. They are jobbers in Minneapolis.

Senator BARKLEY. Why do you represent them?

Mr. TUCKER. I do not. I represent the Edward Ford Plate Glass Co., of Rossford, Ohio.

Senator BARKLEY. Do they have any connection with the Ford-McNutt people?

Mr. TUCKER. None whatever.

Senator REED. Mr. Tucker, has your company been prosperous this past year?

Mr. TUCKER. No, sir.

Senator REED. Have you been bothered by imports?

Mr. TUCKER. We have. Our company has suffered possibly more than any other domestic company as the result of importations, because our plants are located in the eastern section of the United States, and in our shipments to the Atlantic seaboard we have no freight

equalizations to make with other plants. When we ship into the city of Chicago we have a freight equalization of approximately 35 cents per hundred pounds that we have to make. Shipping into New York and Philadelphia and the other North Atlantic ports we have no freight equalizations to make. So consequently we have stopped our business in the Atlantic seaboard and as the result of that we have suffered very bitterly. We have practically been shoved out of the Atlantic seaboard market. And we have to seek our business at other points where we have had to make very heavy freight equalizations.

Senator REED. How many men do you employ when you are running full?

Mr. TUCKER. When we are running full we employ 500.

Senator KING. Do you mean to say that the Atlantic seaboard markets consume only about 9 to 12 per cent of the plate glass manufactured and imported into the United States?

Mr. TUCKER. No, Senator. But I mean to say that the Atlantic seaboard markets consume a very large ratio of large glass. And if you will note the classifications at which the imports came into the city of New York you will note that the large sizes came in in a very much greater ratio than those of the first and second brackets.

Senator KING. Has the Pittsburgh Plate Glass Co. and these others that have been producing in the neighborhood of 140,000,000 to 160,000,000 square feet been selling at a loss?

Mr. TUCKER. I can not answer that of my own knowledge, sir.

Senator KING. Do you not know that the domestic manufacturers have fixed the prices?

Mr. TUCKER. I know that they have not, sir.

Senator KING. You know that they have not?

Mr. TUCKER. I know that our prices have been determined by the competition from Belgium.

Senator KING. Do you not know that they have fixed the prices and that that which has been imported has assumed the same level as the domestic price?

Mr. TUCKER. Well now, may I explain in this way? When we find the price at the city of New York consistently 10 per cent under our price for a product that after it is taken out of the case and the label in the corner is taken off that you, I, or anybody else can not tell the imported glass from the domestic glass, and so far as the consumer is concerned the Belgian glass serves the same as that manufactured by an American plant—if you can consistently buy that Belgian glass for 10 per cent less than you can buy the American glass, naturally we can not see that whole market go away from us. We must meet that price. And there is where our reductions in price have come from sir.

Senator BARKLEY. What is your capitalization now?

Mr. TUCKER. Our capitalization is 30,000 shares of prior preference stock of $100 par value. Fifty thousand shares preferred stock of $100 par value and 200,000 shares of common stock with no par value.

Senator BARKLEY. Two hundred thousand shares of common stock?

Mr. TUCKER. Of no par value.

Senator BARKLEY. Two hundred thousand shares?

Mr. TUCKER. Yes, sir.

Senator BARKLEY. Is it listed on the Stock Exchange?

Mr. TUCKER. The preferred and the common are listed on the Stock Exchange.

Senator BARKLEY. What is the common selling at?

Mr. TUCKER. The common is selling at $5 and the preferred is quoted approximately at $17.

Senator BARKLEY. That would bring the market value to about $1,000,000 now, the common?

Mr. TUCKER. Yes, just possibly a million dollars.

Senator BARKLEY. What was your capitalization 9 years ago or 10 years ago?

Mr. TUCKER. I am sorry, sir; I can not answer that.

Senator BARKLEY. Prior to 1920 it was less than a million dollars?

Mr. TUCKER. Yes, I think so. I came with the company in 1925, and I am very frank to say that I have no very intimate knowledge of the financial structure before the consolidation in 1923.

Senator BARKLEY. What consolidation do you speak of?

Mr. TUCKER. The consolidation of the Heidenkamp Plate Glass Co. and the Standard Plate Glass Co., which is now known as the Standard.

Senator BARKLEY. Any other consolidations since 1920?

Mr. TUCKER. In the Standard organization?

Senator BARKLEY. Yes.

Mr. TUCKER. No, sir.

Senator BARKLEY. What was the relative size of the other company taken in?

Mr. TUCKER. The Standard Co., of Butler, was approximately twice as large as the Heidenkamp Co., of Springdale.

Senator BARKLEY. So that you might say that of the $9,000,000 represented in the capitalization now $6,000,000 of it represents Standard property and $3,000,000 the other?

Mr. TUCKER. No; that is not quite true, because we have a plate factory, and we have——

Senator BARKLEY. I mean of the property that was consolidated?

Mr. TUCKER. At the time of the consolidation that would be the ratio, but the amounts involved at that time were not so great.

Senator BARKLEY. Has there been any new money put into the company since 1920?

Mr. TUCKER. Yes, sir. The prior preferred issue has been sold since 1920.

Senator BARKLEY. That is the 30,000 shares?

Mr. TUCKER. That is the 30,000 shares of prior preferred.

Senator BARKLEY. At par?

Mr. TUCKER. At par; yes, sir.

Senator BARKLEY. Represented by the $3,000,000?

Mr. TUCKER. Yes, sir.

Senator BARKLEY. So that by the addition of $3,000,000 of new money your capitalization has increased from less than a million to about nine million dollars if you take those figures as being accurate?

Mr. TUCKER. If those figures are accurate, naturally. I can not substantiate them one way or the other.

Senator BARKLEY. That is all.

Senator KING. How much was the original capital?

Mr. TUCKER. I am sorry that I can not give you that information, sir.

Senator REED. You say your preferred stock amounts to 50,000 shares?

Mr. TUCKER. Yes, sir.

Senator REED. And its par value is $100?

Mr. TUCKER. Par value of $100.

Senator REED. And its present market value is about $17?

Mr. TUCKER. Its present market value is about $17 on the New York Stock Exchange.

Senator REED. How much did your company earn last year?

Mr. TUCKER. We lost $450,000 in round figures.

Senator REED. How much has it earned so far this year, so far as you have the figures?

Mr. TUCKER. The loss so far this year has been approximately $175,000.

Senator EDGE. The loss?

Mr. TUCKER. The loss; yes.

Senator BARKLEY. In your testimony before the Ways and Means Committee you said your loss last year was $350,000. How did it increase?

Mr. TUCKER. Well, I was simply estimating at that time. We did not have our figures at that time. The statement had not come out for the year.

Senator REED. That was in January and February?

Mr. TUCKER. That was in January when we testified.

Senator KING. Did your company assume an obligation to give a certain quantity of glass with each share of preferred stock purchased?

Mr. TUCKER. Yes.

Senator KING. Did it not impose a liability?

Mr. TUCKER. No. It simply assured us customers. That was the theory.

Senator KING. You were to sell at a lower price?

Mr. TUCKER. Oh, no, at the regular market price. Those contracts there clearly state this fact, that a subscriber to $50,000 of the stock of the company should have the right of purchasing 50,000 square feet of plate glass from the company at the then current market price. That was the only obligation upon the company, sir. That, in other words, we reserved in our production that much glass, and that if this subscriber to the stock wanted to take it he could be sure of the company furnishing it at the current market price.

Senator KING. Have you declared any stock dividends?

Mr. TUCKER. No, sir.

Senator KING. How much money did you put into the company aside from that that you sold stock for?

Mr. TUCKER. We have a debenture note issue of $3,000,000, if that answers your question.

Senator BARKLEY. You believe in debentures then.

Senator EDGE. Any further questions?

Mr TUCKER. May I just make one or two statements in regard to the testimony of the witness that preceded me?

Senator EDGE. Yes.

Mr. TUCKER. I simply want to point out that the investigation by the United States Tariff Commission was instigated at the request of the importers and of the furniture manufacturers, and not by the plate-glass manufacturers of the United States.

Senator EDGE. Did not the plate-glass manufacturers enter into the application?

Mr. TUCKER. No, sir. They simply answered the question.

Senator BARKLEY. The Tariff Commission or the Federal Trade Commission?

Mr. TUCKER. The investigation by the United States Tariff Commission of the plate-glass industry was made at the instigation of the importers and the furniture manufacturers.

Senator BARKLEY. At whose instance was the investigation made by the Federal Trade Commission?

Mr. TUCKER. That I could not answer, sir.

Another statement I would like to correct in the record in regard to the testimony of Mr. Solomon is the fact that the Tariff Commission were unanimous in their report as to the difference of cost of production at the plants in Belgium as compared with the cost of the plants in the United States. Their difference was in the point of consumption at which the comparison should be made when freights were added to the United States. When weighted freights were added from Belgium to the United States. Weighted freights from the American factories. That, I think, if you will notice the report of the Tariff Commission, was the cause of their division rather than the statement made by the former witness.

Senator REED. That was the question I asked. That the disagreement in the Tariff Commission was as to the point at which comparative costs delivered were to be made.

Mr. TUCKER. Yes, sir.

Senator REED. A group of commissioners wanted to take Detroit as the point for comparison, which, of course, would give the Belgian manufacturer the rail freight from Brooklyn to Detroit as part of his costs?

Mr. TUCKER. Yes, sir.

Senator KING. Cleveland.

Mr. TUCKER. That is right.

Senator REED. Cleveland, was it?

Mr. TUCKER. Well, Cleveland was their final point. Although Detroit was used in their arguments originally.

Senator REED. What is the biggest consuming point on the Atlantic seaboard?

Mr. TUCKER. New York.

Senator REED. If New York were taken as the point for the comparison the disparity between domestic and Belgian costs would be very much greater, would they not?

Mr. TUCKER. Than as compared with either Cleveland or Detroit?

Senator REED. Yes.

Mr. TUCKER. As a matter of fact, if New York is taken as a point of comparison there is less than one-fourth of 1 cent difference in the weighted averages of the domestic glass delivered at New York and the weighted average of Belgian glass delivered at New York as, compared to the cost of production in Belgium and the cost of production in the United States. In other words, if New York is a point at which competition meets then there is no difference whether you include transportation or whether you exclude transportation.

Senator REED. In other words, they can get their glass to New York just as cheap as you can?

Mr. TUCKER. Absolutely. A little cheaper.

One other point that I should like to call to your attention and that is——

Senator REED. Before we leave that point. I do not like to protract this. The glass that is delivered at Detroit is mostly for automobile manufacture, is it not?

Mr. TUCKER. Yes.

Senator REED. And very largely is delivered by subsidiary companies of the motor manufacturers?

Mr. TUCKER. Yes, sir.

Senator REED. If we take that point where most glass is actually sold for money to a stranger, the biggest market in the United States would be Brooklyn, would it not?

Mr. TUCKER. Brooklyn would be very much the largest market in the United States. Another point that has changed that situation. Originally practically all the automobile companies had their body-building plants in the Detroit district. Since then I think, as you gentlemen know, the assembly plants have been erected by practically all of the automobile companies at various strategic points all over the United States, so that Detroit to-day does not represent the point of greatest consumption. And I think when we take the ultimate consumption we find that that would vary in accordance with the population of the country.

Senator KING. There is a great deal of plate glass used by the furniture manufacturers, and they are not at Detroit?

Mr. TUCKER. No; they are not at Detroit. In fact, High Point, North Carolina is one of them.

Senator KING. Grand Rapids?

Mr. TUCKER. Well, High Point now consumes more plate glass than Grand Rapids does.

Senator EDGE. What was the other point?

Mr. TUCKER. The other point I wanted to bring out was that Mr. Solomon's testimony indicated that the imports as compared to the production in the United States showed a ratio of approximately 11 per cent, as corrected by Senator Reed.

Senator EDGE. He said 9 per cent.

Mr. TUCKER. He said 9 per cent, but I said "as corrected."

Senator EDGE. He insisted on it being 9.

Mr. TUCKER. As a matter of fact, when we deduct from the manufacture in this country the plate glass that is produced by the automobile manufacturer and used by himself, that figures about 15 per cent.

Thank you very much.

BRIEF OF THE VITAGLASS CORPORATION, NEW YORK CITY

COMMITTEE ON FINANCE,
Washington, D. C.

GENTLEMEN: Following my hearing on June 24 before tariff subcommittee No. 1, Schedule 2, and the filing of my brief dated June 21, I understand that a representative of the American plate glass industry requested a change in paragraph 222, the effect of which would be to make all plate glass subject to a duty of not less than 50 per cent ad valorum.

This change, if made, will have a similar effect on duties on plate Vita glass to that on sheet Vita glass by the clause as it appears in paragraph 219.

The Vitaglass Corporation is importing from Pilkington Bros., England, and selling in this country under it exclusive United States contract, plate Vita glass of approximately five thirty-second inch in thickness. Vitaglass Corporation has been importing this polished plate Vita glass and paying the specific rates of duty under paragraph 222 for the respective sizes. These rates are satisfactory, but the assessment of plate Vita glass under the 50 per cent ad valorem clause would mean an increase of 75 cents to $1.25 per square foot depending upon the basis of assessment. This increase over the pre cut rates would be prohibitive and would, we believe, stop the sale of plate Vita glass in this country.

The same arguments and the same conditions for the elimination of the 50 per cent ad valorem apply for plate Vita glass as given in our brief of June 21, except that plate Vita glass is not likely to be used so extensively as the cheaper grade of sheet Vita glass by farmers.

If the clause providing for the 50 per cent ad valorum on plate glass can be made to read as follows, it would allow plate Vita glass to continue to come in under the specific rates of duty and not be taxed with the 50 per cent:

"Provided that none of the foregoing measuring one-fourth inch or over in thickness shall be subjected to a less rate of duty than 50 per cent ad valorem."

We are also importing rolled Vita glass and rolled wire Vita glass. The rolled Vita glass is imported in ⅛ inch, 7/32 inch, and ¼ inch approximate thickness, and the rough wire glass is imported in approximately ¼ inch thickness. We shall probably also import polished wire Vita glass approximately ¼ inch thickness. If there should be any consideration of a similar ad valorem clause in any of the sections or subsections applying to these types of glass, we request consideration of similar limitations to allow these types of Vita glass to come in under the specific rather than the ad valorem rates of duty.

Respectfully submitted.

VITAGLASS CORPORATION.
P. H. JENNINGS, *President.*

Sworn to before me this 25th day of June, 1929.

[SEAL.] MINNA C. SCHLICHTING,
Notary Public.

Commission expires March 30, 1930.

COMMUNICATIONS SUBMITTED BY HON. FREDERICK STEIWER, A SENATOR FROM THE STATE OF OREGON

PORTLAND, OREG., *April 3, 1929.*

HON. FREDERICK STEIWER,
Senate Chamber, Washington, D, C.:

As store-fixture manufacturers using large quantity high-grade mirror plate glass in large sizes, we ask your careful consideration on reduction in new tariff recently put in effect. American glass manufacturers apparently devoting production to automobile requirements, neglecting production on grade needed by us and which can only be supplied by European manufacturers. If present rate of tariff is continued may cut off our supply.

GRAND RAPIDS STORE EQUIPMENT CORPORATION.

PORTLAND, OREG., *May 24, 1929.*

FREDERICK STEIWER.
United States Senate, Washington, D. C.:

Rates as presented in new bill on polished plate glass constitute practical embargo and if maintained mean we will be entirely deprived of buying foreign glass on which we have to depend. We therefore most seriously appeal to and urge you to use every effort to maintain duties provided in act of 1922. Kindly note that Tariff Commission reported that for year 1925, the last year investigated by the Tariff Commission, a reduction of duties provided in tariff act 1922 is justified. Conditions which have developed since 1925 further warrant reduction in such duties. Therefore duties provided in tariff act 1922 afford more protection than necessary and we urge they be retained. Imperative in our

industry we should be in position to buy raw plate glass from abroad as and when we deem necessary. Therefore your cooperation along lines explained heretofore would be greatly appreciated. Conclusive evidence our predicament is shown by order we placed April 11 this year with domestic plate glass company through local agent for plate glass on which delivery promised in three weeks, and on which we received letter one month later, May 11, that it is impossible for them to give any idea when they can fulfill this order, and at this date it appears impossible to get this material at all and we are cancelling order. We must depend on foreign glass which we have no difficulty in securing.

GRAND RAPIDS STORE EQUIPMENT CORPORATION.

PORTLAND, OREG., *May 27, 1929.*

Senator FREDERICK STEIWER,
Senate Chamber, Washington, D. C.

DEAR SENATOR: In confirmation of telegram, as per copy inclosed, we desire to say that the furniture and office equipment industries, which employ many men in Oregon, have asked us to assist them in preventing an injury through a raise of tariff rates on high-grade glass now obtained from Belgium and which can not be procured in this country, the glass manufacturers of Pittsburgh and other localities not producing this grade. It is necessary in some cases, as in the manufacture of high-grade office equipment, mirrored rooms and furniture of the better quality, to have a glass of the kind referred to, and it would work a hardship on the industry if the rates in this case are raised as proposed.

We therefore sent you a telegram, hoping that, even in the eleventh hour, you might be able to assist us, after knowing the circumstances.

Very truly yours,

MANUFACTURERS AND MERCHANTS ASSOCIATION OF OREGON.
W. C. FRANCIS.

BRIEFS

1. If the Belgian manufacturers of plate glass were to meet the American plate glass manufacturers' average selling price, the average duty now in force would be equivalent to more than 200 per cent ad valorem. Such a high percentage of duty has never been heard of in any country of the world on any commodity of such kind.

2. Plate glass is a raw product which has to be manufactured into a finished product in the United States for use in mirrors, furniture, automobiles, etc.

3. Many American consumers and manufacturers of mirrors, furniture, automobiles, etc., need imported glass because of its superior quality and also because of the difficulty which they have experienced year in and year out in securing in America the kind of glass and the amount of glass most needed for their purposes.

4. According to reports of the Tariff Commission, the Pittsburgh Plate Glass Co. produces about 70 per cent or more of the total amount of glass going into the open market. This leaves the consumer practically at the mercy of the Pittsburgh Plate Glass Co.

5. The importations of plate glass have been going down since 1923 when there was an acute shortage of glass. These importations amounted in the year 1923 to 25,918,562 square feet compared with 1928 about 15,000,000 square feet. In 1929 the importation of plate glass will be further reduced to about 6,000,000 square feet and we know that if it were not for the fact that the Belgian manufacturers of plate glass expect this unwarranted situation to be corrected by the Senate importations would completely cease. This of course would result in a disaster for many of the American industries who have had to depend upon imported plate glass and would leave the consumer at the mercy of the American manufacturers not only in reference to prices but also would leave the American plate glass manufacturers in a position whereby they could impose their own standard of quality on the consumer.

6. The Pittsburgh Plate Glass Co. has practical monopoly of glass manufacture in this country and has displaced many employees through improved machinery,

therefore protection to infant industry struggling for existence against foreign competition is a misnomer in this instance.

We are concerned with protecting the manufacturers industry of office equipment, furniture, high quality of building structure where polished plate glass is used, and desire that employment in these industries be not disturbed for reasons that must be obvious. Also desire in interest of ultimate consumer to protest against inordinate tariff raise on glass as inimical to business, already staggering under heavy load of various inhibitions. We are willing to stand on specific duty based on rate prior to January 10, 1920.

MIRROR GLASS

[Par. 223]

STATEMENT OF ENOS PORTER, SHELBYVILLE, IND., REPRESENTING THE MIRROR MANUFACTURERS' ASSOCIATION OF CHICAGO, ILL.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Porter, you are representing what?

Mr. PORTER. The mirror manufacturers.

Senator EDGE. The Mirror Manufacturers' Association of Chicago, Ill.?

Mr. PORTER. Yes, sir.

Senator EDGE. You desire to speak on the mirror schedule, paragraph 223?

Mr. PORTER. Yes, sir.

Senator KING. You want to reduce the tariff, of course, Mr. Porter?

Mr. PORTER. Absolutely. [Laughter.]

In writing the bill on the silvered glass, there was nobody to give any evidence to the Ways and Means Committee, and they have neglected to put any protection on for the difference in cost of silvering abroad and here.

Senator KING. You have protection on glass, have you not?

Mr. PORTER. Yes.

Senator KING. How much protection have you on the product that you make?

Mr. PORTER. They have made a differential of 1 cent a foot here.

Senator KING. But what is the protection? What does it amount to in ad valorem on what you produce?

Mr. PORTER. With the new rates, the ad valorem duty does not help at all.

Senator KING. Then what is the specific duty?

Mr. PORTER. They have made here, if I understand you correctly, 1 cent a foot differential between the silvered and the unsilvered.

Senator EDGE. Let me see if I understand it correctly. As the paragraph reads, with the changes proposed by the House, it raises the rate from 13½ cents to 17 cents per square foot on "plate, cylinder, crown, and sheet glass, by whatever process made, when made into mirrors, finished or partly finished, exceeding in size 144 square inches and not exceeding 384 square inches."

That is where you come in?

Mr. PORTER. Yes; that is it—paragraph 223. Now, in the first bracket there, up to 384 square inches, they have made, in the silvered product, a difference of 4 cents or 4½—12½ to 17. My understanding of the reason that occurred was that they were going to give the plate-glass manufacturers 16 cents protection on that glass, and at the last minute they changed it to 12½ and they forgot to change their figure in the silvered, making only 1 cent difference.

Senator EDGE. What do you propose?

Mr. PORTER. What we want is 10 cents a foot on the price of glass. If that is not done, Senator, it nullifies all the work that the Tariff Commission has done in figuring out the price on glass.

Senator EDGE. How can that be brought about by the involved wording of this paragraph? Have you your own language there to suggest?

Mr. PORTER. No; I have not. I can furnish that to you.

Senator KING. I wish you would, because I have not yet been able to ascertain, from what you have testified, just what section or portion of paragraph 223 you come under. One portion proposes a duty of 17 cents per square foot; the next proposes 20 cents; and the next 23 cents.

Mr. PORTER. If you want my wording, I should say to have that read, "up to 384 square inches, 25 cents a foot; from 384 square inches to 720 square inches, 30 cents a foot; above 720 square inches, 32 cents a foot."

Senator EDGE. In other words, you are practically asking for a 75 per cent specific raise?

Mr. PORTER. Yes; because it takes up the difference between the cost of silvering in this country and the cost of silvering abroad.

Senator EDGE. Have you those cost-data facts to put in the record?

Mr. PORTER. I have not the facts, except from the plate-glass people. They have those facts, and they will present them next week, as I understand.

Senator EDGE. As a matter of fact, this entire item, Senator King, will be gone over in great detail next week.

Mr. PORTER. Yes; it will be gone over, and it is only because I wanted very badly to get home that you gentlemen were kind enough to hear me on this subject to-day.

Senator EDGE. We have not gotten down to it at all yet.

Senator KING. Under paragraph 222, plate glass, by whatever process made, not exceeding 384 square inches, has a tariff of 12½ cents per square foot.

Mr. PORTER. Yes, sir.

Senator KING. Above that, and not exceeding 720 square inches, 19 cents per square foot—it is raised to 19 cents now—and all above that, 22 cents per square foot. Now, you get the benefit of all those tariff rates and raises. Then you go over to paragraph 223, and you want to raise the rate from 13½ to 25——

Mr. PORTER. Seventeen cents, it is, there.

Senator KING. No; the present rate is 13½ cents.

Mr. PORTER. Yes.

Senator KING. You want to raise that to 25 cents per square foot?

Mr. PORTER. Yes, sir.

Senator KING. Then, on the next size, the present rate is 16 cents, and the House bill raises it to 20 cents, and you want to raise it to 30

cents; and then you want to raise the present rate of 21 cents on all above 720 square inches to 32 cents.

Mr. PORTER. You will understand, Senator, that we are in the mirrow business. We buy our glass, and whatever the protection is to the plate-glass manufacturer has nothing whatever to do with us. All we want is the difference, so that they will not ship the silvered glass in here.

Senator EDGE. Now let us get right down to that silvered-glass proposition. The expert advises me that the cost of silvering the glass in Belgium for this smaller size mirror, 144 inches, is about six and a fraction cents.

(The expert stated to Senator Edge that was the average cost of silvering in 1925.)

Senator EDGE. The average cost in 1925. It cost 6½ cents, or between 6 and 7 cents, more than in Belgium. That is just the silvering. Now, if you add that 6 or 7 cents to the 12 cents, it would be 19 cents. Why would not 19 cents be a proper difference between the two costs?

Mr. PORTER. It is more than we want, Senator, from the silvering standpoint.

Senator EDGE. No; I am putting the two together now. I am giving you your seven cents, which is the difference in the cost.

Mr. PORTER. We claim that our cost is more than that—that it is between 6 and 7 in Belgium, and it is between 18 and 20 in this country.

Senator EDGE. That is just what we want to get sworn testimony about. My information, as I followed the expert, in that the difference between the cost of silvering mirrors of that size in Belgium and in the United States is about 7 cents. Is that correct?

(The expert stated that that was the average of all sizes.)

Senator EDGE. That is the average of all sizes manufactured.

Mr. PORTER. They may be absolutely correct on that. I have no way of knowing.

Senator EDGE. In that case, going on that theory, at least, I should say you should have 7 cents added to the other duty, which is 12, is it not? That is about 19 cents.

Mr. PORTER. Twelve and 19 and 22—that is what we want. We just want the difference added; nothing else.

Senator EDGE. That is all you want, then—the difference?

Mr. PORTER. Yes; the difference in the cost. That is all we want added, but we claim it is about 10 cents.

Senator EDGE. If 7 cents is the difference——

Mr. PORTER. If 10 cents is the difference, that is all we want.

Senator EDGE. All right; thank you.

Senator KING. Are you a manufacturer?

Mr. PORTER. I am a manufacturer of mirrors; yes, sir.

Senator KING. How long have you been engaged in that business?

Mr. PORTER. Since 1900.

Senatro KING. Where?

Mr. PORTER. I have a plant at Shelbyville, Ind.

Senator KING. Where else?

Mr. PORTER. I have one at Fort Smith, Ark.

Senator KING. Where else?

Mr. PORTER. And Los Angeles, Calif.

Senator KING. You have three factories?
Mr. PORTER. Yes, sir.
Senator KING. What is the name of your company?
Mr. PORTER. Our company is the Porter Mirror & Glass Co. at Shelbyville; and at Fort Smith it is a partnership, and that is the name of the firm.
Senator KING. Are you the principal stockholder?
Mr. PORTER. Yes, sir; and at Los Angeles it is the Porter Mirror Co., which is an incorporated concern.
Senator KING. How long have you been engaged in business in Los Angeles?
Mr. PORTER. I went to Los Angeles five years ago.
Senator KING. You built a plant there?
Mr. PORTER. Yes, sir.
Senator KING. Is your business prosperous?
Mr. PORTER. Well, we lost a little money last year. I hope it will be better this year.
Senator KING. Is your output increasing year by year in the three factories?
Mr. PORTER. No; it is getting less.
Senator KING. People are using less mirrors?
Mr. PORTER. Less mirrors, and the style of furniture changes. Our business is catering to the furniture trade; and the style of furniture changing and using less mirrors and smaller mirrors, makes the business smaller. I am not doing nearly as much business as I was some years ago.
Senator KING. But you attribute it to the change in the style of furniture?
Mr. PORTER. I attribute that part of it to that; yes, sir.
Senator EDGE. Mr. Porter, to get these figures for our use later, I think this is pretty close to what you are asking for: On these three sizes, the present duty is 12½, 19, and 22 cents; is it not?
Mr. PORTER. Yes, sir.
Senator EDGE. Of course, the average being 7, we must add the same average to each one of the schedules.
Mr. PORTER. Yes, sir.
Senator EDGE. That would bring it up to 19½, 26, and 29, where you have suggested 25, 30, and 32.
Mr. PORTER. I have just added 10 cents because my impression was, Senator, that there was 10 cents difference in the cost.
Senator EDGE. If you can prove that the Tariff Commission is wrong and you are right, you are entitled to ask that, of course.
Mr. PORTER. I am not in a position to prove it.
Senator EDGE. Or other witnesses.
Mr. PORTER. I have no witnesses for it. It is just what the plate-glass people have told me at different times, that that was the difference in cost; and, if not, that is all we care for. If you do not do that, Senator, you are going to nullify all the work of the Tariff Commission in raising the tariff on glass, because they can ship the silvered glass in here and reduce that rate 8 cents, if you do not make that differential.
Senator EDGE. I understand.
Senator KING. Mr. Porter, do you realize that the request you are making would increase the tariff 50 per cent?

Mr. PORTER. Well, whatever it is.

Senator KING. It is not merely a question of the present tariff, but it would increase it 50 per cent.

Mr. PORTER. The reason for that, Senator, is that the Tariff Commission has gone into the question of plate glass, and has said that they were entitled to this addition for the difference in cost. All we are asking is the difference in the cost of the other from the mirror-manufacturing standpoint.

Senator EDGE. In other words, if the theory under which we are operating of a protective tariff is correct——

Mr. PORTER. We need this other; and if you do not do it, you are going to kill your own work in giving the plate-glass people what you have given them.

Senator EDGE. Thank you very much.

Mr. PORTER. I want to thank you gentlemen for hearing me to-day.

OPTICAL PRODUCTS IN GENERAL

[Pars. 225–228]

BRIEF OF CARL ZEISS (INC.), NEW YORK CITY

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: We respectfully submit to the Senate Finance Committee the following brief regarding the tariff for optical products in general. We also respectfully refer to the brief we have filed with the Ways and Means Committee (printed on pp. 1576–1580, Volume II of the hearings reports).

The optical industry of the United States produced according to statistics of the United States Tariff Commission in 1925 (the latest figures given) $53,654,559, whereas the importation of foreign-made optical products averaged in the years 1922–1928 $1,462,000 annually. The importation is less than 2.7 per cent of the total domestic production. The American optical industry is thriving at present as never before. Never before in normal times of peace have more people been employed in the domestic optical industry than at present and the largest optical factory is working at full blast and in some departments in day and night shifts. We fail to see how in the face of such facts and figures, the claim for still higher protection could be justified.

Paragraph 225 covers spectacles, eyeglasses, etc. The following statistical figures of the United States Tariff Commission will best illustrate the situation:

Importation into the United States, $72,000 annually.

Exportation from the United States, $ 59,350 annually.

There does not seem to be any need for further protection in this line of merchandise.

Paragraph 226 covers half-finished optical products. The importation of such products is absolutely insignificant, because the present rate of duty of 40 per cent makes importation unprofitable.

Paragraph 227 covers duty on optical glass which at present is 45 per cent. There are more than a hundred varieties of optical glass, of which about 90 per cent are seldom used. It is and always will be uneconomical to manufacture the more rarely used varieties. We believe that in those varieties which are frequently used in optical constructions, domestic manufacturers are able to compete under the present tariff protection of 45 per cent.

Paragraph 228 covers the majority of optical instruments.

The tariff bill of 1929 of the House of Representatives subdivides this paragraph into two sections.

Paragraph 228a of the House bill increases the duty on a great many optical instruments to 60 per cent. It will be necessary to go into some detail to prove that such an excessive rate is not justified. In restricting ourselves to a few samples, it must be understood that we are well able to quote more if desired.

Spectrographs and spectrometers.—These instruments are used in research laboratories and their sale is small. The Gaertner Scientific Corporation, who primarily advocate an increase of duty on spectrometers, advertise their "high-grade spectrometer" for work in which "a high degree of accuracy is desired" at $275 list price. High-grade foreign-made spectrometers can not be sold in this country at such prices. A Zeiss spectrometer of high accuracy will cost $800 minimum against the domestic one at $275.

Spectrographs have been classified by the customs authorities as photographic cameras. This, in our opinion, is an erroneous classification and can easily be corrected by incorporating spectrographs in the list of optical instruments. But all the noise made about this classification by domestic manufacturers is out of proportion to the very small number of spectrographs imported. It is probably aimed at an increase in duty on this whole class of scientific research instruments.

Prism binoculars is another item of the House bill which is increased from 45 per cent to 60 per cent. Such an increase would be a striking example of a misguided protection policy. The domestic manufacturers in their respective quality class are not hampered by price competition of foreign-made binoculars. It is a fact that the Bausch & Lomb prism binoculars are sold at lower net prices to the trade than the imported Zeiss binoculars can be sold at.

An increase in the tariff rate from 45 to 60 per cent would mean a corresponding increase in the retail selling prices for the imported and soon also for the domestic product, and the high-grade glasses which under the present rate of 45 per cent duty are already very expensive, will be affected most. The cheaper grade of the imported prism binoculars may not suffer much by an increase in duty and price. The high tariff would thus work to the disadvantage of the quality product. Cheap prism binoculars, on the other hand, are not reliable and entirely unfit for military use. It is in the interest of the national defense that as many high-grade binoculars as possible are being sold in this country to private users. This will create a larger stock available in times of war than the Army and Navy Departments can ever hope to accumulate or to manufacture in an emergency.

An increase in duty on prism binoculars is entirely uncalled for. Unless it is the intention to grant bounties to one industrial firm, no economical reasons can justify an increase, and other weighty reasons are decidedly against it.

Optical measuring and testing instruments are another class of instruments on which the House bill wants to increase the duty to 60 per cent. The expression "optical testing instruments" is a very indefinite generalization. It may cover anything optical that is otherwise "not specially provided for" in paragraph 228 a and b. Among other instruments it may cover magnifiers as used in every walk of life. The high school and university student, the physician, the college and university professor, the agriculturist, the industrial worker, etc., all would have to pay a considerably higher price, if magnifiers, classified as optical testing instruments, would have to pay 60 per cent duty. In magnifiers domestic manufacturers have always offered their product at considerably lower prices than the imported one could be sold at. Another optical instrument that might come under the classification of testing instruments are, for instance, stereoscopes. These too are most widely used. These few examples refute an increase in duty, and it is similar with other testing instruments. It does not seem practical to leave the interpretation of "testing instruments" to the individual custom house appraiser.

Among the optical measuring instruments, refractometers are of most importance. Here again the domestic products have been sold throughout all these years at considerably lower prices than the imported ones, as is shown by the following comparison."

	Bausch & Lomb, domestic	Spencer, domestic	Carl Zeiss (Inc.), imported
Abbe refractometer	$199.80 ($222)	$202.50 ($225)	$222.00 ($222)
Dipping refractometer	136.80 (152)	.....	152.00 (152)

The prices given are net consumers' prices, whereas the prices added in parentheses are catalogue prices. Any educational institution and anybody connected with it enjoys from the domestic manufacturer the low net con-

sumers' price; but the importer simply can not sell at these prices, as even the 45 per cent rate of duty of the tariff of 1922 is too high to allow him to do so. We fail to see how with consistently lower prices the domestic product could have suffered from price competition of the imported one. Yet domestic manufacturers advance foreign price competition as a reason for an increase of duty.

In no line of optical instruments are there so many innovations and new developments as in the line of optical measuring instruments. Sometimes only a few of such instruments may be constructed for some special scientific purposes, and no competitive instruments may exist in this country. It seems to be an entirely unnecessary hardship on scientific research, industrial as well as educational, to generally increase the rate of duty to the excessive rate of 60 per cent.

Another part of paragraph 228a of the House bill follows closely the suggestions made by the Bausch & Lomb Optical Co. Among other items a rate of 60 per cent is proposed on ophthalmoscopes, slit lamps, corneal microscopes, and on testing or recording instruments for ophthalmological purposes. Bausch & Lomb Optical Co. are the only firm in the United States manufacturing the Gullstrand ophthalmoscope and slit lamp, the Corneal microscope and certain other ophthalmological recording and testing instruments. Only the Bausch & Lomb Optical Co. would be the beneficiaries favored by this part of the proposed new paragraph 228.

Has there been a necessity for higher protection? There has not. Bausch & Lomb Optical Co. have always sold these instruments at lower net prices than the originally foreign instruments have been sold at in this country. No economic reasons can be given for still higher protection. But the American physicians and hospitals would have to pay considerably higher prices for this line of ophthalmological instruments. For higher duty means higher prices of the imported as well as of the domestic product.

Paragraph 288b of the House tariff bill leaves the duty of 45 per cent on a number of items, the most important of which are microscopes. American manufacturers sell their microscopes at much lower prices to medical students, physicians and laboratories than the importer can sell his product, and they have exported them at still considerably lower prices. In our brief to the Ways and Means Committee we have given actual figures. Whether they be the simple students' microscopes or the high-grade research microscopes, there would be no justification for increasing the rate of duty on this most important line of scientific instruments, and the domestic manufacturers, considering the facts and the price situation, have not asked for an increase.

In telescopes and photographic lenses the same situation prevails, namely, that the domestic manufacturers have during all these years sold their products at lower prices, mostly at considerably lower prices, than the high-grade imported merchandise could be sold at, due to the present high rate of duty.

The general opinion of consumers of optical instruments, as for instance the American Medical Association, the Association of University Purchasing Agents, etc., are decidedly against a further increase of duty. So are large dealers of optical instruments in this country. The general reaction among this class of dealers is "Leave the duty where it is. An increase is not needed, and its effect will be unfavorable in every respect."

An increase in duty would indeed prove prohibitive for the importation of many optical instruments, which would be contrary to the interests of the users of optical instruments in the field of science, industry, and agriculture, the medical profession, and also the general public. We therefore recommend that the present high rate of duty should not be further increased but should rather be reduced.

We believe that the House 1929 tariff bill is based on very onesided information submitted by American manufacturers. May we suggest that an unbiased opinion be solicited from the Bureau of Standards. This is an authority that undoubtedly has the interest of the American industry at heart and at the same time has a more extensive knowledge of the subject than might possibly be found elsewhere.

CARL ZEISS (INC.),
K. A. BAUER, *President.*

Acknowledged before me this 25th day of June, 1920.

[SEAL.] A. L. LOVE, Jr., *Notary Public.*

My commiss'on expires March 30, 1931.

BRIEF OF THE BAUSCH & LOMB OPTICAL CO., ROCHESTER, N. Y.

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

HONORABLE SIRS: In order to bring before the Senate Finance Committee our suggestions and recommendations in connection with the readjustment of the tariff act of 1922, this brief communication is respectfully submitted.

I. PARAGRAPH 226

The rates provided by the tariff act of 1922 were not changed in H. R. 2667, although we suggested that the ad valorem rate of 40 per cent on "lenses of glass or pebble, etc.," be increased to 45 per cent.

We also suggested that the portion of paragraph 228 beginning with "strips of glass, etc.," be combined with "azimuth mirrors, etc.," and the rate increased from 35 per cent to 45 per cent ad valorem, but no changes were made in H. R. 2667. The strips of glass are used in conjunction with searchlight reflectors and ought to be grouped together in the same classification.

The basis of our recommendation is the increased wages which are now greatly in excess of the wages paid for comparable labor by foreign competitors. Since 1918 wages have increased as much and in some instances even more than the ad valorem rate provided in the tariff act of 1922.

II. PARAGRAPH 227

H. R. 2667 increased the rate on scientific optical glass from 45 per cent to 50 per cent ad valorem.

The manufacture of optical glass is a key or basic industry of vast importance to the national defense, as was amply demonstrated during the World War, and we are the only manufacturer of this product in this country. The Government departments concerned have unequivocably expressed their views on this subject. We can only add that even the 60 per cent asked for would be insufficient and that the 50 per cent provided in H. R. 2667 is clearly inadequate.

We simply can not compete with the foreign competitors.

III. PARAGRAPH 228

Our suggestion is substantially embodied in H. R. 2667, which reclassifies paragraph 228 and segregates a special though limited group of optical testing and measuring instruments and increases the duty on these instruments from 45 per cent to 60 per cent ad valorem. Our only reason for alluding to the subject here is that our request has been deliberately misrepresented to the trade by the agents of foreign competitors. Details of some of their activities have already been communicated to the chairman of the Senate Finance Committee.

The attacks which have been made by agents of foreign competitors on our suggestions and recommendations deserve scrutiny.

In the Leitz brief much is made of a comparison of prices of colorimeters, but the instruments given therein are not comparable. However, we do manufacture comparable instruments, but the prices of these were not used. Furthermore, Exhibits I and III of the Leitz brief are copied verbatim from our catalogue. We do not know why this should have been done, excepting possibly to fill up space.

In the Zeiss brief considerable space is devoted to the comparison of microscope prices. Suffice to state that domestic manufacturers have not asked for an increase of the duty on microscopes. A comparison of the prices of refractometers is attempted, but our prices are incorrectly stated, on the theory probably that we give a 10 per cent discount, which is not the case. A similar erroneous comparison is made of the prices of magnifiers.

In refutation of the statement that "On closer examination, however, one will find that these glasses are sold at much higher discounts and correspondingly at much lower prices than the Zeiss glasses" we offer the instance of an order obtained on a competitive bid during April, 1929, from the United States Coast Guard. Zeiss obtained this order for 200 prism binoculars at $34.40 each,

which price is below our costs of production. Leitz obtained an order for 300 prism binoculars from the United States Coast Guard about three years ago on a competitive bid at a price of $36 each. The dilemma presented is that either they sold these prism binoculars below their costs or the duty of 45 per cent is inadequate to protect the domestic manufacturer.

It should be apparent that the inaccuracies in the two briefs justify a doubt regarding the reliability of any statements which they contain.

IV

We respectfully urge that our original recommendations be reconsidered, because the suggested rates of duty represent moderate increases on a limited group of important optical products and places the tariff in harmony with the developments in the industry during recent years.

Respectfully submitted.

BAUSCH & LOMB OPTICAL CO.,
WILLIAM A. E. DRESCHER, *President.*

SUPPLEMENTAL BRIEF OF THE BAUSCH & LOMB OPTICAL CO., ROCHESTER, N. Y.

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

HONORABLE SIRS: A review of the testimony of Mr. Theodore M. Johnson, representing the Educational Buyers' Association; Mr. Hyman Weschler, representing E. Leitz (Inc.); and Mr. H. N. Ott, representing Spencer Lens Co., before Subcommittee No. 1, Schedule 2, has prompted us to submit this supplemental brief in the hope that it may help to clarify the issues involved.

I. PARAGRAPH 226

Since our position with reference to this paragraph has been completely presented, further comments would be repetition.

II. PARAGRAPH 227

We desire to supplement Mr. Ott's testimony on the subject of optical glass which he gave in response to questions by members of the subcommittee by the following statistical analysis of imports of optical glass, by uses, which appears on page 552 of the Summary of Tariff Information, 1929, on tariff act of 1922:

Value of imports

	Spectacles	Other optical instruments	Total
1924	$20,986	$44,180	$65,166
1925	19,763	69,942	89,705
1926	45,622	94,217	139,839
1927	97,043	109,334	206,377
Total	183,414	317,673	501,087

The optical industry, and more particularly the optical glass industry, are relatively small, and their products are not comparable on the basis of dollar values with the large scale industries in this country. Optical glass, because of its technical character, might properly be considered a laboratory product. This is indicated by the above figures and the following quotations from the compilation from which those figures were obtained:

"Optical glass is clear, pure, homogeneous glass of an exact chemical composition that must satisfy the specifications of a glass for use in optical instruments.

"Optical glass has an important military significance in such instruments as range finders, gun sights, and periscopes.

"Quantities required for military uses even in time of war are small but essential."

Mr. Ott has told you why the Spencer Lens Co. discontinued manufacturing optical glass. We have been debating the advisability of likewise discontinuing the manufacture of this product. The tariff act of 1922 and H. R. 2667 do not give us adequate protection. The increase of 5 per cent over the rate provided by the tariff act of 1922 provided by H. R. 2667 is inconsequential in view of the increased costs of production. The closing down of our glass plant would mean the end of this vital industry in this country.

III. PARAGRAPH 228

In so far as we have been able to ascertain there are no available statistics relating to imports of the individual optical instruments named in paragraph 228 (a) of H. R. 2667. The following analysis of the Bureau of Foreign and Domestic Commerce is the only information which has come to our notice:

Quarterly statement of imports for consumption in the United States for the period January 1 to March 31, 1929

	Value	Per cent
Opera and field glasses	$157,217	42.7
Azimuth mirrors, sextants, and octants	1,537	.4
Telescopes	7,991	2.2
Microscopes	39,287	10.7
Photographic and projection lenses	53,258	14.4
Other optical instruments and frames and mountings	109,237	29.6
	368,527	100.0

The instruments which are the subject of controversy are included with "Other optical instruments and frames and mountings," which comprised 29.6 per cent of importations under paragraph 228 of the tariff act of 1922. It is believed that the percentages given above have been fairly constant and that a reasonable approximation of the imports of these instruments during recent years can be obtained by applying the percentages for the first quarter of 1929 to the total imports during the period 1923–1928. The following table presents the results obtained by this method:

Estimated imports of various groups of optical products

	Total (100 per cent)	Opera and field glasses (42.7 per cent)	Azimuth mirrors, sextants and octants (4 per cent)	Telescopes (2.2 per cent)	Microscopes (10.7 per cent)	Photographic and projection (14.4 per cent)	Other optical instruments (29.6 per cent)
1923	1,139,503	486,567	4,558	25,069	121,927	164,089	337,293
1924	1,161,615	496,009	4,646	25,556	124,293	167,273	343,838
1925	1,738,538	742,356	6,954	38,248	186,024	250,349	514,607
1926	1,576,074	672,983	6,304	34,674	168,640	226,955	466,518
1927	1,686,759	720,246	6,747	37,109	180,493	242,893	499,281
1928	1,660,950	709,226	6,644	36,540	177,722	239,177	491,641
Total	8,963,439	3,827,387	35,853	197,196	959,089	1,290,736	2,653,178

Imports under paragraph 228 of the tariff act of 1922 totaled $8,963,439 during the 6-year period 1923–1928. Of this amount 29.6 per cent, or $2,653,178, was "Other optical instruments," which includes those enumerated in paragraph 228 (a) of H. R. 2667. Prism binoculars are included with "Opera and field glasses," which amount to $3,827,387. At least half, or $1,900,000, of this amount represents prism binoculars, and should, therefore, be added to the $2,653,178, or a total of $4,553,178, which would be covered by paragraph 228 (a) of H. R. 2667. This represents a formidable amount for the optical industry, which, as has already been indicated, is not comparable with large-scale industries.

The manufacture of optical measuring and testing instruments in this country has been largely developed since the World War and an increasing number of highly technical and costly instruments are being manufactured by us and other

manufacturers in this country. It is these instruments on which we are seeking an increase from 45 per cent ad valorem, provided by the tariff act of 1922, to 60 per cent provided by H. R. 2667. It has been our intention to develop and manufacture a complete line of optical instruments which will make this country independent of Europe.

That the increased duty sought on prism binoculars has practical significance is indicated by the two orders obtained by Leitz and Zeiss from the United States Coast Guard, referred to in our main brief. To these two instances we desire to add a third. Bids on 300 prism binoculars were received by the Bureau of Supplies and Accounts of the Navy Department on June 26, 1929. These bids, as reported by the Government service bureau of the Aetna Casualty & Surety Co., were as follows:

	Each
Leitz	$40.33
Zeiss	41.60
Bausch & Lomb	45.50

Our bid of $45.50 was below our costs of production. We repeat that only the increased duty requested will enable us to compete for the purchases of our own Government.

Mr. Ott has amply demonstrated that the comparison of colorimeter prices given by Mr. Weschler in behalf of E. Leitz (Inc.) is erroneous. This is a repetition of the performance before the Committee on Ways and Means. Furthermore, colorimeters are probably the least among the instruments enumerated in paragraph 228 (a) of H. R. 2667.

We desire to corroborate Mr. Ott's statement with respect to the prices of German manufacturers in the Canadian market. Our prices are the same in Canada and in the United States.

We have reason to believe that Mr. Johnson's request for a lower duty on optical instruments is not shared by a substantial number of educational institutions in this country. It is highly desirable that research workers in this country have readily available the services, facilities, and cooperation of American manufacturers, in order that they will not be put to the inconvenience of going to Europe with their problems. Needless to state, a reduction of the duty on optical instruments would be disastrous to American manufacturers because of the increased costs of production since the passage of the tariff act of 1922.

The reiteration by the representative of Leitz before the subcommittee of a statement which he made before the Ways and Means Committee, evidently for the purpose of conveying the impression that the reimbursement of a considerable sum to us by the Government indicates that large profits have been made and that, therefore, no protection is needed by the industry, deserves attention. The circumstances surrounding such transactions are undoubtedly known to the members of the committee. This particular instance represents an adjustment for war-time facilities and has nothing to do with commercial profits or the tariff.

Respectfully submitted.

M. H. EISENHART, *Vice President.*

Subscribed and sworn to before me this 3d day of July, 1929.

[SEAL.] ESTHER TOOMEY, *Notary Public.*

Commission expires March 30, 1931.

OPTICAL INSTRUMENTS

[Par. 228]

STATEMENT OF HYMAN WECHSLER, REPRESENTING E. LEITZ (INC.), NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Will you state whom you represent?

Mr. WECHSLER. I represent E. Leitz (Inc.).

Senator EDGE. You appear before the committee to discuss paragraph 228?

Mr. WECHSLER. Yes, I appear before the committee to discuss paragraph 228. Paragraph 228 formerly covered all optical equip-

ment. It has now been divided into 228 (a) and 228 (b). On 228 (a) there has been advance suggested from 45 per cent to 60 per cent, 228 (b) remaining at 45 per cent.

Senator REED. There has been a reduction on surgical and optical instruments, has there not?

Mr. WECHSLER. No.

Senator REED. Mirrors for optical, dental, or surgical purposes were 50 per cent under paragraph 230 of the old bill, and they are now reduced to 45 per cent under this paragraph.

Senator EDGE. Yes. We have had all that from a previous witness.

Mr. WECHSLER. I might say we do not import any mirrors for surgical, optical, or dental work. Our business is largely confined to paragraph (a).

Senator EDGE. Your old rate was 40 per cent, or 45 per cent?

Mr. WECHSLER. Forty-five per cent.

Senator EDGE. Have you a brief to file? We do not want you to read the brief.

Mr. WECHSLER. No. I have a brief that I will file. I want to point out a few matters in this brief which I think are of vital importance.

Senator EDGE. All right, go ahead.

Mr. WECHSLER. I represent the firm of E. Leitz (Inc.), importers of scientific instruments, being an American corporation, owned and operated by American citizens. The larger part of our business constitutes microscopes and microscopical accessories, projecting apparatus, colorimeters, and other scientific equipment.

As indicated a moment ago, the paragraph has been divided into two, rating one class of equipment at 60 per cent and the other class at 45 per cent. We wish to indicate and offer proof of the unreasonableness of paragraph 228 (a), and as an example might I cite one of the items which you will find in the second line, colorimeters, of which we are practically the only importer, to our knowledge, and probably the largest importer of that item. Our domestic competitors offer two models of this colorimeter, one at a price of $75 and the other at a price of $65. We offer in competition to the $75 item an item of $120. We offer in competition to the $65 item an item at $126. The comparison indicates that in the first instance our prices are 60 per cent higher, and that these prices have been effective for more than three years. At the present rate of duty our cost as compared to the selling price of this colorimeter to the dealer is in excess of the domestic selling price. At the proposed rate it is quite evident that our cost will be still higher and that we can not compete.

In the second case, the one where the domestic industry is offered at $65 and ours at $126, it offers even a greater degree of comparison. In this case our costs are $20 above the average selling price of the colorimeter to the consumer. It must be evident that when our cost is more than $20 above the price at which they sell their colorimeter that we can not compete at all. Then we contend that to raise that price by increasing the duty from 45 to 60 per cent is entirely unreasonable and unwarranted.

Senator REED. How do you sell at all with such a disparity in price?

Mr. WECHSLER. The only time when we can sell is when a faculty doctor or professor will insist that he must have that, and nine times out of ten he will be ruled out because colleges, State institutions,

and Federal departments purchase on bids. When the bid is higher the dealer has very, very little chance of obtaining that business. And we very frequently refrain from bidding because we know beforehand that we can not compete.

Senator EDGE. Are there any cheaper colorimeters manufactured abroad that come in? You mentioned two very high priced ones. Are there any cheaper ones that would come in?

Mr. WECHSLER. To our knowledge there are no cheaper colorimeters that are brought into this country. There is one dealer that brings in some colorimeters, but those are higher in price than the domestic colorimeters.

Senator EDGE. What is your total gross business in that particular instrument? You may answer that or not, just as you feel about it. I do not want to ask you to divulge a business secret.

Mr. WECHSLER. I would say it probably amounts to $5,000 or $10,000 at the very maximum.

Senator KING. A year?

Mr. WECHSLER. A year. And it is so unwarranted to do that that you can understand just how we feel about that one item. I might say that other manufacturers of other instruments in here can readily indicate a very similar comparison.

Senator KING. What is the advantage of this tariff? Why was this done?

Mr. WECHSLER. This is the identical wording, word for word, as the brief submitted by the Bausch & Lomb Optical Co. of Rochester, N. Y. It is copied word for word.

Senator EDGE. Are they manufacturers of the instruments described in paragraph 228?

Mr. WECHSLER. They are manufacturers of quite a number of those instruments.

Senator EDGE. Are all the instruments manufactured locally?

Mr. WECHSLER. They are.

Senator KING. Do they manufacture the colorimeter?

Mr. WECHSLER. They manufacture the colorimeter. They manufacture the prism-binoculars—line 6—cathetometers, interferometers, haemacytometers, and in lines 7 and 8 they manufacture most of that equipment, and it is their intention and desire to rule out entirely imported optical measuring or optical testing instruments which are used probably 80 to 90 per cent in scientific institutions of learning in this country. And you heard Mr. Johnson of the educational Buyers Association last Friday express the views of about 180 colleges, that is, the most famous colleges of this country, as to how they resent this matter of a raise in duty on scientific equipment.

Senator EDGE. Was not his testimony directed at another paragraph? Probably this also?

Mr. WECHSLER. At this mainly.

Senator EDGE. At this mainly?

Mr. Wechsler. Yes.

Senator EDGE. I do not know why we heard a man talking on paragraph 228 back three days ago.

Senator KING. How is it that you can not manufacture as cheaply as they do in the United States?

Mr. WECHSLER. We import our equipment from abroad, Senator.

Senator KING. I know.

Mr. WECHSLER. We charge the international price. The prices which we pay for our merchandise abroad are known throughout the entire world. It is the standard, prevailing price, and is that prevailing in Canada for all exports from Europe. There are two large optical firms abroad, Carl Zeiss and E. Leitz. Our prices have never been below that of domestic manufacturers. As an instance let me cite——

Senator KING. Are yours superior to the domestic manufactured articles?

Mr. WECHSLER. There are instances where we claim our equipment to be superior. There are certain people who will prefer our equipment. There are others, and a very much larger percentage, who prefer the domestic instruments. Those figures were given to you by Mr. Johnson a few days ago when he indicated that the American colleges and institutions of learning preferred to give preference to the American instruments. The figures given for New York University showed that their percentage of foreign purchases was only 6 per cent as compared to the domestic purchases. The figures for Harvard University showed 5 per cent of imported equipment as compared to domestic equipment. The total purchases, as given by the Educational Buyers Association, showed less than 9 per cent imported from abroad.

Senator EDGE. Less than 9 per cent of all the instruments in those paragraphs?

Mr. WECHSLER. Yes.

Senator EDGE. I find an item in the tariff report showing that the imports amounted to a value of about one and one-half million dollars, a little more than that, under the 45 per cent ad valorem rate. It includes a number of things, field glasses, and other optical instruments; that would include yours as well?

Mr. WECHSLER. It includes ours, and it includes a multitude of optical equipment that you find in department stores, some of them as novelties, and in other stores.

Senator EDGE. There is no other subdivision of optical equipment. This seems to be general.

Mr. WECHSLER. Let me state that there are practically no figures for the optical industry in America. The figures that I have here show that the total imports of all optical equipment from 1922 to 1928 averaged $1,462,000.

Senator EDGE. That is about correct with this. But that also includes sextants, octants, photographic lenses, opera and field glasses, and other optical instruments, so far as I can find it.

Senator KING. They are limited.

Mr. WECHSLER. They are very limited. The total imports represent 2.7 per cent of the production of this country.

Senator EDGE. I thought you said 9 per cent?

Mr. WECHSLER. The total imports of all optical goods from 1922 to 1928 is 2.7 per cent of the total production of 1925.

Senator EDGE. Where did you get your 9 per cent?

Mr. WECHSLER. That I represented as the purchases shown by the Educational Buyers Association.

Senator EDGE. Are there any other manufacturers in this country in addition to the Rochester manufacturers?

Mr. WECHSLER. There is one, Gertner Co. in Chicago, who make highly specialized instruments such as photometers and some polarimeters, but the bulk of this equipment is imported from abroad. They have made it abroad and there is no intention to make it in this country because there is very little of it purchased.

Senator REED. Do you import field glasses, prism binoculars?

Mr. WECHSLER. We import prism binoculars. And I might state there that if the committee will direct themselves to the United States Bureau of Standards, to the parties there who utilize the equipment, they will find the remarks made repeatedly that the domestic manufacturers should have left prism binoculars alone and under no circumstances have endeavored to rule out the foreign field glass.

Senator REED. Why?

Mr. WECHSLER. The Navy Department have drawn up repeatedly specifications so closely drawn on the foreign glass as to make it impossible, almost, for the domestic manufacturer to meet those detailed specifications. Their purpose and intention in drawing it to that fine degree must be known to them

Senator REED. In other words, you think that the quality is better?

Mr. WECHSLER. In the prism binoculars I believe that it is admitted that the glass is superior of the imported make, and the Government departments have preferred those glasses. Furthermore, the optical trade in the United States sells the imported glass at a higher price invariably than the prices prevalent for the domestic goods. And the domestic manufacturer grants excessive discounts to the domestic trade, whereas the importer has very restrictive discounts.

Senator REED. Where is your factory operated?

Mr. WECHSLER. In Wetzlar, Germany.

Senator REED. Is that near Jena?

Mr. WECHSLER. Not very far from there. I have not been abroad.

Senator REED. Is that superiority in the better quality of the optical glass that is used?

Mr. WECHSLER. It is probably workmanship combined with superior optical glass. Those glasses have been made by Carl Zeiss for many years in the past. Prior to the war patent rights and privileges were given to the domestic manufacturer to utilize their forms, calculations and other data. There has always been the very closest harmony between the foreign manufacturer and the domestic manufacturer prior to the war in so far as even the domestic manufacturer put on his instrument the name of the foreign importer where he utilized parts of his equipment.

Senator REED. How about the French manufacturers? Do they compete?

Mr. WECHSLER. The French compete more in the line of theatrical glasses—not of the prismatic type. It seems very peculiar that the the field glasses and optical glasses have been allowed to remain at 45 per cent. The bulk of that equipment does not emanate from the same point as the prism binocular glasses. The prism binocular glasses are largely imported from Germany.

Senator REED. Do Zeiss glasses come in competition with the binoculars made by Huet in France?

Mr. WECHSLER. No; the French glass is a much lower selling glass. And there is no increase in duty on the French glass, and it

seems peculiar that there should be an increase in duty on the German made glasses.

Senator KING. What paragraph is that under?

Mr. WECHSLER The French is under (b), the larger bulk of them under line 16, opera or field glasses, whereas the German made glasses are up above under prism binoculars.

Senator EDGE. You are not criticising then, as I understand it, paragraph (b) carrying 45 per cent?

Mr. WECHSLER. Well, I would prefer, and I will just take a moment to say that we would highly recommend that that paragraph be brought down to a 25 per cent duty.

Senator EDGE. But this class of instruments, mirrors, reflectors, and so forth, hardly occupy the same position from a scientific standpoint with the sextants, and so forth, that you have been discussing, do they?

Mr. WECHSLER. They do not.

Senator EDGE. Then there would be more chance for domestic price competition?

Mr. WECHSLER. Truly. Just a few other words. If you do put through this increase in paragraph 228(a) we will be ruled out of this line of business. The proof of that is that we can not absorb another increase. In 1927, gentlemen, our entire tax payment was $3,000, in competition to which the domestic manufacturer, as recently was announced by the Treasury Department, recently received a tax refund alone of $324,774. That is a tax refund for overpayments.

Senator REED. That is Bausch & Lomb. That is because of their profits during the war.

Mr. WECHSLER. We have inquired of the Secretary of the Treasury to give us those figures. He has indicated to us that he can not give them to us, but we do understand that after January of this year other tax refunds that will be made to any corporation will be known to those who inquire.

Senator KING. Have they a big business?

Mr. WECHSLER. Yes.

Senator KING. Have they a monopoly in the United States?

Mr. WECHSLER. I will get to that in just a moment.

Senator KING. Hurry up.

Mr. WECHSLER. There are but two domestic manufacturers in this line of business, and they are so closely allied, gentlemen, that one is nothing but an offspring of the other. As a matter of fact we recently increased our price on one of our instruments by $10. Within three days after we had increased that price a similar increase in price took place on the domestic manufacturer's part. That instrument is sold to over 2,000 medical students every year. Every September 2,000 students or more buy that instrument, and they are now compelled to pay practically $10 more for that instrument.

Senator EDGE. You fix the price?

Mr. WECHSLER. We raised our price. We could not offer that instrument at the price prevalent by the domestic manufacturers. They inaugurated the particular thing and put a price on it, and we made a similar one and were compelled to price it $10 more than they. The result is simply this, that if you increase our prices here by 60 per cent they really have no alternative but to accept similar increases.

Senator KING. Who were those two domestic manufacturers?

Mr. WECHSLER. Spencer Lens Co., Buffalo, and you have the other one which I gave you a moment ago, Bausch & Lomb.

Senator KING. Where are they?

Mr. WECHSLER, Rochester, N. Y. Now one of these domestic manufacturer's microscope business has grown so enormous that I understand his plants are now operating day and night, certain departments. They desire a still further elimination of competition which has always been fair and ethical. We have never yet underbid or undersold any domestic manufacturer at any time. Our prices were never lowered as to have them even suggest that our competition was unethical or unfair.

Senator REED. What do the consumers say?

Mr. WECHSLER. The consumer has never had reason to find fault with us. I believe that your records will indicate that probably a few hundred faculty members, leading educators, and scientists in this country, have directed themselves to you and to the Ways and Means Committee suggesting that no such increase be made at the present time.

Senator REED. I have priced Zeiss field glasses in New York and Vienna within a month of one another and found that the price in Vienna was just half of what it was in New York. Are those prices in New York controlled by instructions from abroad or are they controlled by competition?

Mr. WECHSLER. I believe—well, in the Zeiss case I believe the prices are established.

Senator REED. They are fixed by the factory?

Mr. WECHSLER. I believe so. We act as an independent distributor for the material we buy, and we have the privilege of buying any imported material we prefer.

Senator EDGE. That has a 50 per cent duty?

Mr. WECHSLER. Not on Zeiss field glasses. That has gone up to 60.

Senator EDGE. Under the existing law?

Mr. WECHSLER. Forty-five.

Senator EDGE. Forty-five per cent?

Mr. WECHSLER. Yes. We would highly suggest that that be retained at 45.

Senator BARKLEY. They have reversed the process of some American manufacturers who sell abroad cheaper than they do in this country.

Mr. WECHSLER. I might say that the standard hospital microscope, one used in 7,000 hospitals and one that is purchased by 2,000 students regularly, is held for export at a lower price than prevalent here in this country. In other words, I understand that you can buy the standard $100 instrument in South America in the neighborhood of $65 or $70. That instrument is offered here at $120, or 10 per cent to a college, at $108.

Senator REED. That is held down by competition from Europe, is it not? If they do not sell at that price they do not sell at all?

Mr. WECHSLER. They certainly would not sell abroad or in that comparative field at a loss, Senator.

Senator REED. That is true.

Mr. WECHSLER. And they offer discounts here in this country as high as 35 per cent. The price which they have taken from the regular

price brings that price to practically our cost, so that we can not compete.

Senator EDGE. That is the difference between a free-trade country and a protection country. You have mentioned two or three articles that you claim are not in competition with our production.

Mr. WECHSLER. Just in closing I might state that the American optical industry was never in a better position than it is to-day. It needs no subsidies. It has extracted its full share of profit. If anything, the presence of an importer or two whose business ethics have always been beyond reproach, will tend to serve as a further stimulus to the development of the American optical industry. If you remove the importers and remove those few highly specialized instruments which they bring into this country, why you destroy the incentive for competition, and it simply means that the consumer must pay that high a price for his equipment.

Senator KING. Did any representative of either of those organizations appear before the Committee on Ways and Means?

Mr. WECHSLER. The domestic?

Senator KING. Yes.

Mr. WECHSLER. The Bausch & Lomb Co. filed their brief. And until this morning I found that the domestic manufacturer had no intention of appearing, at least he has made no offer. But when the Educational Buyers Association had their man here protesting in behalf of the education interests it probably has stimulated a little further interest, and so in this morning's record I find that one of the domestic manufacturers, the Spencer Lens Co. will have their president here.

Senator EDGE. We will have a chance to hear him right away and get both sides of the story.

Mr. WECHSLER. Thank you very much.

(Mr. Wechsler submitted the following brief:)

BRIEF OF E. LEITZ (INC.), NEW YORK CITY

Mr. Chairman and gentlemen of the committee, I represent the firm of E. Leitz (Inc.), an American corporation, owned and operated by American citizens engaged in the importation and sale of scientific instruments. We are one of the foremost, if not the largest importer of microscopes and microscopical accessories, projection apparatus, colorimeters, microtomes, photomicrographic cameras, etc. I desire, with your consent, to dwell briefly on paragraph 228 of the tariff act of 1922.

Paragraph 228 of the tariff act of 1922 includes practically all scientific instruments such as microscopes, colorimeters, refractometers, field glasses, optical measuring instruments, etc., and provides a duty thereon of 45 per cent ad valorem. The proposed tariff bill (H. R. 2667) plans to subject many instruments in paragraph 228 to a duty of 60 per cent ad valorem, in place of 45 per cent now assessed. This is accomplished by separating former paragraph 228 into paragraphs 228 "a" and "b" in the new House bill, section "a" indicating those instruments to be subjected to a 60 per cent duty, section "b" those instruments to be retained at a 45 per cent duty.

We desire to show how unwarranted and how unreasonable is the proposed 60 per cent duty. We furthermore offer facts indicating the necessity of reducing the already present high rate of 45 per cent.

As definite proof of the unreasonableness of the proposed paragraph 228 "a" (requiring a duty of 60 per cent), we select as example an important item included therein, namely, "colorimeters," of which, to our knowledge, we are the largest importers. Our brief, submitted to the Ways and Means Committee on January 29, 1929, indicated conclusively that—

(1) Our present prices are higher than those of domestic manufacturers.

(2) Our sales are limited.
(3) The duty of 45 per cent is already too high.
I present to you and offer freely the following figures and our cost, which show how unwarranted are the proposed changes.

		List price	Leitz's cost at 45 per cent duty
1	B. & L. colorimeter No. 3625, 20 mm. (see Exhibit I attached)	$75.00	
	Leitz colorimeter No. 6065, 20 mm. (see Exhibit II attached)	120.00	$59.11
2	B. & L. colorimeter No. 2500, 40 mm. (see Exhibit III attached)	65.00	
	Leitz colorimeter No. 6057, 50 mm. (see Exhibit II attached)	126.00	66.00

The comparison indicates clearly in the first instance that our price is $45, or 60 per cent higher, while in the second instance our price is $61, or 93.8 per cent higher. These prices have been effective for three years. Here, gentleman, are two items alike in practically all respects and representing the most important colorimeters upon which an effort is being made to eliminate our product entirely.

At the present rate of 45 per cent duty our costs nearly equal (within $8.39) the net selling prices of the competitive colorimeter to the consumer (to whom 10 per cent discount is invariably granted) while our cost is $6.61 in excess of the average selling price of the domestic colorimeter to the dealer to whom the domestic manufacturer grants discounts ranging from 25 to 35 per cent. These dealers now sell domestic colorimeters exclusively since our prices are entirely too high. At the proposed rate of 60 per cent our costs would be increased to an extent as must eliminate us entirely from the sale of colorimeters which are used in every medical, chemical, industrial, and agricultural laboratory.

The identical situation exists even to a more marked degree in connection with our larger colorimeter No. 6057 as indicated in the previous schedule. In this case, at the present rate of 45 per cent duty, our costs, exceed by $7.50 the net selling prices of the competitive colorimeter to the consumer (to whom 10 per cent discount is invariably granted), while our costs are as much as $20.50 above the average selling prices of the domestic colorimeter to the dealer. We can not offer or sell our products when our costs alone are higher than the selling prices of competitive and equivalent models. There is no need whatsoever for a 60 per cent duty since our entire distribution of imported colorimeters is but a small fraction of that business enjoyed by the domestic manufacturers on colorimeters and furthermore, no price competition whatsoever exists. In order that we continue to offer our colorimeters at a figure making it possible to consumate any sales and to warrant their distribution, it is necessary that the duty be placed at 25 per cent rather than at the present rate of 45 per cent whereas the proposed rate of 60 per cent is prohibitive.

What I have proven for colorimeters is likewise effective to a large degree for other items in proposed paragraph 228"a". I am convinced that Carl Zeiss (Inc.), the only other large importer of foreign optical products indicated in proposed paragraph 228 "a" can show similar striking examples. Our firm is gradually being forced out of the field to which we have catered since 1849. The excessive tariff rates of 1922 have eliminated every importer of consequence of microscopes from this country except two: Carl Zeiss (Inc.) and E. Leitz (Inc.), and as far as E. Leitz (Inc.) is concerned, we can not continue as microscope importers much longer under the depressing conditions to which we are now subjected. How critical a condition exists is manifested by the fact that we have in every instance been the first ones to increase our prices, after which the domestic manufacturers likewise followed with a corresponding increase, and the consumer paid, he had no other choice. To now increase our duty to 60 per cent will again repeat the cycle and again the consumer must pay.

That we can not absorb another increase is evidenced from the meager tax payment which we made in 1927 of less than $3,000 in contrast to which the domestic manufacturer who has requested the increase, Bausch & Lomb Optical Co. have recently received, as announced by the Treasury Department, a tax refund of $324,774.03 for over payment alone of Federal income tax. This indicates how greatly they have benefited under the tariff act of 1922, while our business and profits are dwindling to an extent as will soon eliminate us entirely.

Gentlemen, an increase of duty on microscopes and optical instruments as involved in paragraph 228 has been opposed by practically all whose field of

endeavor is directly concerned with science and research. An increased duty represents a further tax on science. Science will be penalized and will bear the brunt of the burden. As proof thereof the Educational Buyers' Association representing the purchasing authorities of practically every college and university in the United States has, with the approval and consent of its faculty and deans, protested as being definitely opposed to an increase of tariff rates on scientific apparatus. The board of trustees of the American Medical Association, the leading medical organization in the United States, has filed protest as being opposed to any increase on surgical instruments. Leading scientists and educational authorities of practically every college and university in the United States engaged in agriculture, biology, chemistry, and medicine have voiced their disapproval and have placed themselves definitely on record as being highly opposed to a further tax upon scientific instruments, which are in many instances vital to education, public health and industrial pursuits.

May I point out the danger of eliminating the remaining and only two recognized importers of microscopes and accessories in the United States. We have but two domestic manufacturers of microscopes, a situation which tends readily and practically toward creating a monoply. Where else can you find an industry restricted to but two domestic manufacturers without any outside competition? We wish to emphasize that no American manufacturer of scientific instruments has on record a single incident to prove that we, as the largest importers, have at any time created unfair or unethical competition. To the contrary, on December 14, 1928, we increased our largest selling microscope from $125 to $135. We could not sell our product at the lower prices established by the domestic manufacturers and were compelled to increase our selling prices. This model is the required standard purchased by approximately 2,000 medical students each year, who pay for the microscopes out of their own earnings and frequently out of the savings obtained from employment during the summer periods. It is furthermore the recognized standard for hospitals and pathological laboratories approximating 7,000 in number and for hundreds of college laboratories. They shouldered the burden and the increase, this for the reason that no sooner was our price increase effective when, within the very next few days, the two domestic manufacturers increased their prices $10 per instrument. The cycle continues and the public pays. I know of no one occasion when we increased our prices that the domestic manufacturers did not similarly raise their selling prices. You can therefore readily conceive with what alarm the scientific profession regards the request for an increase in duties on paragraph 228.

One of the domestic manufacturers whose microscope business has grown enormously, whose plants are now operating day and night, desires still further control through the elimination of ethical and fair competition. The other domestic manufacturer has increased his business far beyond the producing capacity of his plant and has now established a large new factory with improved manufacturing facilities where production is in full blast. Every opportunity prevailed for the latter firm to file briefs if greater protection were required, or if our request to the Ways and Means Committee for a lowering of duty would prove detrimental to their interests. They filed no briefs; they made no appearance; to the contrary they have indicated repeatedly that their business is prosperous and more than sufficiently protected by the present high tariff rates.

Gentlemen, here is an industry, as facts clearly show, certainly in no need of still greater protection. Increase the duty on paragraph 228 and you increase the selling prices. The domestic manufacturer has in every instance followed our increases and ultimately the public pays. This public is no other than hospitals, medical students, physicians, states, city and privately endowed educational institutions and agricultural colleges, etc. Gentlemen, if every other industry were served as well by the present tariff rates as these two domestic manufacturers are, there would have been no need or demand for a special session on tariff. We understand that only limited revision was intended and that those industries in need of further protection would receive consideration. In the President's message to Congress when assembled for extra session on April 15, he said, "It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years and a consequent decrease of employment due to unsurmountable competition in the products of that industry." Many have voiced themselves repeatedly to the effect that "revision to any line of production that has been in a depressed condition during the past few years or more traceable to steady increasing import should receive consideration." There has been no slackening of activities, no decrease in employment and no increase in importa-

tion. To the contrary, every factor indicated has been favorable in the optical industry in America which is now firmly and soundly established. It is in no danger whatsoever from foreign competition in microscopes and colorimeters, polariscopes and optical measuring instruments.

The American optical industry was never in a better position than today. It needs no further subsidies. It has extracted its full share of profit. If anything, the presence of an importer or two whose business ethics have always been beyond reproach, will tend to serve as a further stimulus to the development of the American optical industry.

In closing, I desire to state that there is no need for any increase in tariff rates on paragraph 228. A reduction of duty to 25 per cent on paragraph 228 of the tariff act of 1922 is in our opinion the only hope for the continuance of importation of microscopes, etc. and it is the only means to prevent a monopoly in the industry. We contend that any upward revision in paragraph 228 is unnecessary and unjustified and that such change would encompass the destruction of importation of scientific equipment and would prove detrimental to the scientific profession, educational institutions, and industrial establishments. We sincerely hope that the Senate Finance Committee will, with its usual courageous and clear-sighted facing of the facts, find our claims most honorable and ethical and deserving of consideration.

E. LEITZ, (INC).
H. WECHSLER, *Vice President.*

EXHIBIT I

MICROCOLORIMETER NO. 3625

This colorimeter is suitable for use in microdeterminations, where only a small amount of the solution is available or wherein it is necessary to concentrate the color in order to get it into a small quantity of solution.

Compound prism.—The prism system has been newly designed and consists of a double rhomboid reflecting system and a biprism refracting system. The sharp edge of the biprism forms the dividing line, which is practically invisible at the match point. The optical system is completely symmetrical, having neither absorbing cement layers nor selectively reflecting silver surfaces in either path.

The observing microscope is of two-lens construction, so diaphragmed at the eyepoint that the field is evenly illuminated and free from disturbing reflections.

Plungers.—Two solid plungers, cylindrical in form, of optical glass, matched for color and having optically plane and parallel ends, are attached to the frame of the instrument by means of threaded metal adapters. Their position is fixed with reference to the axis of the instrument, the axis of the plunger passing through the center of the cup.

Cups.—The cups are of one-piece, flare-top type, fused-on bottom, optically inactive. They have a capacity of 1 millimeter (i. e., 1 cubic centimeter) and provide for a fluid depth of 20 millimeters. The right-hand cup is, in all cases, adjustable by rack and pinion. The left-hand cup in Model 3625-D is also moved by rack and pinion. In ordering be sure to state which model is desired.

Mirror.—The single mirror has upper surface finely ground to give evenly diffused light and is embedded in an acid and alkali proof material.

Code word	Catalogue No.	Specifications	Price
Kagac	3625	Micro colorimeter, with both cup carriers adjustable, one by rack and pinion, no case.	$75.00
Kaged	3625-D	Same as No. 3625, but with both cups adjustable by rack and pinion	85.00
Kagif	3627	All-glass cup, 1 ml. (i. e. 1 cc.) capacity, each	4.00
Kagog	3629	Solid glass plunger, with threaded adapter, each	5.50
Kaguh	3631	Cup holders, for 1 ml. cups, per pair	4.00
Kaaxv	2501	Carrying case, extra	5.00

EXHIBIT II

No.		Code word	Price
	Reading prisms, Albrecht-Hüfner comparison prism and Ramsden eyepiece, mirror or ground glass plate respectively for measurements by daylight and cylindrical light-screen, including a pair of plungers for strata of 100 mm. 9 mm. diameter, together with a pair of dipping beakers to hold about 18 cc., with mount on slide, in case fitted with lock and key	Holta	
6056	Illuminating attachment for measurements with artificial light, as described in No. 6030	Hahutene	
6057	Simple Duboscq colorimeter for strata of 50 mm. colorimeter, as described in No. 6055, but for strata of 50 mm. 9 mm. diameter, together with a pair of dipping beakers to hold about 9 cc., in case fitted with lock and key	Holvi	$126
	Supplementary parts for micro-colorimetry:		
6058	Pair of plungers for strata of 50 mm. 4 mm. diameter with screw mount to screw into the holder	Halaconi	
6059	Pair of plungers to hold about 1 cc. with mount on slide	Hafogeno	
6060	Supplementary parts for micro-colorimetry, complete, Nos. 6058/59	Halecoid	
6061	Illuminating attachment, as described in No. 6030	Hahutene	
6065	Simple Duboscq colorimeter for strata of 20 mm. colorimeter, as described in No. 6055, but for strata of 20 mm., including a pair of plungers for strata of 20 mm. 9 mm. diameter, together with a pair of dipping beakers to hold about 2 cc. in case fitted with lock and key	Holvo	120
	Supplementary parts for micro-colorimetry:		
6066	Pair of plungers for strata of 20 mm. 4 mm. diameter, with screw mount to screw into the holder	Halinode	
6067	Pair of dipping beakers to hold about ½ cc. with mount on slide	Halomane	
6068	Supplementary parts for micro-colorimetry, complete, Nos. 6066/67	Halyelge	
6069	Illuminating attachment, as described in No. 6030, but of smaller dimensions, for attachment by two screws	Hamagine	
	Filters:		
6070	Daylight filter in mount to place upon the eyepiece	Hameaton	
6071	Blue filter in mount for dropping upon the bottom plate of the colorimeter	Hamiegne	
6072	Green filter in mount like No. 6071	Hamobund	
6073	Red filter in mount like No. 6071	Hamugera	
6074	Yellow filter in mount like No. 6071	Haseluto	
	Renewal parts for colorimetry:		
	A. Universal colorimeter—		
	1. For the Duboscq system—		
6080	Pair of dipping vessels to hold about 9 cc. in mount without slide	Hamybark	
6081	Pair of plungers for strata of 50 mm. 9 mm. diameter, with screw mount, without slide	Hanatese	

EXHIBIT III

40-MILLIMETER BIOLOGICAL COLORIMETERS

The Biological colorimeter, most useful in the medical laboratory, is a simplified model of the standard Duboscq type. The metal scales are graduated in millimeters and the verniers in tenths. The rotary drum on No. 2300 with spaces magnified 10 times provides for easier and more accurate readings.

Compound prism.—The prism system has been newly designed and consists of a double rhomboid reflecting system and a bi-prism refracting system. The sharp edge of the bi-prism forms the dividing line, which is practically invisible at the match point. The optical system is completley symmetrical, having neither absorbing cement layers nor selectively reflecting silver surfaces in either path.

The observing microscope is of two lens construction, so diaphragmed at the eyepoint that the field is evenly illuminated and free from distrubing reflections.

The plungers are of optical glass, 6-sided in form.

The cups are 46.5 millimeters deep. Otherwise they are the same as described on page 5. The right hand cup is, in all cases, adjustable by rack and pinion. The left hand cup in Models 2500-D, 2400-D, 2300-D is removed by rack and pinion, while in Models 2500, 2400, 2300 the left hand cup is secured by means of a thumb screw.

The mirror has two reflecting surfaces, a plane silvered mirror and a plate of opal glass which diffuses light evenly. They are embodied in an acid and alkali proof material.

Code word	Catalogue No.	Specifications	Price
Kaarn	2500	Biological colorimeter, 40 mm. with both cup carriers adjustable, one by rack and pinion; separable cups; solid hexagonal plungers, no case	$65.00
Kaatr	2500-D	Same as 2500 but with both cup carriers adjustable by rack and pinion	75.00
Kabef	2300	Biological colorimeter, with rotary drum; 40 mm; one cup adjustable by rack and pinion; separable cups, solid hexagonal plungers; no case	80.00
Kahig	2300-D	Same as 2300 but with both cup carriers adjustable by rack and pinion	90.00
Kabax	2509	40 mm. separable cup, complete, (46.5 mm. deep) each	5.00
Kabey	2511	40 mm. glass cylinder only, each	1.50
		Bottom glass optically inactive, each	.35
		Rubber washer, each	.05
Kabiz	2513	40 mm. solid glass plunger, with threaded adapter, each	5.50
Kafid	2400	Biological colorimeter, 40 mm. one cup adjustable by rack and pinion; hollow plunger, one piece all glass flare top cup holders; no case	65.00
Kafof	2400-D	Same as 2400, but with both cup carriers adjustable by rack and pinion	75.00
Kacib	2521	40 mm. all glass cup, with flare tops and fused bottoms (47.5 mm. deep) each	4.00
Kacoc	2522	40 mm. hollow plunger, with threaded adapter, each	4.50
Kacud	2523	Cup holders, for all glass cups, per pair	4.00
Kaagd	2505	Extra mirror, double faced, in mounting, each	4.00
Kaaxv	2501	Carrying case for biological colorimeter, extra	5.00

STATEMENT OF H. N. OTT, REPRESENTING THE SPENCER LENS CO., BUFFALO, N. Y.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the Spencer Lens Co.?

Mr. OTT. Yes, sir.

Senator EDGE. Of Buffalo, N. Y.?

Mr. OTT. Yes, sir.

Senator EDGE. You are here to testify on paragraph 228, are you?

Mr. OTT. Yes, sir.

Senator EDGE. Paragraph 228 (a) and (b), or both?

Mr. OTT. Both.

Senator EDGE. We had the last witness last evening testifying on the same paragraph from the standpoint of the importer. Now, have you a brief prepared?

Mr. OTT. Yes, sir.

Senator EDGE. Did you appear before the House Committee on Ways and Means?

Mr. OTT. Yes, sir.

Senator EDGE. Is this brief any different from the brief you presented to the House committee?

Mr. OTT. Slightly different; yes, sir.

Senator EDGE. If it is only slightly different, why not use the same brief?

Mr. OTT. No; it is not the same brief. It contains some information which we received since that time.

Senator EDGE. Then it supplements the brief which was presented to the House committee?

Mr. OTT. Yes, sir.

Senator EDGE. Then you may file it with the clerk. In addition to that brief, is there any brief statement you desire to make to the committee?

Mr. OTT. I think it ought to be understood clearly—and I do not know that it has been brought out clearly—why paragraph 228

was separated. It formerly included microscopes, spectrometers, spectrographs, refractometers, and that class of instruments.

Senator EDGE. Yes. As a matter of fact, I think that is very necessary information. We have the general information from previous witnesses that with respect to most of these instruments included in 228 (a), which is an entirely new paragraph as compared to the existing law, instruments such as colorimeters and saccharimeters and refractometers, interferometers, and other instruments, they are a type of instrument in which the imported article, at least, is not in competition with the domestic articles, and in most cases the prices are higher than the domestic articles, rather than lower, and therefore it could not be termed competition. Evidence to that effect was presented to the committee yesterday.

Mr. OTT. That is not quite the truth in regard to it. These refractometers, colorimeters, and nearly everything except microscopes, are manufactured and sold the world over in comparatively small quantities. The American manufacturer has to base his manufacturing on that fact. The great reason for the American manufacturers asking for a division in this paragraph was due to the fact that refractometers, colorimeters, and practically everything excepting the microscopes, are manufactured and used the world over in comparatively small quantities, whereas the microscopes——

Senator EDGE. That does not answer my question. Take colorimeters.

Mr. OTT. Yes.

Senator EDGE. It was stated yesterday that they were manufactured mostly in Germany—that is, the imported article—and that they were not in competition with the American article because of the price being very much higher than on the American article. Is that correct or otherwise?

Mr. OTT. That is not the case. The American manufacturers are making different grades of instruments, and grade for grade——

Senator EDGE. Are you speaking of colorimeters now?

Mr. OTT. Yes, sir. They are making a cheaper one, and a more expensive one. Our friends in Rochester are our competitors. We are making but one grade, but Bausch & Lomb, in Rochester, are making three or four different grades, each with prices corresponding to the prices of the foreign instruments. The inference that was made yesterday——

Senator KING. By "corresponding," do you mean about the same as the foreign instruments?

Mr. OTT. Yes, sir; corresponding in price and quality, just as there are different grades of automobiles made by the same manufacturer to meet different demands.

Senator EDGE. This new paragraphs means, in effect, an advance from the existing duty of 45 per cent ad valorem, to 60, does it not?

Mr. OTT. Yes, sir.

Senator EDGE. An advance of 15 per cent on these particular instruments?

Mr. OTT. Yes, sir. That was asked because these instruments are manufactured in comparatively small quantities, and, as you know, the American manufacturer bases his cost, and he meets foreign competition, very largely on quantity production. On the microscopes, on the other hand—

Senator KING. You are speaking now of just the two items, or the two articles, colorimeters and microscopes?

Mr. OTT. I am speaking of microscopes, over against all this large class of instruments. The bulk of the microscopes we can manufacture in comparatively large quantities and put them out at lower cost because of the larger quantity manufactured, and for that we did not ask for an increase in the duty on the microscopes.

Senator EDGE. In other words, microscopes are the only instruments that were not transferred and included in paragraph 228 (a).

Mr. OTT. I think I am correct in that.

Senator EDGE. Where is that now? That is covered in what paragraph?

Mr. OTT. In 228 (b), I think.

Senator EDGE. That retains the 45 per cent.

Mr. OTT. Yes, sir. For that reason, because of our ability to manufacture in the American way, in quantity, we did not ask for an increase in the duty. But on the other instruments, where it is largely hand work, where we have to pay from 80 cents to a dollar an hour, and much of it slow work, we felt that it was only fair to ask for the increase in the duty on that type of instrument.

Senator EDGE. I am going to ask this direct question, and I would like to get a direct answer. Do you, or does anyone in the United States, manufacture a colorimeter comparable with the imported article, which is made in Germany, as I recall it, and which costs in this country something over $100? Is there one manufactured in this country to compare with that?

Mr. OTT. Yes; Bausch & Lomb do. We do not. Ours sells at about $75. We make only one colorimeter.

Senator EDGE. Because, if there was not a colorimeter manufactured in this country comparable to that grade that I have mentioned, there could be no justification for including that as dutiable.

Mr. OTT. But Bausch & Lomb do make the higher-priced one.

Senator EDGE. Are there any questions, Senator?

Senator KING. I want to ask this gentleman something about some other matters, for information.

Paragraph 227 of the existing law covers optical glass or glass used in the manufacture of lenses or prisms for spectacles, or for optical instruments or equipment, or for optical parts, scientific or commercial, in any and all forms, 45 per cent ad valorem.

Mr. OTT. Yes, sir.

Senator KING. It has been raised to 50 per cent. Is there any reason for that?

Mr. OTT. Yes, sir.

Senator KING. Do you manufacture these?

Mr. OTT. We did during the war. We have ceased since. For instance, during the war when this paragraph was written, we bought our natural gas at 30 cents a thousand. It was raised on us to 60 cents a thousand, and our competitors, Bausch & Lomb, who are still making optical glass, of course, are subject to that rise in the price of gas.

Senator KING. Do you know what profits they were making before?

Mr. OTT. They were not making any great profits on optical glass. We quit making it. We sunk $100,000 in it the last three years we ran it.

Senator KING. Do you know whether there was any great competition?

Mr. OTT. In optical glass?

Senator KING. Yes.

Mr. OTT. Why——

Senator EDGE. Answer the question.

Senator KING. Was there any competition?

Mr. OTT. There was European competition, yes. We quit because of the European competition. We could not compete.

Senator EDGE. Is this correct? The domestic production varies between 2,000,000 and 5,000,000 pounds annually?

Mr. OTT. Now, you will have to draw a line on optical glass. Optical glass includes glass which goes into spectacle lenses, where the large quantity is used—eye glass and spectacle lenses.

Senator KING. Is it not a fact that there were 5,000,000 pounds produced annually of optical glass, and the imports in 1928 were only 216,000 pounds; in 1927, 196,000 pounds; the preceding year 184,000; 155,000; 200,000; and so forth?

Senator EDGE. The imports apparently were increasing from 1924 to 1928, regularly.

Mr. OTT. I do not know whether that is correct or not. We do not manufacture any spectacle lenses. Consequently, I am not posted on that.

Senator KING. I am told by the expert that these imports were high-grade lenses not produced here.

Mr. OTT. The large bulk of it is spectacle glass, not glass that goes into microscopes, telescopes, photographic lenses, and that sort of lenses.

Senator KING. I was trying to find out the reason for this increase from 45 to 50 per cent. We will pass on to the next.

I did not understand your position. Is there any reason for transferring paragraph 228 of the existing law, azimuth mirrors, sextants, octants, photographic and projection lenses, opera or field glasses, telescopes, microscopes, and other optical instruments and frames, mountings, and other parts for the same, and all the foregoing, finished or unfinished, not specially provided for, 45 per cent ad valorem, to subdivision B of paragraph 228?

Senator EDGE. That is 45 per cent also.

Mr. OTT. That is 45 per cent. The request is for 45 per cent on microscopes.

Senator EDGE. The only raise, Senator, is in paragraph A, on those specialties, from 45 to 60 per cent.

Senator KING. Do you manufacture spectrographs?

Mr. OTT. No, we do not.

Senator KING. Or spectrometers?

Mr. OTT. No, sir.

Senator KING. What articles do you manufacture in subdivision A?

Mr. OTT. Spectrometers, colorimeters, refractrometers—I do not know whether goniometers are mentioned in that paragraph or not. We make a few of those.

Senator KING. The tariff information furnished us shows that in 1925 the American production was $33,654,459 worth.

Mr. OTT. On what was that?

Senator KING. That is your domestic manufacture of these articles that come under optical goods.

Mr. OTT. That is optical goods in general, I think.

Senator KING. Azimuth mirrors, sextants, and so forth, and all those articles that come under paragraph 228—$33,000,000 worth as against $1,738,000. It shows that for 1928 there was only $1,660,000 worth imported, so that the competition is not very great on all those articles. The production is $33,000,000 and the importations, covering all of them, are only $1,660,000 for 1928.

Senator EDGE. What part of that $33,000,000 would be properly attributed to the articles in 228 (a)?

Mr. OTT. A very small amount.

Senator EDGE. That is my understanding.

Mr. OTT. Most of that is in other lines. I am sure it must be.

Senator EDGE. Not these high-grade scientific instruments of special grade?

Mr. OTT. I have no knowledge that would either corroborate or deny those figures. I do not know anything about them.

Senator KING. Do you know what proportion of them belong to this proposed bill?

Mr. OTT. A very small proportion.

Senator EDGE. Paragraph 228 (a) is the only raise.

Senator KING. Do you know, I say, what the domestic production of all the articles is, comprised in 228 (a) of the proposed bill?

Mr. OTT. It would be a very small proportion of those figures which you have mentioned there.

Senator KING. What does your production amount to?

Mr. OTT. On these particular instruments?

Senator KING. On these articles that are embraced in paragraph 228 (a) of the proposed bill.

Mr. OTT. $25,000 would be an outside limit.

Senator KING. $25,000?

Mr. OTT. Yes, sir.

Senator KING. A witness testified yesterday that with respect to certain articles that they sell for $150, nearly all that he mentioned were double the price in this country. Do you contradict that statement?

Mr. OTT. Yes, I do. They sell $150 instruments, but there are instruments of corresponding quality made in this country, just as there are simpler instruments made in this country. Take colorimeters, for instance. In that classification we make but one, selling at $75, but I know Bausch & Lomb make them selling from about $60 up to about double that amount.

Senator KING. With respect to all the items included in paragraph 228 of the old law, and 228 (a) and 228 (b) of the proposed law, the Tariff Commission reports, with respect to the imports under this paragraph, comprising all those articles, that "imports under this paragraph consist largely of instruments not produced in substantial quantities in the United States." Is that true?

Mr. OTT. Well, if that includes field glasses and opera glasses, and that sort of thing, I should say yes. I did not quite catch it.

Senator KING. That includes everything.

Mr. OTT. Yes.

Senator KING. And it states:

An analysis of imports for the years 1924 to 1927, inclusive, indicates that the most important single items are opera and field glasses——

Mr. OTT. Yes, sir.

Senator KING (continuing):

which were about 30 per cent of the total; photographic and projection lenses about 12 per cent; microscopes about 10 per cent; azimuth mirrors, sextants, and octants, a total of less than 1 per cent.

Mr. OTT. With respect to those octants and sextants, that 1 per cent is, without any question, correct.

Senator KING. Do you contradict the other statements made in the tariff report?

Mr. OTT. You have not mentioned there these colorimeters, and so forth.

Senator KING. I am just reading from the report.

Mr. OTT. They do not mention those, and those are the things in which we are interested.

Senator EDGE. As I understand your evidence, you have already admitted there were not a large number manufactured in the United States, because there is not a large market for them.

Mr. OTT. That is true.

Senator EDGE. Either for the imported product or the domestic product.

Mr. OTT. That is the case. They are not made in large quantities.

Senator KING. The report further says:

England supplies the limited demand for high-precision optical measuring and testing instruments used in advanced research, such as spectrometers.

Is that correct?

Mr. OTT. Yes. Hilger, of England, has the reputation of making the highest grade of those instruments.

Senator KING. According to the last report by the Tariff Commission, the imports for consumption in 1928 were: On opera field glasses, 32.32 per cent of the imports, totaling $1,661,181; azimuth mirrors, sextants and octants, only 0.52 per cent; telescopes only 4.27 per cent; microscopes, 14.03 per cent; photographic and projection lenses, 16.10 per cent; and other optical instruments, frames and mountings, 32.76 per cent. So that is the frightful competition against which you want these increases.

Senator EDGE. As I understand it——

Senator KING. Wait a moment. Let me complete the question. That is the frightful competition against which you want this increased tariff?

Mr. OTT. That is not the point, Senator. The point is that we are continually making and increasing our production of our instruments, and some of these higher grade instruments ought to be made in this country. We ought not to have to go to England or Germany, or anywhere else for them. We want to put in the necessary experimental expense and development expense to make ourselves self-sufficient in this country with regard to these higher grade scientific instruments.

Senator KING. How long has your company been in the business?

Mr. OTT. Our company was established in 1895, but practically nothing was done for 10 years, and we have been limiting our produc-

tion, up to the war, practically to microscopes. During the war, and since, and beginning with the war, we have developed along these other lines.

Senator KING. What was the total output of your company in 1928?

Mr. OTT. Nearly $1,000,000.

Senator KING. That comprises your entire production?

Mr. OTT. Yes, sir.

Senator KING. What is the production of the Bausch & Lomb Co.?

Mr. OTT. Well, that would hardly be comparable, because their large business is eyeglass and spectacle lenses, which we do not make at all. I have no means of knowing what their production is along lines comparable to our own.

Senator EDGE. Which is mainly the scientific?

Mr. OTT. Yes, sir. I would make a rough guess, that it was slightly larger than our own. Thay have been in business much longer than we.

Senator KING. Are there any firms in the United States that produce all these instruments under paragraph 228?

Mr. OTT. No, sir.

Senator EDGE. I notice from this new chart, which has just been handed us by the Tariff Commission representative, that what they term "philosophical and scientific instruments and apparatus," and so forth, for 1928, reached the rather interesting figure of $888,000. That shows there is some competition from abroad. I presume that is the paragraph we are discussing, 228 (a).

Mr. OTT. No; I do not think so. I think that is a paragraph in the old tariff. I think it was 360. I have forgotten.

Senator EDGE. Is this item I have just read worth anything to us? Does that refer to paragraph 228 (a), or some other paragraph?

Mr. OTT. Will you read that agian, please, Senator? What was that called—philosophical instruments?

Senator EDGE. Philosophical and scientific instruments and apparatus.

Mr. OTT. That is another paragraph. I have forgotten the number of the paragraph in the old law. That was a sort of omnibus paragraph that took in everything.

Senator EDGE. You now have that subdivided, and part of that is now paragraph 228 (a), but it is difficult to decide how much of that there is.

Mr. OTT. Yes.

Senator KING. Part of it is over in the metal schedule.

Mr. OTT. Yes. Most of them to which Senator Edge just referred are in the metal schedule.

Just one word in conclusion. Some of the people who have gone on before have accused us of selling microscopes in Canada and in foreign countries for less than we have sold them in this country—considerably less. I think one witness even said that we went down as low as $65.

Senator KING. Was it you, or the other company?

Mr. OTT. He did not mention which company. I can only speak for our own company. I can only say that in Canada we, of course, have had to compete with the duty-free situation, because German and English instruments come into Canada free of duty. For several years we tried bidding in Canada on small quantities, to feel where the

bottom was. Last year, and the year before, our German competitors sold microscopes in Canada for $60, for which we asked $108 in this country. Last fall they sold the same instrument, we are informed on good authority, for $56.

Senator EDGE. Where?

Mr. OTT. In Canada, in Toronto, whereas we bid $108. A few years before that we did bid down. We bid down as low as $84 in a few instances, to feel out the situation.

Senator EDGE. Did you get the business?

Mr. OTT. No, sir. We lost it. The agent of our competitors in Toronto, I guess, got hysterics, and he told our German competitors that the Americans were going to bid way down, and they would have to bid way down, too. They were somewhat chagrined when they found that their agent had taken an order at $56, when we bid $108.

Understand, gentlemen, these German competitors paid that agent a commission on that on top of what they got. If they could sell the instrument at $56 and pay a commission to a dealer, they are not suffering very greatly so far as the duty on their instruments is concerned.

I would advise you to get in touch with the tariff officials in New York and find out on what rate they are paying the 45 per cent duty.

Senator EDGE. What do you mean, "on what rate"?

Senator REED. The invoice value.

Mr. OTT. On what import value.

Senator EDGE. I see.

Mr. OTT. We can not find out, but I know one of our competitors has boasted that when the tariff men in New York were doubtful about a duty, they called on him, an importer, to put a price on it.

Senator KING. Who was that competitor?

Mr. OTT. The Leitz Co.

Senator KING. Who was the man?

Mr. OTT. A man by the name of Trager.

Senator KING. Where does he live?

Mr. OTT. I do not know where his home address is. His business address is the Leitz Co.

Senator KING. New York?

Mr. OTT. Yes, sir.

Senator KING. You stated, as I understood you a moment ago, that you made instruments for $65, of this character.

Mr. OTT. No, sir. I say we bid $84.

Senator KING. Didn't you state that you made——

Mr. OTT. I am talking about microscopes now. I stated that Bausch & Lomb made a colorimeter at $65.

Senator KING. What do they make microscopes for? What is the lowest price?

Mr. OTT. That, again, depends on quality. Both of us make them as low as $60, depending on the outfit, or the equipment.

Senator KING. Then, you make colorimeters at $65?

Mr. OTT. No. Our lowest priced colorimeter is $72.

Senator KING. Is that wholesale or retail?

Mr. OTT. Well, it is the price to the college. It is $80 list; 10 per cent off to schools; and to dealers we give up as high as 25 per cent discount.

Senator KING. Then, you can make that grade of instrument for $50?

Mr. OTT. Yes, sir.

Senator KING. Or less?

Mr. OTT. Yes, sir.

Senator KING. You make a colorimeter, then, for less than $50?

Mr. OTT. The $70 colorimeter, yes, sir. We make it for less than $50.

Senator KING. At a profit?

Mr. OTT. Yes, sir.

Senator KING. That is all.

Senator EDGE. But there are different types of colorimeters?

Mr. OTT. Certainly, there are different types. I am talking about the cheaper instruments. In another instance——

Senator REED. Let me ask you a question. Is it possible for you to get as good optical glass in this country as it is in Germany?

Mr. OTT. It surely is. As a matter of fact, we are now importing our glass from Germany.

Senator REED. Then you are not getting it from this country?

Mr. OTT. No, sir; not since we closed our own glass plant. We made optical glass up until about two years ago.

Senator REED. Is there good optical glass made in this country?

Mr. OTT. Yes, sir.

Senator REED. Is it as good as the Zeiss glass?

Mr. OTT. I think it is. I am speaking of competitors' glass now. While we were making glass ourselves, we made as good as the imported, but we could not stand the price. We had to quit, and that was the sad part of it, having such a very essential industry just blotted out, so far as we were concerned, because of price competition.

Senator REED. You could buy it cheaper than you could make it?

Mr. OTT. Yes, sir. We tried everything. We tried making glass novelties, such as ash trays, and all sorts of novelties, to keep the thing going, and to make it self-supporting.

Senator KING. You mean your optical-glass plant?

Mr. OTT. Our optical-glass plant, yes, sir. We had to quit simply because we did not feel that we could stand the loss.

Senator REED. Do Bausch & Lomb make their own glass, or do they import it?

Mr. OTT. They make it.

Senator KING. You have found it more profitable to engage in other activities, other production?

Mr. OTT. Yes, sir—more profitable because the other was a dead loss of $35,000 a year.

Senator EDGE. Is there anything else that you feel that you want to tell us? I do not want to cut you off.

Mr. OTT. I do want to call attention to one thing. Mr. Johnson's report the other day mentioned the very small amount of goods that were bought abroad. You will notice he was very careful to mention "bought abroad."

Senator EDGE. You refer to the representative of the colleges?

Mr. OTT. Yes, sir. The distinction that you ought to understand in this thing is that a large proportion of the goods which are imported are bought from American firms, such as the Zeiss Co. and the Leitz

Co. They are incorporated in this country, and pose as American institutions, but the goods are foreign goods.

Furthermore, a large number of our big importers, who have been in business for years, such as Eimer and Amand, Arthur H. Thomas, of Philadelphia, and the Central Scientific Co., of Chicago, are American people. The goods that Mr. Johnson and his purchasing agents buy are bought of American institutions, but they are foreign goods in many instances.

Senator KING. The report of the Tariff Commission down to date shows that all these articles, including some that are over in the metal schedule, aggregate only $1,600,000 imports.

Mr. OTT. Yes, sir.

Senator KING. The imports under this paragraph for 1928, including everything, were $1,661,181. That includes everything in paragraph 228 (a) and 228 (b).

Mr. OTT. Yes.

Senator EDGE. Not 228 (b).

Senator KING. Yes.

Senator EDGE. Both of them?

Senator KING. Yes.

Mr. OTT. Senator, that is all the more reason why the American industry should have protection.

Senator KING. You want a complete embargo?

Mr. OTT. No, sir.

Senator KING. There is an importation of only $1,661,181, in all those articles.

Mr. OTT. I know, Senator, but these industries ought to be built up in this country if we are going to be self-sufficient and if we are going to have this scientific apparatus in an emergency, such as we had during the war. These industries should be not only protected, but encouraged.

Senator EDGE. What is the approximate domestic production of the same articles that are imported, the amount of imports amounting to $1,661,181?

Mr. OTT. Senator, I am not prepared to answer that question. In the first place I do not clearly understand just what is included in this $1,661,181.

Senator KING. All I know is what the Tariff Commission says here. It includes everything in 228 (a) and 228 (b).

Mr. OTT. With respect to microscopes, I should say that there were probably $1,000,000 worth of microscopes made in this country in a year.

Senator KING. You would not know how much of all those other items, representing some 15 or 20 articles, is produced domestically?

Mr. OTT. No. I am not posted on many of those things. I have not any figures.

(Mr Ott submitted the following brief:)

BRIEF OF THE SPENCER LENS CO., BUFFALO, N. Y.

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

HONORED SIRS: It has come to our attention that in some discussion before your honored committee the statement has been made that the American manufacturers have been selling microscopes in Canada at prices greatly below the prices which we have been asking in the United States.

The truth of the matter is we have been selling no microscopes in Canada, excepting a scattered few, the reason for which will be explained before the end of this letter is reached.

As a consistent example we beg to submit to you a circumstance which has been gone by but a few months. In a letter under date of March 26, 1929, we were invited to bid on 90 microscopes to be supplied to the faculty of medicine of the University of Toronto. We replied as per the accompanying copy. These are our microscopes No. 44H, which list at $120 each and which are sold net to American universities at $108 each. Under date of May 6 we received word from the University of Toronto that they were unable to accept our quotation. We have found out since that they bought the German Leitz microscopes, and we have heard on good authority that they paid $56 each net for them. A year ago they paid $60 each for the same Leitz instruments.

Within three weeks we have heard from one of our traveling men visiting the University of Saskatchewan that they bought 20 Leitz microscopes for $75 each net delivered. The microscope of our make which corresponds to this instrument is our No. 44MH, which lists at $135. Our quotation on these instruments would be 10 per cent from $135.

The idea that our German competitors may be selling these microscopes at these prices without any profit is almost too ridiculous to mention. It demonstrates very clearly what they would be doing in this country if they had the opportunity. As we have assured the Ways and Means Committee, it will be absolutely impossible for us to furnish microscopes at these prices and come out whole, to say nothing about a profit. We, therefore, feel we have been very modest in not asking for a raise in the duty on microscopes, for as you well know the costs of production have increased considerably since the time of the discussing of the present tariff. As most of these instruments go to colleges, we feel we should be protected not only by the fact that there should be a 45 per cent duty, but that this duty should apply on all instruments whether they may be imported for individuals or educational institutions.

We feel sure neither you nor the people at large want to see this very important industry wiped out, as it surely would be under present labor conditions if we are not protected by the 45 per cent duty wherever the microscopes may go, for as you well know a very large proportion of the instruments of this glass go to educational institutions.

We feel that the 45 per cent duty will be sufficient under present conditions because there is a sufficient demand, and we are equipped to make microscopes in something like large quantities. On spectrometers, refractometers, spectroscopes, spectrographs, reading telescopes, goniometers, and instruments of that class, which of necessity are not used in such large quantities, and consequently made in such quantities that quantity production can not be profitably installed, we believe that a duty of 60 per cent is no more than reasonable.

As members of the Scientific Apparatus Makers of America, we assure you we believe that the other members of our association who are asking for certain duty on physical and chemical apparatus, chemical glassware, etc., are as reasonable in their requests as we are in ours.

Trusting you will give this whole matter your very serious consideration, and thanking you for the opportunity of bringing these matters to your attention, we are

Yours very truly,

SPENCER LENS CO.,
H. N. OTT, *President.*

TENDER FOR PURCHASE OF NINETY COMPOUND MICROSCOPES SUBMITTED BY SPENCER LENS CO. BUFFALO, NEW YORK

We hereby agree to furnish on or before November 1, 1929, (90) Spencer No. 44H microscopes, each microscope to be supplied with a substage Abbe condenser with iris diaphragm, 6X and 10X huyghenian oculars or 5X and 10X huyghenian oculars, 16mm. and 4mm. dry achromatic objectives, 1.8mm. oil immersion objective, triple nosepiece, complete in polished hardwood cabinet with lock and key $120 each, less 10 per cent of $108 each net, $9,720.

We furthermore agree to replace at once any parts found defective on examination.

We are prepared and guarantee to supply extra microscopes to the number of (10) or over of the same design and at the same price at any time between November 1, 1929, to February 15, 1930.

We absolutely guarantee delivery November 1, 1929. Invoices are to become payable November 30, 1929.

SPENCER LENS CO.

APRIL 24, 1929.

APRIL 24, 1929.

Prof. V. J. HARDING,
Department of Pathological Chemistry,
University of Toronto, Toronto, Ontario.

DEAR PROFESSOR HARDING: In compliance with your letter of recent date, we are inclosing a tender in duplicate offering Spencer No. 44H microscope.

We are also inclosing a circular describing this instrument.

We feel that you know a microscope well enough so that it will not be necessary for us to forward a sample instrument. If, however, you care to have us send a sample instrument, we will be glad to have our representative bring this instrument to you any time before May 1.

Hoping that we may merit your valued order, we are

Yours very truly,

SPENCER LENS CO.
L. H. ROOS.

BRIEF OF THE C. P. GOERZ-AMERICAN OPTICAL CO. NEW YORK CITY

[Photographic and projection lenses, par. 228 (b)]

SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: The tariff act of 1929, as passed by the House of Representatives, places a duty of 60 per cent ad valorem on a number of specificaliy named optical instruments listed under paragraph 228 (a). This new rate represents an increase of about 50 per cent over the prevailing rate of duty for this class of instruments.

As an American manufacturer of optical instruments, I am fully in favor of this increase, which, in my opinion, is absolutely needed for the proper protection of American scientific instrument makers. However, in paragraph 228 (b) another list of optical instruments is specifically mentioned and among these "photographic and projection lenses" for which the present rate of 45 per cent ad valorem has been retained.

The C. P. Goerz American Optical Co., an American-owned corporation, of which I am the first vice president and general manager, manufactures in the main, and as a specialty, photographic lenses. In the making of high-grade photographic lenses, mostly skilled hand labor is employed, as the delicate processes of manufacture do not lend themselves to the elimination of hand labor in favor of machine production. The wage scale for skilled optical workers in the United States ranged in 1914 from 35 to 42 cents per hour, whereas the same kind of labor in Germany was paid in 1914 from 15 to 20 cents. At that time a duty of 45 per cent on photographic lenses may have been a reasonable protection and compensation for the American manufacturer. To-day the wages of American optical labor have risen to from 70 to 84 cents—or 100 per cent over those in 1914—whereas the increase in Germany has been only from 18 to 25 cents or not more than 25 per cent in the same period. In 1922 optical crude glass up to that time imported free of duty, was assessed with a rate of 45 per cent ad valorem, which duty has now been raised to 50 per cent ad valorem in the new bill (H. R. 2667), thereby still further increasing the manufacturing cost of the American manufacturer of photographic lenses without giving him a commensurate increase in the duty on the finished product.

As a result of the 100 per cent increase in wages and the increased cost of glass, the cost of production of photographic lenses in the United States is to-day, in my estimation, about three times that in Germany. To my way of thinking, there can be no valid reason for discrimination against photographic and projection lenses in favor of the optical instruments specified in paragraph 228 (a) and protected by a rate of 60 per cent because practically the same class of skilled labor is employed in the manufacture of both kinds of goods and the wages are the same. Being confronted by the cheap prices at which imported photographic lenses (either separately or fitted to cameras) are being offered in the United States, our company has not been able to increase the selling prices of their photographic lenses in accordance with the increased cost of production. Owing to the strong competition from Germany at very low prices, our sales of lenses have decreased and as a consequence the business is not profitable at this time. Importers of German-made lenses are able to sell and undoubtedly make a legitimate profit at prices which are almost equal to the prime factory cost, without selling expenses, of the American producer.

A tabulation showing the present prime manufacturing costs of certain types of our lenses (designated with A, B, C, D, E, and F) and comparative prices at which similar types of lenses are at this time being freely offered by an American agent of a German manufacturer, is herewith submitted.

I also beg to refer to my brief submitted to the Ways and Means Committee of the House of Representatives, in which I pointed out that the present tariff provides a duty of 45 per cent on photographic lenses alone and 20 per cent if the same lenses are imported attached to cameras. The new House bill (H. R. 2667) intends, in a way, to do away with this illogical practice in so far as paragraph 1553 provides that "if the lens is the component of chief value of the camera * * * such camera, including the photographic lens, shall be dutiable at the rate applicable to such photographic lens if imported separately." I believe that this paragraph in its present form would tend to create many uncertainties as to which is the "component of chief value," the camera or the lens. Cameras are now being imported fitted with certain high-grade photographic lenses, which latter are not being sold separately and for which, therefore, no list prices or separate selling prices have been established in the countries of origin. Consequently, it would be difficult for the appraiser to arrive at a separate valuation for the camera or the lens alone.

Cameras without lenses, for which a duty of 20 per cent is provided, may be considered as unfinished articles because without a lens they are of no use. Those being imported into the United States are mostly of a type not manufactured in this country and their importation in an incomplete state would, therefore, create an additional market for the American manufacturers of photographic lenses to supply. However, complete cameras of which the lens forms an integral and most important part, should properly be classed with other optical instruments. It may be safely said that in all better grade cameras the lens represents at least 50 per cent of the total value and the rate of duty should, therefore, reflect such proportion of value in lens and camera.

If for cameras alone a rate of 20 per cent should be deemed proper and for photographic lenses a rate of 60 per cent, an average rate of 45 per cent ad valorem for the better grade of cameras fitted with high-grade lenses, known as "anastigmats," would seem to be a reasonable one to the writer. It may be said that there are cameras made which are fitted with very cheap lenses but that is only true of the so-called box type cameras which are sold at rather low prices. Such cameras may properly be assessed at a lower rate.

To summarize, I respectfully suggest to your committee as a necessary protection for the American manufacturer of photographic and similar lenses--

1. That the rate of duty on photographic and projection lenses be fixed at 60 per cent ad valorem; and

2. That the rate of duty on cameras, when fitted with anastigmat lenses, be fixed at 45 per cent ad valorem.

Respectfully yours,

C. P. GOERZ-AMERICAN OPTICAL CO.,
F. SCHMID,
First Vice President and General Manager.

Type and size	American-made photo lenses		German-made photo lenses			
	Prime factory cost, exclusive of selling expenses	Dealers' price in United States	Prime factory cost, estimated [1]	Duty, 45 per cent on German wholesale price and shipping expenses [2]	Prime cost, f. o. b. New York, exclusive of selling expenses	Dealers' price in United States
A	$24.00	$36.00	$8.75	$6.35	$15.10	$20.50
B	35.00	52.00	13.00	7.75	20.75	32.00
C	37.50	71.00	15.00	14.00	29.90	43.20
D	20.50	40.00	8.00	6.35	14.35	23.75
E	45.00	76.00	16.00	11.30	27.30	43.20
F	64.50	110.00	26.50	17.00	43.50	60.27

[1] The estimated German cost is based on the fact that wages in Germany are only one-third those paid in the United States, and that optical glass costs the American manufacturer 50 per cent more than what the German manufacturer pays.

[2] The duty is estimated on the basis of German list price for the lenses less the usual wholesale discount, which is the prevailing practice of valuation for assessing duty.

INCANDESCENT ELECTRIC-LIGHT BULBS

[Par. 229]

STATEMENT OF HAROLD A. BAUM, CHICAGO, ILL., REPRESENTING THE SAFETY ELECTRIC CO., AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. BAUM. Mr. Chairman and gentlemen, I represent the Safety Electric Co. I also wish to file a brief for the North American Lamp Co., of St. Louis.

Senator EDGE. Did you testify before the House Ways and Means Committee?

Mr. BAUM. No; I did not, but I filed a brief.

Senator EDGE. You filed a brief?

Mr. BAUM. I filed a brief, with no opportunity to testify.

Senator EDGE. You represent the Safety Electric Co.?

Mr. BAUM. Yes, sir. I am also asking permission to file a brief for the North American Lamp Co., of St. Louis, Mo., on account of the fact that they are unable to be represented here.

Senator EDGE. You are appearing before the committee to discuss paragraph 229?

Mr. BAUM. Briefly.

Senator EDGE. The brief you are filing is different from the brief that was filed with the House Ways and Means Committee?

Mr. BAUM. It is not. It is the same brief we had in the House.

Senator EDGE. We will not accept that brief, but we will listen to you orally, for a brief period.

Paragraph 229 in the House bill maintains the present schedule of 20 per cent for incandescent electric light bulbs and lamps without filaments. That is correct, is it not?

Mr. BAUM. Yes.

Senator EDGE. That is just the same as it has been?

Mr. BAUM. Yes.

Senator EDGE. But it makes a new provision for bulbs with filaments, and raises the ad valorem to 30 per cent?

Mr. BAUM. Yes.

Senator EDGE. In other words, it has divided those commodities, retaining one at 20 per cent, and adding 10 per cent to the other. What is the reason for that? Why do incandescent electric-light bulbs, and lamps with filaments, justify a 10 per cent higher ad valorem than without?

Mr. BAUM. That is the completed article. The bulb itself is simply the glass bulb with no filament in it, and no workmanship on it. That is the raw material.

Senator EDGE. It is for you to demonstrate to us the reason for this raise. Go ahead in your own way.

Mr. BAUM. All right.

First of all, I thing the committee should differentiate between the two classes of lamps that are manufactured in this country. There is the old type carbon lamp, invented by Edison, a purely American product with the carbon filament, and there is the tungster filament type, which is now most generally used.

Our company and the North American Co., of St. Louis, manufacture the old type, the carbon type, only. That article is not protected in any way with regard to patents, while the tungsten lamps, or some of them, at least, have a protective feature in the way of patents which have not as yet run out. Some of them have run out last February. Hence we are subject to the competition of the Orient, and that is where our competition comes from.

Senator REED. Do you make toy lamps, such as Christmas-tree lamps?

Mr. BAUM. The Christmas-tree lamp represents a very small proportion of the business.

Senator KING. Do you make them, he asked you?

Mr. BAUM. Yes, sir.

Senator REED. What other kinds of carbon-filament lamps do you make?

Mr. BAUM. We have a great many different types, Senator.

With respect to the type which the Tariff Commission refers to as Christmas-tree lamps, I believe that they have included under that head all small miniature and candelabra base types. There is a question in my mind whether that is just the fair way to put it. It seems to me that the Christmas-tree lamp, so far as our company is concerned, represents a small portion; I believe something like 15 per cent. I have stated in the brief just what the percentage is.

Senator REED. What is the advantage in making that lamp out of carbon instead of a tungsten filament?

Mr. BAUM. Durability.

Senator REED. That will burn for a greater number of hours than a tungsten filament?

Mr. BAUM. Ordinarily speaking it will; it is pretty hard also, as I understand the tungsten game to manufacture a lamp that small. It does not permit room enough to put the filament in. The temperature is too high.

The lamp you have in your hand is the lamp which was designed for the United States Navy, and which is pretty generally used yet in the Navy. It is also used commercially.

Senator EDGE. Your duty was reduced from 30 to 20 per cent in 1922, was it not?

Mr. BAUM. Yes, sir. The House bill puts it back to 30 per cent. Of course, no one is going to complain if something is handed to him, but it is inadequate.

Senator EDGE. The imports since the reduction have remained comparatively the same, practically.

Senator BARKLEY. You are asking for 100 per cent.

Mr. BAUM. Yes, sir.

Senator KING. One hundred per cent duty?

Mr. BAUM. One hundred per cent ad valorem duty. I know it.

Senator KING. I know it now, since you have said it.

Mr. BAUM. That is not so wild as compared with the 600 or 700 per cent some fellows are asking.

Senator KING. So, you think you are modest in putting it at only 100 per cent instead of 600 or 700 per cent?

Mr. BAUM. Yes.

Senator REED. If those were farm products, you would undoubtedly get it.

Senator EDGE. Put that in the record.

Senator KING. Put it in the record that the manufacturers are going to get more than the farmers.

Mr. BAUM. In lamps?

Senator KING. Everything.

Senator EDGE. Then, the provision in the House bill does not meet your requirements?

Mr. BAUM. It does not, Senator.

Senator EDGE. Go ahead and tell us why. We will try to give you an uninterrupted 10 minutes to tell us why.

Mr. BAUM. The American labor cost on an incandescent lamp of the type we manufacture, as reflected by the figures of our company, is, in round numbers, 7 cents. The importer from the Orient—not necessarily from Europe—brings that lamp into this country around 6 cents, and even less. We can not compete with him.

Our whole claim on this is that we are manufacturing a purely American product, conceived, invented, and dev loped in this country, made by American labor, and we do not care to go to the point of trying to reduce wages. It would be impossible even if we tried. Even through the application of all modern methods known to this particular article, we are unable to bring our cost down materially, in the quality that we make.

Senator EDGE. What proportion of the production do the imports of the completed lamp represent? In 1928 it is given in the tariff report——

Mr. BAUM. Seventy-five per cent.

Senator EDGE. It is given as $1,241,000 in value. You say it is what per cent?

Mr. BAUM. The imports represent 75 per cent of the total.

Senator EDGE. Of the total consumption?

Mr. BAUM. Yes, sir. We are manufacturing 25 per cent. That has gradually increased from 1914. The imports in 1914 were 1,374,000 lamps. The domestic production was 14,000,000. In 1928 the imports were 32,000,000 and the domestic production was approximately 5,000,000.

Senator EDGE. You are speaking now of the completed lamp?

Mr. BAUM. Of the completed lamp.

Senator EDGE. With the filament.

Mr. BAUM. The completed lamp, with the filament.

Senator EDGE. The bulb, of course, is very much less in proportion.

Mr. BAUM. We are not interested in the bulb situation, so far as the lamp manufacture is concerned. But I will say that the number of bulbs that our company used that were imported represented 12 per cent. We buy domestically practically everything we use. The percentage of imported filaments, which are the heating elements, was 14 per cent. The rest was of domestic purchase.

Labor represents 45 per cent of our total cost. Our overhead represents 18 per cent, and that item can be materially reduced if we can only get the volume of business.

The Tariff Commission, on page 555, in the fifth line, speaking of carbon filaments, says:

> Filaments of carbon were formerly the only kind in use, and are still employed to a slight extent for such purposes as lamps for Christmas-tree lighting.

I submit, gentlemen, that 32,000,000 imported and 5,000,000 domestic, or a total of 37,000,000 lamps, is more than just a slight extent.

Senator BARKLEY. That would depend altogether on the comparison between that and the use of tungsten.

Mr. BAUM. Yes; but you should not confuse the two, Senator, because the carbon lamp is put to an entirely different use from the tungsten. The tungsten lamp is an illuminating lamp. The carbon lamp is used for many special purposes.

Senator BARKLEY. Before the invention of the tungsten filament, the carbon lamp was used altogether for illumination. It was the only electric light used for illumination.

Mr. BAUM. That is quite true.

Senator BARKLEY. It is still used to some extent.

Mr. BAUM. Very little. It is mostly for pilot lights, signal lights, for therapeutic purposes, and things of that kind. The Navy uses it quite extensively. We are now, and have been for a great many years, supplying the Navy with special types of lamps.

Senator BARKLEY. Largely speaking, the tungsten light has supplanted the carbon light for all domestic and illuminating purposes?

Mr. BAUM. Yes, sir, it has, to a very large extent.

Senator BARKLEY. Do you know what the total production of tungsten lights is?

Mr. BAUM. I can guess fairly close; about 300,000,000.

Senator EDGE. When you say that the importations of tungsten lamps represent 15 per cent of the total production——

Mr. BAUM. I am not informed on that.

Senator REED. The Tariff Commission says that.

Mr. BAUM. The Tariff Commission has that more accurately.

Senator REED. Is this a correct statement, Mr. Baum, that the invoice price of carbon lamps from China during the first nine months of last year was 3½ cents per lamp?

Mr. BAUM. It is so stated by the Government report to which I referred.

Senator REED. And, at the same time, your manufacturing cost per lamp was 17.7 cents?

Mr. BAUM. Yes.

Senator REED. The Chinese are invoicing them, then, for one-fifth of your manufacturing cost?

Mr. BAUM. That is absolutely true. I think there is a slight explanation due you on that, however, Senator. The Chinese lamps that were imported, as I understand it, were all of the small type. Our cost includes the manufacture of this lamp (producing sample), which is a high type.

Senator REED. Do you make your own bulbs?

Mr. BAUM. No; we do not make the bulbs. We just make the lamp.

Senator REED. Where do you get them?

Mr. BAUM. The bulbs? From the Corning Glass Co.

Senator KING. What is it that you make?

Mr. BAUM. We make everything. You mean what do we do?

Senator KING. Yes. What do you produce?

Mr. BAUM. We get this bulb. We insert this filament in there, and the stem, and the copper-clad wire, create a vacuum, and then put a base on it, solder it, complete it, and pack it. That is the completed lamp. The other is raw material.

Senator KING. When you answered Senator Reed a moment ago in regard to the great disparity between the Chinese bulb and the other, you called attention then to a very large one, which the Senator now has in his hand, as against this little one.

Mr. BAUM. The reason I did that was because he questioned the high cost. I thought an explanation was due him, in order that he might understand why the cost ran so high.

Senator REED. What is the manufacturing cost on a lamp like that [indicating]?

Mr. BAUM. Without overhead?

Senator REED. Yes.

Mr. BAUM. About 5.8 cents, without overhead.

Senator BARKLEY. What do they sell for at retail?

Mr. BAUM. The lamp he has in his hands sell for about 13 cents.

Senator KING. You make them for 5.8 cents?

Mr. BAUM. That is without overhead.

Senator REED. He has to add his overhead to that.

Mr. BAUM. That is the manufacturing cost.

Senator BARKLEY. How much will the overhead amount to?

Mr. BAUM. Eighteen per cent.

Senator KING. That would make it about 6 cents plus?

Mr. BAUM. Yes.

Senator KING. And you sell them for what?

Mr. BAUM. About 13 cents, generally speaking, on that particular lamp.

Senator KING. That is what we are speaking of.

Mr. BAUM. Yes.

Senator EDGE. Is not that about the usual spread between the manufacturerer's costs and the retail price?

Mr. BAUM. I would say, in our line, it is substantially that. I would say we would have to have about that difference.

Senator KING. Does not the Westinghouse Co. make these lamps?

Mr. BAUM. Not to my knowledge.

Senator KING. And the General Electric Co. and some of its subsidiaries?

Mr. BAUM. The General Electric Co. are still manufacturing carbon lamps to a small degree.

Senator KING. And in addition to the carbon lamps, it is manufacturing the tungsten lamps.

Mr. BAUM. It is.

Senator KING. So that the General Electric Co. is engaged in the manufacturing of these articles?

Mr. BAUM. They are.

Senator KING. In connection with yourself?

Mr. BAUM. Yes, sir.

Senator KING. They are not here asking for a tariff.

Mr. BAUM. I do not know that they are.

Senator KING. Do you know what the capital stock and resources and dividends of the General Electric Co. are?

Mr. BAUM. I do not.

Senator EDGE. You are in no way connected with the General Electric Co.?

Mr. BAUM. None whatever. I am a small independent producer. I operate a small independent factory, just a little plant out in Chicago.

Senator EDGE. Your output is confined, as I understand it, to carbon lamps?

Mr. BAUM. To the carbon lamps. It has been so for the past 25 years. I have spent 25 years with this company alone.

Senator KING. The carbon lamp is going out of use, is it not?

Mr. BAUM. It is not.

Senator KING. I understood you to say, in answer to Senator Barkley, that a number of years ago all our lights were carbon lights.

Mr. BAUM. That is very true, but that does not mean that they are all going out.

Senator KING. The quantity being used is diminishing?

Mr. BAUM. That is true. The quantity is being diminished. However, may I point this out, that there is a possibility, very shortly, of it becoming very much of a factor in radio.

Senator KING. Be that as it may, the imports, as Senator Edge has stated, were $1,241,000. That represents the value of all these importations, as against the production in the United States, way back in 1925, of $73,558,000. Let me ask you this. Has there been an increase in 1927 and 1928 in incandescent bulbs in the United States?

Mr. BAUM. In the quantity used?

Senator KING. Yes.

Mr. BAUM. Very decidedly.

Senator KING. So that the production would be very much more than indicated here?

Mr. BAUM. I presume so.

Senator EDGE. I do not get that straight. Did you not say, in answer to my question a while ago, that 75 per cent of the carbon lamps were imported?

Mr. BAUM. They are imported; yes, sir.

Senator EDGE. Then, how do you reconcile that with the statement that Senator King just made, that thirty-odd million of them were made in this country, as compared to 1,000,000——

Mr. BAUM. Of carbon lamps?

Senator EDGE. This is as I understood him.

Mr. BAUM. I did not so understand. He was talking about dollars.

Senator EDGE. Just so the record is correct. You adhere to the statement that 75 per cent of the carbon lamps used in this country are produced abroad and imported?

Mr. BAUM. I do, sir; and I am borne out by the Tariff Commission in stating that.

Senator BARKLEY. How long has your factory been established?

Mr. BAUM. Twenty-six years.

Senator BARKLEY. Has there been a general increase in your business, or is it falling off?

Mr. BAUM. A decrease.

Senator BARKLEY. To what extent has that decrease been due to the substitution of tungsten lamps for carbon lamps?

Mr. BAUM. In our particular business, in our particular plant?

Senator BARKLEY. Yes.

Mr. BAUM. I think none whatever.

Senator BARKLEY. Then you have never manufactured bulbs for general illuminating purposes?

Mr. BAUM. Oh, yes.

Senator BARKLEY. Then, to the extent that the tungsten lamps are substituted for the carbon lamps, your business decreased, did it not?

Mr. BAUM. Not in that particular way. What we lost in lamps for illumination purposes we made up in the specialized lamp business that came to us, in our total. Our whole trouble, and our only trouble, is to meet the cheap imported lamp. That is the only trouble we have. We still get business on quality, and get a whole lot more money for our article than the other fellow, but our business is gradually dropping off, until last year it was less than 1,000,000 lamps. We lost 230,000 lamps last year, and we will be off 250,000 to 260,000 this year.

Senator EDGE. And the imports are increasing?

Mr. BAUM. The imports are steadily increasing all the time, steadily going up. We have a sick business, and it is an American business.

Here is the idea: Let us resolve this, Senator, to your dollars and cents basis. These 32,000,000 lamps that were imported last year, in round numbers, would amount to over $1,500,000 in wages to American labor.

Senator KING. What part of those were tungsten lamps?

Mr. BAUM. None of them that I speak of were tungsten lamps. I am speaking only about carbon lamps.

Senator EDGE. That is all the tariff report refers to?

Mr. BAUM. I think it is.

Senator EDGE. It says so.

Mr. BAUM. Yes.

Senator BARKLEY. Who uses these lights, chiefly?

Mr. BAUM. The United States Navy; Pass & Seymour; the Carroll Electric Co.; shipping companies, garages, and so forth.

Senator BARKLEY. Why do they use them instead of tungsten lamps?

Mr. BAUM. For durability.

Senator BARKLEY. What is the comparative cost on a light of a given number of watts, between the carbon and the tungsten?

Mr. BAUM. Roughly speaking, the class C specifications on a carbon lamp call for 800 hours. I am not informed as to the tungsten.

Senator BARKLEY. I mean as to the price. Take any 40-watt bulb.

Mr. BAUM. A 40-watt tungsten lamp, I believe, runs close to 20 cents list, and our carbon lamp is quoted at 20 cents list. Our maximum discount is around 50 per cent to the distributor and 45 per cent to the jobber. I am not familiar with the tungsten-lamp discounts.

Senator EDGE. I would like to get your proposal straight here. You are asking, in your brief, for 100 per cent ad valorem. Does that apply to lamps with filaments now carrying 30 per cent?

Mr. BAUM. Yes.

Senator EDGE. What about lamps without filaments?

Mr. BAUM. That is the bulb—the naked bulb.

Senator EDGE. I understand; but what duty do you ask?

Mr. BAUM. I buy very few, or practicaly none whatever. So far as the bulb is concerned——

Senator BARKLEY. You do not make them.

Mr. BAUM. I do not make them. I make some of these little fellows out of tubing.

Senator BARKLEY. You do not want any tariff on them?

Mr. BAUM. I think that is immaterial. I think a raw material should bear a relative proportion to the finished article.

Senator EDGE. They are made in the United States, of course?

Mr. BAUM. Yes. I think anything made in the United States should have a fair show to do business.

Senator BARKLEY. What would be the ad valorem proportion on the bulbs based on 100 per cent ad valorem on the completed lot?

Mr. BAUM. The ratio of 14 per cent and 12 per cent.

Senator BARKLEY. Fourteen per cent and 12 per cent?

Mr. BAUM. Fourteen for the filament and 12 for the bulb.

Senator BARKLEY. So that 100 per cent ad valorem tariff on the completed article would justify, according to your theory, a tariff of 80 or 90 per cent on the bulbs?

Mr. BAUM. Well, to be consistent; yes. However, I did not think of asking for anything like that.

Senator KING. You buy the bulb, do you not?

Mr. BAUM. That would have no bearing on my particular case, Senator.

Senator KING. Well, you buy the bulb, do you not?

Mr. BAUM. Yes; I buy bulbs. But I am not here asking for any lowering or raising on anything except my own finished article.

Senator KING. Would you be interested if you had to pay 60 to 90 per cent more for your bulbs?

Mr. BAUM. I can not conceive that.

Senator KING. You can not conceive it?

Mr. BAUM. No.

Senator KING. But you would be interested if you had?

Mr. BAUM. Probably.

Senator EDGE. Any further questions of Mr. Baum?

Mr. BAUM. Just one thing and it is very brief.

Senator KING. By the way, these bulbs do not come from China, do they? They are from Japan and Germany?

Mr. BAUM. Oh, yes; some of those come from China.

Senator KING. I was told by the tariff men that they do not.

Mr. BAUM. They do not?

Senator KING. That they come from Japan and Germany, most of them from Japan. I know nothing about it except what this gentleman, the expert from the Tariff Commission, states.

Mr. BAUM. I am glad he is here, because there are some things that they say that it is hard to understand, and I want to get it clear in my mind.

Senator EDGE. You said you wanted to make one other statement, Mr. Baum?

Mr. BAUM. Yes. In the Tariff Commission report on page 556, they talk about the competitive condition of lamps, and they speak of a large company in the United States operating in various States.

The above company also controls factories in most of the European countries and in the Orient.

Now, little factories like myself and those who are engaged in the lamp industry in the United States, exclusive of the General Electric Co. and the Westinghouse Co., can not afford to go into the Orient and set up a plant in order to meet this competition. We are purely an American or a United States industry. And we need this protection, and we need it badly. Unless we get the protection I think we are going to quit business.

Senator BARKLEY. Do you agree with this statement of the Tariff Commission: "Much of the foreign competition in America is in the form of carbon filament lamps which, although cheaper than tungsten lamps, are much less efficient, and are not used for most purposes"?

Mr. BAUM. What part do you want me to agree or disagree with?

Senator BARKLEY. I do not want you to agree or disagree. Which do you?

Mr. BAUM. They are less efficient, I would agree to that. And up to last February I would say that practically all of the imported lamps were carbon lamps.

Senator BARKLEY. I understood you to say awhile ago that the carbon lamp was more efficient, more durable.

Mr. BAUM. More durable, not more efficient. The ratio of efficiency is 2½ to about 1¼.

Senator BARKLEY. In other words, while the tungsten gives more light it does not burn as long?

Mr. BAUM. It does not burn as long, and for the purposes for which carbon are used the tungsten is not adapted.

Senator EDGE. But your position, as I understand, Mr. Baum, is that if you are given what you consider proper protection there will be enough of a market for carbon lamps to continue you and such concerns as now are manufacturing in business in a profitable manner. Is that your contention?

Mr. BAUM. That is my contention. And of the 20 factories that discontinued making since 1919, some of them will go back into the carbon-light game again and we will have a prosperous industry in lamps.

Senator EDGE. In other words, notwithstanding the tungsten lamp there is to-day and will be a market for carbon lamps?

Mr. BAUM. Yes.

Senator KING. I notice there have been exports. In 1927 we exported more than 2,000,000 of incandescent lamps.

Mr. BAUM. That is tungsten lamps, I think, Senator.

Senator KING. I just read from the Tariff Commission's report.

Mr. BAUM. Yes; I think they will bear me out in that. They were tungsten lamps and not carbon.

Senator EDGE. I did not imagine you would have much of exports of carbon lamps.

Mr. BAUM. I want to file a brief.

(Mr. Baum submitted the following briefs:)

BRIEF OF THE SAFETY ELECTRIC CO., CHICAGO, ILL.

HON. REED SMOOT,
Chairman Committee on Finance,
United States Senate, Washington, D. C.

DEAR SIR: The Safety Electric Co., of 38 South Dearborn Street, Chicago, manufacturers of incandescent electric carbon lamps, with a factory at Des Plaines, Ill., presents the following statement in support of their request for an increase in the present duty on incandescent lamps (par. 229) from 20 per cent to 100 per cent ad valorem.

Under the tariff act of 1913, when protection to American industries was reduced to a minimum or eliminated entirely, the duty on electric lamps was 30 per cent ad valorem. Under the tariff act of 1922 this duty, then too low, was unfairly lowered to 20 per cent ad valorem.

The increase in duty requested is necessary to enable American manufacturers of carbon lamps to compete against imports from China and Japan, which are now flooding the American market.

The consumption of electric carbon lamps in the United States has more than doubled in the past 15 years. But whereas in 1914 over 90 per cent of our consumption was supplied by domestic manufacturers, at the present time less than 25 per cent is supplied from that source. Imports have increased from 1,375,000 carbon lamps in 1914 to over 37,000,000 in 1928, or 2,700 per cent. The domestic consumption of carbon lamps, domestic production, and imports, as published by the Department of Commerce, are shown in the following table:

	Consumption	Domestic production [1]	Imports [2]
	Number	*Number*	*Number*
1914	15,466,752	14,092,055	1,374,697
1921	11,529,343	5,998,497	5,531,048
1923	19,450,761	7,420,528	12,030,233
1925	35,579,501	7,102,572	28,476,929
1927	33,507,469	8,143,060	25,364,409
1928	37,334,805	[3] 5,000,000	32,334,805

[1] As reported by the U. S. Census Bureau.
[2] As reported by the U. S. Department of Commerce.
[3] Estimated.

Domestic production has declined from 14,000,000 lamps in 1914 to 8,000,000 in 1927. During intervening years production has dropped to as low a point as 6,000,000 in 1921.

It is moreover apparent that domestic producers are able to sell their product only by reason of the fact that their closer contact with consumers has given them in the past a slight advantage in marketing and sales arrangement. They can not compete with imports on the basis of price or cost. It is apparent also from the rapid increase in imports that this advantage, which has helped the industry in the past, is now being lost as the quantity of imports permits the foreign producer to make more permanent arrangements to handle his sales in the United States. In other words, although competition has not in the past been entirely controlled by prices and costs, it will be in the future, and protection for the domestic industry will be absolutely essential if they are to continue in business. In 1918 and 1919 and prior thereto there were at least 20 manufacturers of carbon lamps in the United States. By reason of the competition from imports the following of these manufacturers have either gone out of business or been forced to discontinue manufacturing carbon type of lamp: Re-new Lamp Co., Malden, Mass.; Kentucky Electric Lamp Co., Owensboro, Ky.; Security Incandescent Lamp Co., Chicago, Ill.;

Consolidated Electric Lamp Co., Danvers, Mass.; Triumph Incandescent Lamp Co., Union Hill, N. J.; Sunlight Electric Manufacturing Co., Warren, Ohio; Capitol Electric Co., Denver, Colo.; Vosburgh Miniature Lamp Co., East Orange, N. J.; Toledo Glass Specialty Co., Toledo, Ohio; F. J. Rooney Lamp Co., Hoboken, N. J.; A. C. Mannweiler Co., Fort Wayne, Ind.; Franklin Electric Manufacturing Co., Hartford, Conn.; Acme Lamp Co., Newark, N. J.; Novelty Incandescent Lamp Co., now Nilco Lamp Works (Inc.), Emporium, Pa.; Herzog Miniature Lamp Co., Long Island City, N. Y.

At the present time only three firms manufacture carbon lamps in the United States and one of these manufactures but a very small amount. These firms are: North American Electric Lamp Co., St. Louis, Mo.; Safety Electric Co., Chicago, Ill.; General Electric Co. (have practically discontinued the carbon types).

Our cost records for the year 1928 show that the average manufacturing cost per lamp was $0.177. The total labor cost was $0.0795, or 45 per cent of the total cost. As compared with these costs the Department of Commerce reports the average import price of carbon lamps during the first nine months of 1928 as $0.066 for imports for Japan and $0.035 for China; in other words, the total cost of lamps imported from China and Japan was substantially less than the labor cost of making these lamps in the United States.

The disparity between American and foreign costs of production may be illustrated by comparison of wages. A report of the Japanese Department of Finance in 1926 states that the average wage paid glass blowers in 1925 was 95 cents per day. Glass blowing required skilled labor, so the wage level of glass blowers is undoubtedly greatly in excess of the average wage level prevailing in plants where they are employed. The great disparity between foreign and domestic wages is therefore shown by comparing the above figure with the average wage of $3.77 which was paid in our plants during that year.

We employ in our plant an average of about 50 workmen, and with the proper tariff protection there is little doubt that we could enlarge our business to a considerable extent. Under conditions as they now prevail, however, with the market being flooded with imports we are faced with the serious prospect of being able to continue in business at all. We are confident that the available data comparing domestic production with foreign competition thoroughly justifies our request for an increase in duty from 20 per cent to 100 per cent ad valorem.

We will be glad to supply the committee with any specific information to aid it in its consideration of this problem.

Respectfully yours,

SAFETY ELECTRIC CO.,
By HAROLD A. BAUM,
Secretary-Treasurer and General Manager.

BRIEF OF THE NORTH AMERICAN ELECTRIC LAMP CO., ST. LOUIS, MO.

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

GENTLEMEN: The North American Electric Lamp Co., St. Louis, Mo., manufacturers of carbon filament incandescent electric lamps, presents the following statements in support of their request for a change in paragraph 229 of the present tariff regulations. This paragraph is as shown below:

"Incandescent electric light bulbs and lamps, with or without filaments, 20 per cent ad valorem duty."

In order to give us protection somewhat near what we really feel we deserve, same should be as follows:

"Incandescent electric light bulbs and lamps, without filaments, 20 per cent ad valorem duty; with filaments, 100 per cent ad valorem duty."

We understand that a higher basis of valuation is to be considered. If such higher basis prevails, we believe that we will be able to get along with an ad valorem duty at a rate of 50 per cent.

Our reasons are briefly indicated below:

1. Figures compiled by the Bureau of Foreign and Domestic Commerce of the Department of Commerce of the United States Government located in Washington, D. C., as covered by their monthly reports, show that the average import

price per carbon lamp during the years 1926, 1927, and the first nine months of 1928, from individual countries, were as indicated as follows:

Year	Minimum import price		Maximum import price	
	Country	Price per lamp	Country	Price per lamp
1926	Canada	$0.013	France	$0.126
1927	do	.016	do	.172
1928 (first 9 months)	Belgium	.008	Brazil	.240

Year	Average import price of largest importer, Japan		Average import price, all countries, per lamp
	Quantity	Price per lamp	
1926	16,599,018	$0.039	$0.044
1927	17,664,975	.036	.045
1928 (first 9 months)	8,279,097	.066	.066

The foreign selling price of the next largest importer, China, during the first nine months of 1928 was $0.035.

We are attaching hereto a condensed form showing imports of carbon lamps from all countries during the periods named above.

We are also attaching hereto a letter we received from a trading company for cost, insurance, and freight at Kobe, Japan, an examination of which will reveal the fact that the lamps are offered, St. Louis, at prices ranging from $0.0203 each to $0.0571 each, the cost of the complete lamp in most instances being considerably less than what we have to pay American bulb manufacturers for the bulb with which to manufacture the lamp. Incidentally, the bulb generally does not represent more than one-quarter of our actual manufacturing cost.

Our cost records during the period extending from December 31, 1926, to June 30, 1928, show an average cost of approximately 8½ cents per lamp, which is practically double the import selling price. For this reason we feel that we are entitled to a protection that will bring the selling price of the import lamps nearer to our cost.

2. At the present time our company employs approximately 75 to 90 people. Our production is confined to approximately 2,000,000 lamps. Import figures show that lamps imported average well over 20,000,000 per year. If we are properly protected, we will be able to secure a large portion of this business and in that manner give employment to a great number of people.

The remarks above apply particularly to our company and should be multiplied several times if they are to apply to all the manufacturers of carbon filament incandescent lamps, and hundreds of times if they are to apply to the manufacturers of tungsten filament lamps.

3. Although we have no first-hand information concerning the wages paid in foreign countries, we are quite sure, from general information we have obtained, that same is far below the standard set by American manufacturers. We believe that this should be maintained and that the American worker should be entitled to a living wage.

4. From the prices indicated above we feel quite certain that a number of lamps are imported into this country on a consignment basis and that when these lamps are not immediately sold at a profitable figure that they are dumped into the open market at whatever price they can be sold at rather than be held in warehouses with heavy storage expenses being involved. This dumping process is, indeed, harmful to our industry and will be eliminated in the event the tariff duties are raised.

Summing up the above points it appears to us that when the existing tariff law was enacted there was no situation such as exists to-day nor was same pre-

meditated. Incandescent lamps were costly and practically none were imported. We are now, however, confronted with a situation whereby the duty we pay on one of our raw materials, namely, the carbon filament, is 45 per cent, as covered by paragraph 216, whereas the ad valorem duty on the complete lamp itself is 20 per cent. Furthermore, inferior lamps are being brought into this country and sold in competition with lamps of high quality. A tremendous increase in a number of Americans employed in the carbon filament incandescent-lamp industry will be affected in the event we are given a fair protection in this matter.

The demand for the products we manufacture is continuously increasing, and American labor and American prosperity will certainly be favorably affected if we are granted protection.

We stand ready to amplify or explain any point mentioned herein, and will thank you to give same your kind consideration.

Respectfully yours,

NORTH AMERICAN ELECTRIC LAMP CO.,
PHIL MAYER,
President, General Manager.

Carbon lamp imports

Name of country	1926			1927			January to September, 1928, inclusive		
	Value	Quantity	Average price	Value	Quantity	Average price	Value	Quantity	Average price
Austria	$183,971.00	2,722,325	$0.068	$70,388.00	742,114	$0.095	$18,560.00	276,706	$0.067
Belgium	47,682.00	331,459	.076				396.00	50,511	.008
Czechoslovakia	30,405.00	456,620	.067	11,083.00	117,863	.094	3,652.00	45,703	.079
France	697.00	5,515	.126	1,786.00	10,385	.172	840.00	9,355	.089
Germany	465,012.00	7,449,432	.062	330,229.00	4,491,607	.074	90,481.00	1,504,703	.060
Hungary	1,972.00	27,000	.073	1,530.00	19,500	.078			
Portugal							6.00	60	.10
Netherlands	12,101.00	192,274	.063	3,418.00	41,220	.083			
United Kingdom							158.00	1,550	.102
Rumania	350.00	4,000	.088						
Canada	457.00	35,010	.013	1,754.00	111,544	.016	470.00	4,135	.114
Hong Kong	3,606.00	78,000	.046	5.00	24	.208			
Japan	512,815.00	16,599,018	.039	628,864.00	17,664,975	.036	554,967.00	8,279,097	.066
China				3,926.00	99,000	.04	3,486.00	98,600	.035
Italy				5.00	31	.161			
Brazil				8.00	30	.27	12.00	50	.240
	1,299,068.00	23,200,653	.044	1,052,996.00	23,298,293	.045	673,028.00	10,270,470	.066

KOBE, JAPAN, *March 26, 1929.*

NORTH AMERICA ELECTRIC LAMP CO.,
St. Louis, Mo.

DEAR SIRS: With the view of establishing a business connection with your esteemed firm, we have sent you the samples for above goods this day, and inclosed herewith the price lists for them.

The colors of candelabra lamps.—The colors for these lamps are heat and water proof and are protected under Japanese patents.

The candelabra paralleled cords.—These are our special design, made in order to eradicate the defects of series cords.

The terms of payments.—For minimum trial order we will accept at 30 days' sight D/P/.

Discounts.—For substantial orders, accompanied with letter of credit, less 2 per cent from the list prices at 60 days' sight.

Awaiting your command, we remain, dear sirs, yours faithfully,

THE TOIN TRADING CO.,
S. FUJITTUS, *Manager.*

Price list for Christmas-tree decoration lamps, c. i. f. St. Louis, per 100 bulbs, in gold dollars

No. 13. 14–15V pear-shape tungsten lamps (red, blue, green, orange, yellow, and white, assorted) $2.12
Packing: 25 pieces in a carton and 5,000 pieces to a case. About 11 CFT.; gross weight, 175 pounds.

No. 14. 14–15V pear-shape carbon lamps, natural colors (red, green, blue, orange, yellow, white, assorted) 2.03
Packing: 25 pieces in a carton and 5,000 pieces to a case. About 11 CFT.; gross weight, 175 pounds.

No. 15. 14–15V burning flame tungsten lamps (red, green, blue, orange, yellow, white, assorted) 3.84
Packing: 25 pieces in a carton and 1,500 pieces to a case. About 10 CFT.; gross weight, 160 pounds.

No. 19. 14–15V twisted tungsten lamps (red, green, blue, orange, yellow, white, assorted) 2.87
Packing: 25 pieces in a carton and 5,000 pieces to a case. About 13 CFT.; gross weight, 230 pounds.

No. 28. 14–15V pointed tungsten lamps (red, green, blue, orange, yellow, white, assorted) 2.39
Packing: 25 pieces in a carton and 5,000 pieces to a case. About 11 CFT.; gross weight, 210 pounds.

No. 44. 14–15V 1½-inch round-shape tungsten lamps (red, green, blue, orange, yellow, white, assorted) 4.28
Packing: 25 pieces in a carton and 1,000 pieces to a case. About 11 CFT.; gross weight, 130 pounds.

No. 46. 14–15V assorted flags tungsten lamps 3.88
Packing: 25 pieces in a carton and 5,000 pieces to a case. About 13 CFT.; gross weight, 230 pounds.

No. 51. 14–15V "Gifu" lantern-shape tungsten lamps 4.96
Packing: 12 pieces in a carton and 1,200 pieces to a case. About 11 CFT.; gross weight, 180 pounds.

No. 56. 14–15V fancy shape tungsten lamps (fruits, figures, flowers, animals, toys assorted) 3.54
Packing: 25 pieces in a carton and 2,500 pieces to a case. About 12 CFT.; gross weight, 180 pounds.

No. 59. 14–15V pine cone shaped tungsten lamps (red, green, blue, orange, yellow, white assorted) 2.60
Packing: 25 pieces in a carton and 5,000 pieces to a case. About 13 CFT.; gross weight, 230 pounds.

CANDELABRA ELECTRIC LIGHT LAMPS OF 115 VOLTS

No. 902. 115V 2 cp. pear-shaped carbon lamps of candelabra base (red, green, blue, orange, yellow, white assorted) 3.94
Packing: 25 pieces in a carton and 5,000 pieces to a case. About 13 CFT.; gross weight 230 pounds.

No. 904. 115V 2 cp. twisted carbon lamps of candelabra base (red, green, blue, orange, yellow, white assorted) 4.78
Packing: 25 pieces in a carton and 1,500 pieces to a case. About 10 CFT.; gross weight, 160 pounds.

No. 915. 115V 2 cp. burning flame carbon lamps of candelabra base (red, green, blue, orange, yellow, white assorted) 4.78
Packing; 25 pieces in a carton and 1,500 pieces to a case. About 10 CFT.; gross weight, 160 pounds.

No. 920. 115V 2cp. 2-inch round shape carbon lamps of candelabra base (red, green, blue, orange, yellow, white assorted) 5.71
Packing: 10 pieces in a carton and 1,000 pieces to a case. About 11 CFT.; gross weight, 140 pounds.

8-LIGHT PARALLELED CORD FOR CANDELABRA LAMPS

No. 108. 8-light paralleled candelabra lamp cord, without lamps, per piece ..... .35
Packing: 2 dozen in a carton and 36 dozen to a case. About 7 CFT.; gross weight, 210 pounds.

STATEMENT OF GUY S. FELT, REPRESENTING THE NILCO LAMP WORKS (INC.), EMPORIUM, PA., AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent, I understand it, the Nilco Lamp Works (Inc.), and other concerns of similar character?

Mr. FELT. Yes, sir; there are four other concerns besides ours.

Senator EDGE. Will you give them to the reporter?

Mr. FELT. The other four are the Hygrade Lamp Co., of Salem, Mass.; the Consolidated Electric Lamp Co., of Danvers, Mass.; the Kentucky Electric Lamp Co., of Owensboro, Ky.; and the Economic Lamp Co., of Malden, Mass. We are located at Emporium, Pa.

Senator EDGE. Did you appear before the House Ways and Means Committee?

Mr. FELT. No, sir.

Senator EDGE. Did anyone appear for these concerns before the House Committee?

Mr. FELT. No. We filed a brief, that is all.

Senator EDGE. You filed a brief?

Mr. FELT. Yes, sir; we filed a brief.

Senator EDGE. Do you propose to file a brief before this committee?

Mr. FELT. I just have a short statement to make of a little later information.

Senator EDGE. You just have a short statement to make and you will permit the other brief to suffice?

Mr. FELT. Yes, sir.

Senator KING. Where is that brief found in the hearings?

Mr. FELT. I do not know. I have not seen the hearings. I know it is filed. I can show you a copy of it if you want me to.

Senator KING. Never mind.

Senator EDGE. Before your oral statement, you are appearing to discuss paragraph 229, I take it?

Mr. FELT. That is correct.

Senator EDGE. In what way do you differ with the provisions in the paragraph now providing for 20 per cent ad valorem without filaments and 30 per cent with filaments?

Mr. FELT. Well, we asked in the brief for a specific duty of 1½ cents a lamp or $1.50 a hundred, plus 30 per cent ad valorem.

Senator EDGE. A specific duty of 1½ cents, is that it, per lamp?

Mr. FELT. Yes, per lamp.

Senator EDGE. And the per cent that is already provided?

Mr. FELT. That is correct.

Senator REED. You make tungsten filament lamps, do you?

Mr. FELT. Yes, sir.

Senator KING. Not the carbon?

Mr. FELT. No, sir. We make a few carbon lamps, but very few. We are not interested in the carbon lamps.

Senator EDGE. This item, however, "with filament, 30 per centum ad valorem," if it also contains a specific duty of 1½ cents, or if, as

the previous witness asked, without a specific duty, but 100 per cent, would apply to either light, carbon or tungsten?

Mr. FELT. The lamp we make is with filaments.

Senator EDGE. I mean with filament; that would apply to either lamp complete?

Mr. FELT. Yes, sir. I have a very short statement, if you will permit me to make. The American manufacturers that are affected, which I am representing here, these American manufacturers of electric incandescent lamps with tungsten filament wish to submit a brief statement giving some information in addition to what was presented in our brief to the Ways and Means Committee. We have, and will leave with the committee, a copy of a recent invoice of Japanese lamps of this character, and this will tell the story of the proposition that we face and the reasons why we ask for an increased rate of duty.

(The invoice presented by Mr. Felt is as follows:)

[Invoice dated February 28, 1929, covering incandescent electric lamps imported from Japan]

Order No. 3500

			First cost including case and package (yen)
3500. No. 8834, 1 case:			
250 pieces pear-shape bulbs, clear, 115-volt, 40-watt 250 pieces pear-shape bulbs, clear, 115-volt, 50-watt	100 pieces	9.00	45.00
No. 8835/79, 45 c/s at 500: 22,500 pieces, pear shape, clear, 115-volt, 50-watt, 100 pieces		9.00	2,025.00
clear, 115-volt, 60-watt, 100 pieces		9.00	990.00
clear, 115-volt, 60-watt, 100 pieces		9.00	990.00

Order No. 3502

3502. No. 8902/915, 14 c/s at 500: 7,000 pieces bulb-shape, No. A19 frosted, 115-volt, 25-watt, 100 pieces		9.25	647.50

Order No. 3501

3501. No. 8916/932, 17 c/s at 500: 8,500 pieces torch lamps, white, 115-volt, 25-watt, 100 pieces		12.00	1,020.00
Yen			4,727.50
49,500 lamps			$2,139.19
Each (cents)			4.32
Charges:			
Shipping and cartage, 1,372 feet 10 inches, at $0.07		96.10	
Godown rent and fire insurance, 1 per cent		47.28	
Consular fee		5.60	
Commission 7½ per cent		354.56	
Total		503.54	
Yen			5,231.04

Mr. FELT. This document shows that the invoice value of the Japanese lamp is 4.32 cents. This, of course, includes both its cost of production abroad and the manufacturer's profit. In order to have these figures perfectly fair, we add 5 per cent for the cost of transportation of this lamp to the United States, which would include all such charges as freight, brokerage, and insurance.

The value of this lamp, therefore, on its arrival in the United States, including the cist of getting it here, is 4.53. In order to put this lamp on the market in this country, there is a selling expense of 7½ per cent, which would add 0.32 cent. The rate of duty in the existing law is 20 per cent ad valorem, or a duty of 0.9 cent on the invoice value, plus cost of transportation. Adding this duty and adding the commission charge, that lamp, under the law of 1922, can come into the United States, ready for sale here, at 5.73 cents.

In the bill as passed by the House of Representatives and now before you for consideration, the duty is 30 per cent ad valorem. This increases the duty from 0.9 to 1.36 cents. It makes the total cost duty paid on this article 6.2 cents.

We are asking for a specific duty of $1.50 per hundred in addition to the 30 per cent ad valorem. If this is granted by this committee, it will add, in duty, 1.5 cents to each lamp and make the total cost here, duty paid, 7.7 cents.

The American manufacturing cost of such lamps, as explained in detail in our brief before the Ways and Means Committee, is 8.56 cent. It will, therefore, be seen that the duty which we ask is well within the difference between our production cost and the price at which Japanese lamps could be sold in the United States.

Senator KING. It makes, however, an increase in the aggregate tariff over the present law of about 60 per cent, does it not?

Mr. FELT. That is correct.

Senator KING. A little more than that.

Mr. FELT. Yes. Some of this difference is made up by the fact that the American manufacturer can give better service because of his ability in the way of continuous supply. There is also the element that many people have a proper preference for American-made goods. The duty that we ask is not a prohibitive duty in any way and is certainly the very least that can be given to this industry and permit its continuance and well-being.

We wish to call to the attention of this committee that this duty asked by us is not at all out of proportion to the glass duties in this schedule, but is entirely in harmony with them. We are asking for a 30 per cent ad valorem and a duty of 1½ cents per lamp. This specific duty adds 33 per cent to the other ad valorem and makes a total of 63 per cent on the ad valorem basis. In the glass paragraphs in the bill before you for consideration, illuminating glassware receives a duty of 65 per cent: cased glass, 60 per cent: table glassware, 60 per cent; chemical glassware, 85 per cent: bottles, 75 per cent; tubes or tubing, 65 per cent; and window glass, not less than 50 per cent.

We see no reason why our product should be discriminated against in any way. It must be borne in mind that, in our production cost, while the direct labor cost is only 25 per cent of the total production cost, yet there is a very large element of labor in the materials which we use. This labor cost is taken care of by proper rates of duty. In considering our case, our direct labor cost and our indirect cost in our materials must be put together in order to ascertain what is the total payment that we have to make for labor. That means that our total labor cost would be about the same as what it costs for labor in

the making of other products in the glass schedule which receives the rates of duty to which we have referred.

The companies for which I speak filed a brief before the Ways and Means Committee, giving our case in detail. We ask that the committee give to this brief its earnest consideration as well as to the supplementary information I have just presented.

Senator EDGE. Just a question or two that I wanted to ask you in detail here. Do you feel that it is a businesslike proposal to endeavor to include both the carbon lamp with filament—that is, the complete lamp—and the tungsten lamp, the patented article, in this same paragraph 229, carrying whatever the committee or Congress finally decides, but carrying the same rate of duty?

Mr. FELT. We make so few carbon lamps that we are not interested in the carbon lamp or in any change that applies to carbon lamps.

Senator EDGE. That is not what I asked you. I realize that. You heard the previous witness with an importation of 75 per cent. In your case the importation is less than 5 per cent, as I followed it.

Mr. FELT. Yes; it is just now very little.

Senator EDGE. Then I repeat the question: Can this paragraph properly and consistently protect both types of American manufacture?

Mr. FELT. Well, I heard the witness but I can not answer for the carbon lamps.

Senator BARKLEY. You are asking for the equivalent of about 65 or 66⅔ per cent ad valorem on the importation of these incandescent lamps? Thirty per cent ad valorem, and then the specific, you say, of 33⅓ more?

Mr. FELT. On the basis of the invoice that I left with your secretary here.

Senator BARKLEY. That amounts to about 63 per cent?

Mr. FELT. Sixty-three per cent.

Senator BARKLEY. I will ask you the question: How many tungsten lamps were produced in this country in 1928?

Mr. FELT. I can not give you the total that were produced in lamps, but the value is somewheres around $55,000,000 to $57,000,000.

Senator BARKLEY. That is the wholesale price?

Mr. FELT. That would be at the manufactured sales price.

Senator BARKLEY. What do they sell for on the average at the factory?

Mr. FELT. The only lamp that we are concerned in is the 10 to 60 watt.

Senator BARKLEY. What is the average price?

Mr. FELT. Do you mean our selling price?

Senator BARKLEY. The wholesale price.

Mr. FELT. Our wholesale price would be from 10 cents to 10.4 cents or 10.5 cents.

Senator BARKLEY. Ten cents to 10½ cents.

Mr. FELT. That is correct. I would say about 10.4 cents.

Senator BARKLEY. The previous witness stated that last year there were some 300,000,000 tungsten lamps made in the United States?

Senator KING. More than that.

Senator BARKLEY. Do you know whether that is correct or not?

Mr. FELT. I think that the statement made by the Senator here is nearer right. There would be much over 300,000,000, but I do not have the exact figures. I know what we make ourselves.

Senator BARKLEY. The Tariff Commission information is that only 4,000,000 were imported in 1927.

Mr. FELT. I think that is about right.

Senator BARKLEY. And you think that the importation of 4,000,000 tungsten lamps as against probably half a billion made in the United States requires a tariff of 63 per cent?

Mr. FELT. It has not until just recently been so that the Japanese lamp could come in.

Senator BARKLEY. The Japanese lamp is not a tungsten, is it?

Mr. FELT. The Japanese lamp that I referred to is a tungsten lamp. I have left a copy of an invoice with the secretary.

Senator BARKLEY. When did they begin to come in here?

Mr. FELT. Oh, I suppose there have been small quantities coming in for the last few years, but only small quantities, but in February, this year, was when we learned of the competition that we would face.

Senator BARKLEY. How many came in this year?

Mr. FELT. I could not tell you the quantity that came in, because I do not think that those figures are available.

Senator BARKLEY. None of these lamps came in prior to 1922, did they?

Mr. FELT. I do not think so.

Senator BARKLEY. With the 30 per cent tariff prior to 1922 there were no imports at all?

Mr. FELT. I do not think so, not tungsten lamps.

Senator BARKLEY. So that now you are asking for this 63 per cent ad valorem or the equivalent of that, although prior to the present law, under the 30 per cent none came in?

Mr. FELT. It was not until just in February that these lamps came in.

Senator BARKLEY. That is all.

Senator KING. You say that they just began coming in in February?

Mr. FELT. Yes.

Senator KING. You do not know that there were imported more than 11,000,000 incandescent lamps in 1922?

Mr. FELT. Is that tungsten filament?

Senator BARKLEY. Carbon.

Senator KING. I was looking at the carbon; 4,000,000 is the amount. How many were imported four years ago?

Mr. FELT. I do not think very many.

Senator KING. Are you sure there has been any increase?

Mr. FELT. It would only be slight, I think.

Senator KING. Do you not know that the majority that do come, come from Germany instead of Japan? That all of the standard so-called type, and that is the important type, come from Germany instead of Japan?

Mr. FELT. I think you will find that most of those from Germany are small lamps. The lamps that these manufacturers I represent are concerned about are what are called large lamps.

Senator KING. What do you call standard lamps?

Mr. FELT. We haven't any name to apply.

Senator KING. These are the standard lamps [indicating lamp in the chandelier]?

Mr. FELT. That is the kind of lamp that we refer to, that is correct.

Senator KING. Is it not a fact that a limited number of lamps come from Germany?

Mr. FELT. Those from Germany I think are of the Christmas tree and flashlight type. Something that we are not interested in.

Senator KING. We exported in 1928 more than 14,500,000?

Mr. FELT. I think that is probably correct.

Senator KING. So that our exports were more than three times as many as our imports. Then in addition to that we manufactured nearly 500,000,000?

Mr. FELT. That is correct.

Senator KING. And substantially all that were manufactured were manufactured by the General Electric Co., one of the richest and most powerful corporations in the United States, and by the Westinghouse Co., one of the very powerful manufacturing corporations in the United States. Is that not true?

Mr. FELT. I can not answer for the General Electric Co. I am not representing them.

Senator KING. I did not suppose you were. It is a fact that they are manufacturing it?

Mr. FELT. Yes; that is true.

Senator KING. And the Westinghouse?

Mr. FELT. Yes, sir.

Senator KING. And they are establishing factories in various parts of the United States and increasing their output?

Mr. FELT. They are increasing it in number of lamps but not in dollars.

Senator KING. Well, I am speaking in lamps.

Mr. FELT. In lamps; yes.

Senator KING. So your competition comes from your domestic concerns, does it not, from the General Electric and the Westinghouse Cos.' competition?

Mr. FELT. Sure; there is competition.

Senator KING. Well, it comes from those large corporations?

Mr. FELT. Yes; but we do not have to face Japanese competition—it is only with the General Electric and the Westinghouse—at least to-day we do not. That is all we are concerned with.

Senator KING. What proportion do you manufacture?

Mr. FELT. You mean the manufacturers I represent now?

Senator KING. Yes; of those 500,000,000 lamps that are made in the United States.

Mr. FELT. Well, in dollars I can give it to you better. We manufactured about $6,500,000 worth, as compared to $56,000,000 or $57,000,000.

Senator KING. Are you not mistaken in the quantity? The report shows that back in 1925 the value was $73,558,000.

Mr. FELT. Can I differentiate there in that——

Senator KING. It says the production of incandescent electric lamps in the United States in 1914 was 88,526,000; then it increased

right along until 1925 it was 388,365,000; the value in 1914 being $13,283,000 and the value in 1925 being $73,558,000.

Mr. FELT. You are getting lamps in there that we are not referring to. There are automobile lamps and Christmas-tree lamps, real small miniature lamps.

Senator KING. They are incandescent lamps?

Mr. FELT. They are incandescent lamps, but we are only referring in our brief to 10 to 60 watt type.

Senator KING. Do you know what proportion of the product of the United States would be within the category that you are describing?

Mr. FELT. In volume of sales, net sales would be around, I would say, about $56,000,000 to $57,000,000.

Senator KING. Increasing right along every year?

Mr. FELT. In dollars.

Senator KING. Well, in quantity, then?

Mr. FELT. In quantity very decidedly they are.

Senator KING. And what proportion in quantity are the factories that you represent producing?

Mr. FELT. Of the same kind of lamps that we produce, that is all that I can tell you, we run about $6,500,000 as against a total for the country of $56,000,000 to $57,000,000.

Senator KING. But that is in dollars.

Mr. FELT. Yes; that is in dollars.

Senator KING. You can not give the number?

Mr. FELT. I haven't the figures to give you.

Senator KING. And the Westinghouse Co. and the General Electric Co., as you said, are increasing their output in quantity?

Mr. FELT. In quantity of lamps, correct.

Senator EDGE. Any further questions?

Senator KING. No.

STAINED AND PAINTED GLASS WINDOWS

[Par. 230 (a)]

STATEMENT OF MANTON M. WYVELL, REPRESENTING FRANZ MAYER OF MUNICH (INC.), NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Wyvell, you are an importer?

Mr. WYVELL. No; I am an attorney.

Senator EDGE. Tell whom you represent.

Mr. WYVELL. I represent Franz Mayer, of Munich, a New York corporation.

Senator EDGE. Which paragraph?

Mr. WYVELL. Paragraph 230 (a), stained and painted glass windows. We have decided to save the time of the committee by merely filing a brief. This brief has been sworn to.

Senator EDGE. Did you file a brief before the House Ways and Means Committee?

Mr. WYVELL. We did.

Senator EDGE. Does this brief set forth additional information?

Mr. WYVELL. This brief gives you additional information, yes. The brief before the House Ways and Means Committee will be found on pages 1619 and 9701.

Senator EDGE. The bill passed by the House provided a 60 per cent ad valorem. What was the previous ad valorem?

Mr. WYVELL. The previous ad valorem duty was 50 per cent.

Senator EDGE. Increasing it 10 per cent?

Mr. WYVELL. We ask a reduction to 25 per cent.

Senator EDGE. And your justification for that is covered in your brief?

Mr. WYVELL. We base our justification for that on the condition of the imports and the condition of the manufacturers in this country. I have two copies of the brief with me here.

Senator KING. Why do you not furnish more?

Mr. WYVELL. I would be glad to furnish more.

Senator EDGE. You say you are asking for this decrease on the basis of imports. The Tariff Commission summary before me states on windows, stained or painted, that the imports have gone up from 9,000 square feet in 1922—without reading the intervening years—to 75,000 square feet in 1928.

Senator REED. That is three months of 1922.

Senator EDGE. Yes; I am wrong. Three months of 1922; 1923 is the first full year, 22,648 square feet. Then it goes to 64,410 square feet in 1924, 111,836 square feet in 1925, then back to 78,913 square feet in 1926, and then up to 97,840 square feet in 1927, and then the last year, 1928, 75,000 square feet. Showing an average substantial increase in imports on the 50 per cent basis. You now ask to have it reduced to 25 per cent. What do you base that on?

Mr. WYVELL. I am not technically an expert. The facts are stated in the brief. References are made to the tariff hearings in the brief.

Senator EDGE. But it would seem from the imports shown here that the importations are quite a menace to the domestic production, would it not?

Mr. WYVELL. The years prior to 1925 of course could hardly be taken as a comparison, because Germany was not in a position to be normal before approximately 1925. I have given the imports on page 2 of the brief, beginning with the year 1925, under paragraph 230.

Senator EDGE. I understand Mr. Wyvell is the attorney representing them and does not know the business, but he has filed a brief. Are there any questions the committee wish to ask him?

Mr. WYVELL. This is Mr. Mayer's brief, so he also will waive hearing.

Senator EDGE. This takes the place of Mr. Mayer?

Mr. WYVELL. Yes.

Senator BARKLEY. Do you know to what extent this particular kind of stained glass is manufactured in this country?

Mr. WYVELL. On the brief at page 2 you will see that in the year 1920 the value was $500,000.

Senator BARKLEY. That is the domestic consumption?

Mr. WYVELL. That is the domestic consumption. In the year 1927 it was $3,000,000. Those figures are taken from the witnesses before the House hearings. The tariff report which you have before

you shows the current production of $7,500,000 as against imports of $183,000.

Senator REED. Imports about 2 per cent in value of the domestic production?

Mr. WYVELL. Under paragraph 230; yes, sir.

Senator REED. Are windows valued at over $15 a foot intended for use in churches admitted free now?

Mr. WYVELL. They are admitted free under the paragraph relating to works of art.

Senator REED. I have just been reading that paragraph and I find some difficulty in understanding it.

Senator EDGE. I have it right here, Senator Reed. There are some free imports, of course, under the law, which totaled in 1928 $125,000, so that the actual imports which would all be in competition would be $308,000. Which makes considerably more than 2 per cent.

Senator REED. That would be about 4 per cent.

Mr. WYVELL. I distinctly said the imports were under paragraph 230, Senator Edge.

(Mr. Wyvell submitted the following brief:)

BRIEF OF FRANZ MAYER OF MUNICH (INC.), NEW YORK CITY

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

DEAR SIRS: We are interested in paragraph 230 (a) of the tariff bill as passed by the House of Representatives, and we respectfully petition your honorable body to change the rate of duty from 60 per cent imposed on stained and painted glass windows by the House in that paragraph to 25 per cent ad valorem, for the following reasons:

The present duty (50 per cent) more than protects the domestic manufacturers of stained and painted glass windows, as is clearly shown by the figures of domestic production as compared with imports for the period of the existing tariff act. The increase of domestic production has been so tremendous that, coupled with a corresponding substantial reduction in imports running down to the current year, a substantial reduction in the duty to the 25 per cent basis requested is a necessity to prevent the tendency to extinguish all foreign competition and the consequent increased cost to the American consumer.

Assuming that the proper test of a necessity for upward revision is in the main "whether there has been a substantial slackening of activity in an industry during the last few years and a consequent decrease of employment due to insurmountable competition in the products of that industry," we submit that the answer is clearly in the negative.

The domestic production of stained and painted glass windows was, according to the spokesmen of the domestic concerns, as follows:

1920 (hearings before Finance Committee on tariff act of 1921, p. 1597, witness, Heinigke)	$500,000
1927 (hearings before Committee on Ways and Means tariff readjustment, 1929, p. 1605, witness, George L. Payne)	3,000,000
Current yearly production (estimate of United States Tariff Commission, Summary of Tariff Information, 1929, p. 558)	7,500,000

Against this the import figures on stained and painted glass windows, imported under paragraph 230, as shown by the summary of Tariff Information of the United States Tariff Commission, page 558, for the years 1925 down to the present, are as follows:

1925	$202,352
1926	223,609
1927	292,554
1928	183,699

Thus, while the domestic business has increased by leaps and bounds, the importations have considerably decreased, with a marked decrease in the last year, in spite of the generally conceded general national prosperity.

The years immediately following the war do not allow any comparative figures on account of the unstabilized conditions in Europe.

Adverting to the suggestion made by the proponents of a higher tariff rate, that there have been large importations of stained glass windows in knocked-down (unleaded) form, which were assembled in this country, we beg to submit that said proponents have not submitted one scintilla of evidence in support of this proposition, which must remain, therefore, as a mere speculation worthy of little consideration. Furthermore, we beg to state that our corporation, which is the largest importer of this product, has never imported any stained or painted glass windows in knocked-down (unleaded) condition, and on inquiring of other leading importers, we have been advised that they too do not import any windows in unleaded condition. Moreover, on inquiring of the collector of customs and the appraiser of merchandise at the port of New York, we learned that no windows have been imported at the port of New York in knocked-down condition, and, furthermore, that if there should be windows imported in that condition for the purpose of securing a lower classification, that they would not be passed at any lower rate of duty than that covering windows as provided for in paragraph 230, i. e., at a duty rate of 50 per cent. It therefore seems certain that all stained or painted glass windows are imported under section 230, except such as come in under paragraph 1707.

The suggestion before the House committee, that domestic firms have opened branch studios in Europe is true in two cases only. These two firms employ at present less than 80 men in their foreign studios, while at the same time they maintain their domestic studios, and, in fact, one of them has even opened a new studio in New York City within the last few years. It is believed that one of these domestic firms may import windows in unleaded condition, but the other stated in response to my inquiry, that they discontinued this practice some years ago. Therefore, it is perfectly apparent that if there is any importation of the knocked-down product, it is insignificant.

It is impossible for stained and painted glass windows of the kind imported by your petitioner to be standardized factory products. The same applies to importation by other firms. This term may be applied only to the cheapest grade of ornamental windows, and even these are no factory product in the strict sense, as they are entirely handmade. The windows to which we refer are essentially works of art of high character, representative of the Christian and religious aspirations expressed by each studio in its own special style. Each artist is continually striving to improve his work, being imbued with the traditions of his craft, and thus increases his ability which has often been hereditary in his family for many generations. There is a continual change in thought and expression. As stated in the findings of the Tariff Commission, page 558, there are no regular market prices, and we emphasize that this is essentially a business and line of manufacture where neither mass production nor standardized prices are possible; that it is rather a line of production depending on the individuality, hereditary craft, and the artistic ability of the particular designers. Right here in Washington you may find specimens of stained and painted glass windows made by many different artists and studios, which vary greatly in technique, color, and composition, and, of course, in price. Specimens furnished by our firm may be found in St. Patricks Church and St. Mark's Episcopal Church in Washington, which were designed by the father of this deponent. The cartoons (full-size drawings) for these windows were drawn by Professor Feuerstein, of the Munich Academy of Arts, and other prominent artists.

While there is concededly a difference in the cost of production between European manufacture and domestic manufacture of stained-glass windows, by the handicap of the distance to the European studios and the fact that, as mentioned by the Tariff Commission report, time of delivery is an important competitive consideration, this element of difference is substantially neutralized, regard being had to the fact that every window has to be made according to special instructions and the varying measurements.

We submit that Exhibit No. 11 placed in the record of the tariff readjustment hearing before the Ways and Means Committee, 1929 (see vol. 2, of such hearings, p. 1614), to wit, an invoice from Ferd. Mueller, of Quedlingburg, Germany,

is not a fair representation of the cost to purchaser or consumer of a stained-glass window made abroad. After this invoice was placed in the record, we inquired of Ferd. Mueller with reference to the circumstances of this particular invoice. In reply, Ferd. Mueller stated:

"The copy of the consular invoice is all right. I quoted these prices on occasion of my visit to St. Louis during the period of the inflation of the mark, early in 1924, taking into account the money condition of Germany at that time. The firm of Jacoby sent me this order as their first, and I executed the windows at the prices agreed upon. Of course, I did not make any profit on this order, considering it as a specimen order. The price was, in fact, $2,000, but the glass of the border was to be omitted subsequently. Hence the reduction in price to $1,700."

By way of further explanation, we state that the windows in question were sold by Mueller direct to a dealer in America; presumably the dealer sold it to a church, as practically all imported windows are sold to churches. Therefore, the American selling expenses, overhead in America, costs of erection, and profit of the dealer have to be added, and which above-mentioned costs were not included in the said invoice. It should be further taken into account that the cost of selling an imported window and the cost of selling an American-made window in the American market is the same. This is admitted by the representatives of the domestic firms.

The leading domestic firms, such as Connick, of Boston, are doing a thriving business. If all firms are not enjoying a similar prosperity it is no doubt largely on account of an overexpansion, which is indicated by the great increase of the domestic stained-glass window business within recent years, as indicated by the figures above. With such a rapid rate of expansion, it is not strange that some firms, lacking presumably the guidance of competent artists, along with necessary experience and capital, should fall by the wayside. Such failures are an incident to all lines of business. However, the outgoing of studios is more than equalized by new artists entering this field.

May we also refer to the statement in the brief filed before the House committee on behalf of the domestic manufacturers (see p. 1616, vol. 2, tariff readjustment hearing, Ways and Means Committee), wherein it is stated that imports of stained and painted glass windows adversely affect the men composing the labor-union members engaged in manufacturing leaded glass. The facts are that the prices for leaded glass in this country are so low that no importer can possibly compete with them. The following, taken from an article in the Bulletin of the Stained Glass Association of America for May, 1927, is pertinent:

"Leaded glass in the old English manner, with medallions or heraldic crests suitable in feeling and cost to the small home, is now available in rectangles or diamonds for as little as $2 a square foot in either domestic clear or colored glass. Medallions or centerpieces range from $5 upward. Installation costs vary according to location. Here is news that will be really interesting to owners of small homes."

Affiant refers herewith to briefs submitted to the Ways and Means Committee of the House (see p. 1619 and 9701 of the printed hearing before said committee) and states under oath that the statements made therein are true.

Practically all other works of art are allowed in free of duty. Even mosaics, which before were subject to duty, have now been put on the free list by the House (par. 1809). Why should stained-glass windows, practically all of which are imported for churches, which oftentimes are poor, have to pay a high rate of duty?

Respectfully submitted.

FRANZ MAYER OF MUNICH (INC.),
By ADALBERT MAYER, *President.*

DISTRICT OF COLUMBIA, *ss:*

Adalbert Mayer, being duly sworn, deposes and says that he is president of Franz Mayer of Munich (Inc.), a New York corporation, which herewith files the above brief; that he has read the brief and knows the contents thereof, and that the same is true to the best of his knowledge and belief.

[SEAL.]

MARY G. KITE.
Notary Public, District of Columbia.

Counsel:
MANTON M. WYVELL.
CLYDE L. ROGERS.

Reply Brief of Franz Mayer of Munich (Inc.)

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

Dear Sirs: This reply brief relates to paragraph 230 (a) of the tariff act, and is submitted for the purpose of replying to certain statements made by Mr. George L. Payne and Richard Blank, each of whom appeared before subcommittee No. 1 of the Senate Finance Committee asking for a higher duty.

RAW MATERIALS

Mr. Payne mentioned the increased tariff on raw materials used in the manufacture of stained and painted glass windows. Such raw materials consist primarily of various kinds of antique glass and lead. The cost of such raw materials is so small as to appear trifling, usually less than 10 per cent of the selling price. If the committee will refer to page 1610 and those following of the printed hearings before the Ways and Means Committee of the House, 1929, it will be noted that according to the invoices the cost of antique glass is about 80 cents per square foot and for lead and solder about 22 cents per square foot. Moreover, as clearly appears from the testimony taken before your committee much domestic antique glass is being used. Any possible increase in the duty on antique glass, therefore, would only in a little and trifling way affect the cost of a finished window, especially considering the fact that much domestic antique glass is being used.

STAINED AND PAINTED GLASS WINDOWS

We may mention that stained and painted glass windows are sold under various names on both, domestic firms and importers. Sush names are: "Art" windows, "jewel" windows, "mosaic" windows, "medallion" windows, "pictorial" windows, "picture" windows, "old style" windows, "ornamental" windows, etc. The names express the meaning, for instance: Jewel window, a window with jewel effect; mosaic window, a window with mosaic effect (very small pieces of glass); pictorial window, resembling a painting with perspective; old style window, executed in the style of medieval windows, etc.

All the above mentioned windows, of which the raw material consists primarily of antique glass, fall, if imported, under the heading of stained glass and painted glass windows, i. e., paragraphs 230 and 1770 (par. 1805 in the House bill).

DOMESTIC PRODUCTION

The figures of the representatives of the domestic firms show grate discrepancies. On one side, the number of the studios and men employed are made look very high; on the other side, the domestic production is stated to be very insignificant. (See House hearings, pp. 1605 and 1622.) A production of only $700,000 would allow employment for only from 100 to 120 artists and men. The current yearly production, meaning of course, the 1928 production according to the estimate of the United States Tariff Commission is $7,500,000, and we respectfully request the members of the subcommittee to verify this figure, which will be found in the summary of Tariff Information, 1929, page 558. We believe that the figures given by said Tariff Commission are conservative and certainly are not too high.

IMPORTS OF WINDOWS IN UNLEADED (KNOCKED DOWN) CONDITION

In our brief filed with your committee we stated that no stained or painted glass windows are imported in unleaded condition, with the possible exception of one firm. On inquiry, we just received a telegram of the firm we had in mind, stating that it does not import any windows in unleaded condition, and we herewith copy the telegram we received. The original of this telegram is hereto attached and marked "Exhibit 1":

St. Louis, Mo., *June 27, 1929.*

Adalbert Mayer,
President, Franz Mayer of Munich (Inc.), 233 Broadway.

We do not, and have never, imported windows in knocked down or unleaded condition and know of no such method being employed by others.

Emil Frei (Inc.).

WAGES

Mr. Payne quoted the minimum wages paid by German firms. On inquiry from the studio from which we import we learn that some of the artists and designers receive $1 per hour and more, and a few of the leading artists in Munich even charge a good deal more for their work.

UNDERBIDDING

The prices of the various studios vary considerably. The prices of stained and painted glass windows further differ a good deal. It is difficult, if not impossible, to show real comparative figures, but we wish to state that we are underbid continually by domestic firms as will be seen from the letters herewith quoted below, and the originals of which are herewith attached, marked "Exhibits Nos. 2, 3, and 4."

ST. THERESE'S RECTORY,
Shavertown, Pa., June 21, 1929.

Mr. ADELBERT MAYER,
New York City.

DEAR MR. MAYER: In the past few days I have been able to give a little more attention to the matter of stained glass for St. Therese's Church. I have had bids from other studios, viz: The Munich Studio—(our note, a domestic concern)—Chicago, H. F. Smith & Sons, of Philadelphia, and the Daprato Co., of New York. I find a great disparity in the prices of the windows and note that your bid is by far the highest. Your total price is $6,700, while the lowest price I got is $4,250. I expect there would be a difference in material and workmanship, though can hardly believe that it would be so great as to merit such a difference in cost—all for antique glass. Each of the concerns bidding for the work promise first-class workmanship and best of material.

Let me know in what way you can meet or attempt to meet these bids.

Trusting to hear from you soon, I am,

JOHN J. O'LEARY.

2111 LINN STREET,
Williamsport, Pa., November 19, 1928.

Messrs. MAYER & Co.,
New York City.

GENTLEMEN: I have your letter of November 17, and would like very much to give you the order for the windows but here is my position which I feel you will appreciate.

I have had bids on the windows from Deprato, of New York; Smith of Philadelphia; Russo, of Scranton.

Their bids vary only $70 between the highest and the lowest while your bid is $940 higher than the highest of these three, or $1,019 higher than the lowest of these three.

With this knowledge, would you consider it worth while to go further into this matter? If so, I shall be pleased to have you meet me in Williamsport on Wednesday morning, November 21, or in Scranton at Mr. Hawley's office some time on Wednesday, November 21. Kindly wire me your action, as I wish to close this matter this week.

Sincerely,

Rev. J. F. GILLOOLY,

THE MUNICH STUDIO,
Chicago, April 16, 1929.

Rev. Father V. A. CHALOUPKA,
Cleveland, Ohio.

REVEREND DEAR FATHER: We will make the two large transept windows in your church with group scenes as you may select for $750 each and the 10 Nave windows will cost $425 each. This will give you as fine windows as you can secure anywhere. They will be made entirely of the antique glass and delivered and installed in the church for this sum per window.

We are informed that you will soon consider purchasing the windows, and if we may be favored with chance to compete, we will gladly come to submit samples and discuss the details with you.

Faithfully yours,

THE MUNICH STUDIO,
D. S. SHANAHAN, *Manager.*

Our prices for the corresponding windows are: Transept windows, $800 each; Nave windows, $700 each.

Please note that the Munich Studio of Chicago is a strictly domestic firm which manufactures all windows in the United States.

If an importer, as stated by Mr. Payne before your committee, imported windows at the lowest possible prices he must not be disappointed if the workmanship was poor so that he was unable to sell the windows to the church for which they were ordered. We may repeat that not even a plain ornamental window can be manufactured in Europe at $2 per square foot f. o. b. studio under present conditions.

Respectfully submitted.

FRANZ MAYER OF MUNICH (INC.),
By MANTON M. WYVELL, *Attorney.*

DISTRICT OF COLUMBIA, *ss:*

Manton M. Wyvell, being duly sworn, deposes and says that he is attorney for Franz Mayer of Munich (Inc.), a New York corporation; that he has read the foregoing brief and knows the contents thereof; that the same is true to the best of his knowledge, information and belief; that the reason that this verification was made by deponent and not by Adalbert Mayer is that Mr. Mayer is not within the jurisdiction of the District of Columbia, and that it was necessary to file this brief to-day in order to have it printed. That the sources of deponents knowledge and claims for his belief are statements in writing made to deponent by Adalbert Mayer, president of the foregoing corporation, and original data furnished to deponent.

MANTON M. WYVELL.

Subscribed and sworn to before me this 28th day of June, 1929.

[SEAL.] PAUL J. ROBERTSON,
Notary Public, District of Columbia.

STATEMENT OF GEORGE L. PAYNE, PATERSON, N. J., REPRESENTING THE STAINED GLASS ASSOCIATION OF AMERICA

[Including par. 219]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Payne, you are an American manufacturer of these stained-glass windows?

Mr. PAYNE. Yes, sir.

Senator EDGE. And your concern is what?

Mr. PAYNE. The Payne Studios, of Paterson, N. J. I appear before you representing the Stained Glass Association of America, and I am here because of what happened to us in the Ways and Means Committee.

Senator REED. What happened to you there?

Mr. PAYNE. I will give it to you.

Senator EDGE. Before you start on that, have you a brief to file with the committee?

Mr. PAYNE. Only a very short one supplementing the facts.

Senator KING. You got 60 per cent ad valorem, did you not?

Mr. PAYNE. Yes, sir.

Senator EDGE. Did you file a brief with the House committee?

Mr. PAYNE. Yes; I filed a brief with the House committee.

Senator EDGE. And your purpose before this committee is to supplement it simply with an oral statement?

Mr. PAYNE. My purpose is to simply supplement it with an oral statement; yes.

Senator KING. Any new fact?

Mr. PAYNE. New facts; yes.

Senator EDGE. Proceed.

Mr. PAYNE. We find that the new tariff bill has placed an additional duty on raw materials coming from Europe into this country. I will not give you the figures in cents—it is rather complicated—the increases show 250, 300, and 500 per cent on raw materials that our American manufacturers are obliged to use in a certain quantity in American windows. Now I must give you total figures of importations under paragraphs 230 and 1707 to show you what is happening in this industry.

Senator KING. If you will pardon me one moment, Mr. Payne. You say that the present bill as it came from the House gives an increase of 200 to 500 per cent?

Mr. PAYNE. On raw material; that is, glass.

Senator KING. Used in the manufacture of stained glass?

Mr. PAYNE. Used in the manufacture of church windows.

Senator KING. What were those raw materials?

Mr. PAYNE. The raw materials are antique glasses, different colors. One instance, ruby glass that bore a 7½-cent duty will now be 35 cents.

Senator KING. Do you call that a raw material?

Mr. PAYNE. Yes, sir; that is a raw material. That is a material from which windows are made.

Senator KING. They bring the glass here and then you cut it?

Mr. PAYNE. They bring the glasses here and then we assemble them and make them into a picture window.

Senator KING. So they increased the duty there how much?

Mr. PAYNE. It varies from 250 per cent to 500 per cent on a percentage basis. And on certain colors from 8½ cents to 42 cents duty.

Senator EDGE. That is specific.

Mr. PAYNE. Per square foot value. That is the cents figure.

Senator KING. What paragraph do you find those increases in from 200 per cent to 500 per cent?

Mr. PAYNE. I am not familiar with the number of the paragraph.

Senator EDGE. 219.

Senator BARKLEY. In paragraph 219 the increase there on all the glass would apply to the glass out of which you manufactured this stained glass, if it is colored?

Mr. PAYNE. If it is colored; yes. There are various qualities and kinds of it.

Senator BARKLEY. Yes; so that in addition to the increase up to 60 per cent ad valorem of stained-glass windows, you find that the materials out of which you make these stained glass windows, out of which they are assembled, are covered in that increase there?

Mr. PAYNE. Yes.

Senator BARKLEY. Both specific and ad valorem?

Mr. PAYNE. Yes.

Senator EDGE. If that proviso relating to 50 per cent ad valorem is stricken out of the paragraphs you referred to, this difficulty would not arise, would it?

Mr. PAYNE. We would still be affected by our wage cost.

Senator REED. This bill does not raise the wage cost. That is only in the raw material.

Mr. PAYNE. I want to point out how that has been affected, and it has not been a commensurate duty on the ad valorem price of the finished product. For instance, there has been given a 10 per cent increase ad valorem on the stained glass windows as a finished product. That means that per square foot of stained or painted glass imported from Germany, the foreign value of which may be $3 or $5, they will pay 26 to 36 cents more than heretofore, and the antique glass that we import will bear as high as 82½ cents increase. Now right there, the figures of the Tariff Commission show $308,800 worth of finished stained-glass windows coming in under the two paragraphs.

Senator EDGE. All right, explain that. That is less than 5 per cent of the total.

Mr. PAYNE. The American production of that type of window is $700,000. But the American production of the combined stained, painted, and leaded glass industry is approximately $3,000,000.

Senator EDGE. Then your point is that the comparable production in this country with which there is the actual competition of this three hundred and odd thousand dollars, is just about twice as much?

Mr. PAYNE. Yes.

Senator EDGE. In other words, instead of it being 4 per cent import of the glass that you are seeking an increase in duty on, it is 33⅓ per cent?

Mr. PAYNE. It possibly is; yes. Now, the importations the first three months of 1929 are on the increase. So if this same proportion is continued, there will be $327,000 worth of windows admitted into this country, or a 6 per cent increase over 1928. The month of April, the last figures available, and beginning the second quarter of the year, if that rate were continuous throughout the year, there will be $544,000 worth of imported windows coming into this country, against $700,000 American value of business.

The principal reason for our applying for this additional protection that we must have is because of the European wage scale. I have here a photograph of a letter of March 29, 1929, this year, showing that the German wages are $14 a week in the equivalent to the American dollar. We pay from $45 to $65 in various sections of the country for our mechanics that make up this production of ours.

There has been a claim made that only finished windows come into this country. We have information and we have made claims that there are decidedly more European stained-glass windows coming into this country than were shown in the tariff report figures.

Senator EDGE. Just a moment. I wanted to get this import. You say you have separated the importation of this high type stained-glass window, and explained that the tremendous volume of the domestic consumption is made up of just the ordinary leaded-glass windows. Are there any imports of the ordinary lead-glass windows?

Mr. PAYNE. Little or none. None to my knowledge. None whatever. Yet there will be a reference possibly made to that, but it does not concern the picture window that goes in churches.

I have here, to supplement my statement just made now that windows are coming in under different paragraphs, a letter received from Germany on March the 13th, 1929, in which they state that their

windows can be shipped to this country, knocked down, so to speak—that means unleaded, and in a parenthesis paragraph they say the duty is per pound and amounts to nearly nothing. They go on further to state that everything is done to produce these windows on the cheapest plane that can be done. And we claim, of course, that the entire production coming from Germany is highly systematized and commercial. And the American window excels it in every particular.

Senator EDGE. Is that a letter that you want to put into the record, the letter from Germany?

Mr. PAYNE. Yes.

Senator EDGE. Is it in German?

Mr. PAYNE. Yes.

Senator EDGE. Do you want to put it in the record? If so, you will have to translate it.

Mr. PAYNE. I would like to put it in the record. It bears out our statement that there are windows coming in in an unfinished condition. It means that it is leaded in this country and put into the churches.

Senator REED. Is there a translation with it?

Mr. PAYNE. No, sir. I wanted to give it to you just as it is.

Senator REED. That is all right, but it ought to be accompanied by a translation.

Senator EDGE. If you will have a translation made, it may be placed in the record.

Mr. PAYNE. Now, to show the work being done to further capture the American market——

Senator KING. Before you proceed to that. Do you suggest any change in those paragraphs which give the large increase of 200 per cent to 500 per cent on what you denominate the raw material?

Mr. PAYNE. No; we are willing to pay that duty because it further protects another American industry that makes the raw material. Our complaint is not on that source. But we must have a compensatory duty to offset it.

Senator KING. You have no objection to how much tariff is put on the articles that you buy if you have a compensatory duty on the other?

Mr. PAYNE. Yes; if we have a compensatory duty on the other.

Senator EDGE. In other words, the articles that you buy are also in competition with the American producer?

Mr. PAYNE. Yes, sir; they are. Mr. Mayer, of Munich, has stated to Architect Perry, of Pittsburgh, that the German Government has lifted or will lift the import duty into Germany on certain types of English glass in order that they may more closely compete in this American market. I state that because it is very important.

Senator KING. Do you mean to say that Germany can not produce glass as cheaply as Great Britain?

Mr. PAYNE. There are certain types of glass that have a color value that only are produced in England, and it is known as slab glass, it comes in small slabs. In that particular glass Germany is willing to further lift the duty to help her manufacturers, and only because of the American market.

We filed with our statement comparative costs based on consular invoices from Germany, and American manufacturers' costs.

Since then the Deprato Statuary Co., who are members of this association, a short time ago quoted a price of $472 on a sanctuary window, and $180 each on two smaller windows. A total price of $792. This order was given to Schmidt, of Milwaukee, an importer. He agreed to supply these windows made in Germany entirely in antique glass for the sum of $450. This simply shows you how keen competition is and how it is possible for the manufacturers of Europe with their low-priced labor and inferior productions to undersell the American manufacturer in his home market.

The same company, becoming disheartened at the low price of German windows, decided to fill some of their orders for German-type windows by importing. They caused a window to be made in Germany at a price far lower than they could produce a window in their American studio. The window when it arrived was of such poor workmanship that they could not sell it under the name of Deprato Statuary Co., so it remains in storage.

I want to state that this industry at the present time in America, gentlemen, is in a state of chaos, nothing else. I speak with authority, because my own company this year went out of business. We have reestablished again in an effort to carry on.

I have just come from the stained glass convention in Philadelphia. They are in session right now. We have a number of resignations, because men are going out of business and they can not afford to keep up even their dues in the association.

Senator EDGE. Let me ask you a question right there. Does Mr. Francis J. Smith represent your concern and various others?

Mr. PAYNE. Yes, sir.

Senator EDGE. He states in a letter addressed to me as chairman of this subcommittee that the industry is not insistent upon a duty on high-grade windows which cost $40 to $50 or $60 a square foot. Is that correct?

Mr. PAYNE. That is correct.

Senator EDGE. There is nothing to that effect in the paragraph.

Senator REED. Yes; there is, if used in churches. It is in the very last of that 1707.

Senator EDGE. That is when it is costing $40 a foot or more?

Senator REED. $15 or more.

Mr. PAYNE. It is interesting to note——

Senator KING. Just before you proceed. See if I understand you. The imports brought right down to date, handed me by the Tariff Commission representative, show in 1925, 111,136 square feet; 1926, 78,913 square feet; 1927, 97,840 square feet; 1928, 75,101 square feet. Do you accept that as accurate?

Mr. PAYNE. No; it is inadequate because——

Senator KING. No; I am speaking of the imports.

Mr. PAYNE. Yes; the imports.

Senator KING. Do you question that?

Mr. PAYNE. Decidedly more has come in under various other headings.

Senator KING. I am not speaking of the free. I am speaking of the dutiable.

Mr. PAYNE. The dutiable?

Senator KING. Seventy-five thousand square feet in 1928. Less than in the preceding years to which I referred.

Mr. PAYNE. Yes; that is right.

Senator KING. So there has been a diminution in the imports instead of an increase?

Mr. PAYNE. Under this particular paragraph. But a decided increase under other paragraphs. Where they are I do not know. I can supplement that by saying that to the knowledge of certain officials in New York City connected with our craft there were in two years in New York alone and its vicinity over $200,000 worth of imported windows.

Senator KING. Do you think that they were smuggled?

Mr. PAYNE. There is a paragraph that permits this work to come in unleaded, which means that it is hand painted, even the faces that occur in windows, and it comes in at so much a pound with other small particles of glass wherever they may be. We have not been able to find exactly where it is. Here is a reference to it in this letter from Germany.

Senator KING. It came in as colored glass?

Mr. PAYNE. It came in as small pieces of glass. I do not know just what name, but it is there.

Senator KING. Go ahead.

Mr. PAYNE. The situation in our business I referred to is national. It is not affected in the East or the West. It is over the entire United States. There is a decided depletion in business, and this large volume coming from Europe, if distributed more through our plants, would give us a chance to keep going. I do not believe there is one American manufacturer who is making any money out of the stained-glass business.

Senator BARKLEY. Is there a decrease in the use of stained glass in the country at large?

Mr. PAYNE. No; there is not. It remains about stationary, and is dependent on the erection of churches mostly.

Senator BARKLEY. Have not churches changed in their design so as not to use as much stained glass as some of the old churches used to use?

Mr. PAYNE. No; the churches have changed in their design but use a different type of glass. Ten years ago we used what is known as an American opalescent window principally. And the styles have changed just the same as the styles change in everything else, to the painted style of window of the type that originated in Europe, and we had to switch to that style of production, and that has been done completely by our studios in the last 10 years.

Senator BARKLEY. The old-fashioned, rather decorated, picturesque stained windows have somewhat gone out fashion?

Mr. PAYNE. No, sir; they have not.

Senator BARKLEY. Still in fashion?

Mr. PAYNE. A more correct type of that same window is used more extensively to-day.

Senator EDGE. Did I understand you to say that you had closed your studios about a year ago?

Mr. PAYNE. We went out of business on March 27 of this year.

Senator EDGE. You went out of business in March. Are you not in business now?

Mr. PAYNE. And we reestablished again a new company and started in business all over again.

Senator KING. What capital did you put into your business?

Mr. PAYNE. We had in the former company $100,000.

Senator KING. Where was your factory, if you had one?

Mr. PAYNE. In Paterson, N. J. We were the largest producers in America.

Senator REED. What type do you make now?

Mr. PAYNE. We make the painted European style of window.

Senator REED. Not the stained glass, but painted glass?

Mr. PAYNE. Well, stained and painted have virtually the same meaning. The words "stained" and "painted" are virtually the same.

Senator REED. They are all soldered in a lead frame, are they not?

Mr. PAYNE. Soldered in a lead pattern; yes.

Senator EDGE. Have you proposed in your brief the changes that you want in 230 (a) or are they contained in these proposed amendments sent to the committee?

Mr. PAYNE. The economic reasons affecting our position are——

Senator EDGE. Answer my question before you go to something else.

Mr. PAYNE. Well, we say we should have 100 per cent. But we are not asking for that. One hundred per cent is what we should have to give us a chance, and with American standards and American enthusiasm that we put into it we still feel that we can compete, and the price will be low.

Senator EDGE. The suggested amendment I have here provides for 100 per cent?

Mr. PAYNE. Yes

Senator BARKLEY. Is this stain or painting or whatever it is applied on the surface of the glass, or is it a part of the manufacturing process?

Mr. PAYNE. It is applied on the surface of glass and burned in with several fires. Then it is fabricated with lead into a design. It is all handwork.

Senator KING. Is there more of this stained glass in various forms manufactured in the United States to-day than there was last year or the year before?

Mr. PAYNE. No; the production has fallen off and the imports have increased.

Senator KING. How do you know they have fallen off?

Mr. PAYNE. We know it. I have the figures——

Senator EDGE. He just attended a convention and had the report there, you see.

Mr. PAYNE. It is terrible. Shops in Chicago that formerly employed 20 men have 1 or 2 men working. We ourselves have cut down 50 per cent.

Senator Edge. How many manufacturing plants engaged in this particular work are there in the United States?

Mr. PAYNE. There are probably 300 plants in the United States.

Senator REED. The Tariff Commission report says there are 900.
Mr. PAYNE. That includes the very small studios also.
Senator KING. What do you call a studio?
Mr. PAYNE. A studio or a shop is the same thing. It is an artistic business and is all done in a studio. You might call it a shop.
Senator BARKLEY. It is more artistic when you call it a studio.
Mr. PAYNE. Yes.
Senator KING. Where two or three men are working?
Mr. PAYNE. Yes.
Senator KING. And painting?
Mr. PAYNE. Hand painting. All drawn work, hand painted.
Senator KING. You call that a shop?
Mr. PAYNE. Yes.
Senator BARKLEY. A "shop" is more vulgar.
Senator REED. They are entitled to use the word if the moving pictures do, I think.
Senator KING. I think so. I can not understand your views when there is a diminution in the imports.
Mr. PAYNE. There is not a diminution in the imports.
Senator KING. I am basing it on the tariff figures.
Mr. PAYNE. The imports for the first quarter of the year show a decided increase.
Senator KING. But for 1928 it was less than it was in 1927. And for a number of years it had decreased.
Mr. PAYNE. It fluctuates up and down, I presume.
Senator EDGE. Here are the figures, if you want the actual figures. In 1924, $114,000; 1925, $202,000. This is value.
Senator KING. I gave the feet.
Senator EDGE. Square feet: 1923, 22,000; 1924, 54,000; 1925, 111,000. Steadily increased to that point. Then it decreased in 1926 to 78,000. And in 1927 it went up to 97,000. And in 1928 it went down to 75,000.
Senator KING. Seventy-five thousand square feet in 1928.
Senator EDGE. Yes.
Senator REED. Mr. Chairman, the trouble with those figures is that they do not include the imports of colored glass under paragraph 224.
Senator EDGE. Exactly.
Mr. PAYNE. Yes.
Senator EDGE. Is that the paragraph for the free entry?
Senator REED. No; paragraph 1707 is the free entry.
Mr. PAYNE. That is the free entry, and it does not include that.
Senator EDGE. It does not include that; that type of window that comes in free.
Mr. PAYNE. But that seriously affects us as to the total production. And the fact that glass over $15 a square foot is admitted free, we feel, causes the German window to be overvalued in order to equal that, as the figures here would indicate.
Senator KING. This last is used principally in churches, is it not?
Mr. PAYNE. Yes.
Senator REED. In other words, you get a case of overvaluation in order to get on the free list?
Mr. PAYNE. Overvaluation in order to get on the free list; yes, sir.
Senator EDGE. The tariff expert points out that that which came free of duty increased in 1928 to $125,110—7,215 square feet.

Senator KING. Seven thousand square feet; yes.

Mr. PAYNE. The valuation is based on the German valuation, which is decidedly lower, of course, than the American.

Senator KING. Would 7,000 square feet on the free list be a very great amount in competition?

Mr. PAYNE. Yes; on the free list supposedly valued at $15 a foot or more. It would be a hundred thousand and some odd dollars' business.

Senator REED. I want to ask you about your raw materials. Are we capable of producing in this country glass, stained or painted, of as good quality as that which comes from Germany and England?

Mr. PAYNE. We positively are, with one or two exceptions.

Senator REED. What are those exceptions?

Mr. PAYNE. An occasional shade of ruby red or of some other highly specialized color. Ruby on gold in one piece of glass. And we are willing to pay the duty on such material.

Senator REED. Why can we not make it?

Mr. PAYNE. We will make it in time. The industry has developed rapidly in the last 8 or 10 years. Probably five years more we will find we can produce the exact colors as made in Europe.

Senator REED. Are people here working on that?

Mr. PAYNE. People here are working on that and they are making progress every year.

Senator REED. And the production of stained glass of various colors is growing in this country?

Mr. PAYNE. It is growing in this country.

Senator KING. What domestic producers do you buy your glass from in this country?

Mr. PAYNE. There are only a few domestic producers situated principally where the natural gas regions are, in West Virginia, Illinois, and one factory in Brooklyn, N. Y.

Senator KING. That is where the domestic is made?

Mr. PAYNE. That is where the domestic is made; yes.

Senator KING. Are they increasing the output?

Mr. PAYNE. They are increasing the output. It is used in lamp shades and other materials as well.

Senator REED. Does Tiffany make this type of window that you do?

Mr. PAYNE. Tiffany makes their own type of window with their own glass made by themselves, an American invention, and has never been made in Europe before. They are really in a class by themselves.

Senator REED. Called Tiffany glass?

Mr. PAYNE. Called Tiffany glass, and it is a matter of interest to know that they operate at a loss every year.

Senator BARKLEY. You stated a while ago that with one or two exceptions that raw materials can be made in this country. I would like to supplement that by this question: To what extent is it being made or to what extent is the demand being supplied?

Mr. PAYNE. The demand is being supplied in about, I should say, 60 to 75 per cent in this country and rapidly on the increase.

Senator BARKLEY. You import other qualities of raw material besides these designs that you just spoke about?

Mr. PAYNE. There are imported into this country other qualities.

Senator BARKLEY. But you import them yourselves, do you?

Mr. PAYNE. No, we buy through an importer in New York City.

Senator BARKLEY. I know, but you use a certain quantity of imported material in your factory?

Mr. PAYNE. Yes, sir; principally to get variation in tones, six or seven tones of one color. You will have to buy an occasional shade from an importer to get that variation to make a good window.

Senator EDGE. Are there any other questions?

Senator REED. Are any of these stained glass windows of the highest grade imported from England now?

Mr. PAYNE. The imports of those windows are on the decrease.

Senator REED. Of course, they are mostly on the free list, I know, and go into churches.

Mr. PAYNE. They are mostly on the free list.

Senator REED. But that is on the decrease?

Mr. PAYNE. That is slightly on the decrease.

Senator REED. Why?

Mr. PAYNE. Because the American producer is producing a very fine grade of window. It is the medium type of work that is put in the average church which is bought in greater volume that we are not getting, that we need to keep our factories busy.

Senator KING. And they can be produced in competition with Great Britain, and Great Britain sends them in free?

Mr. PAYNE. There is practically no English window competing with the German window because there is no comparison as to quality. You notice our quarrel is principally with the German manufacturer.

Senator KING. I do not quite understand you. Senator Reed asked you about these fine-grade windows imported from Great Britain. You said that they were declining because America was producing as good a window.

Mr. PAYNE. Yes.

Senator KING. And those came in free, so that without any protection the American producer is satisfying the American needs?

Mr. PAYNE. And he can compete with that high-grade window that comes from England; yes. He can not compete with the medium grade on which we depend for a volume to keep us busy all the year around.

Senator EDGE. Are there any other questions? If not, we thank you very much, Mr. Payne.

(Mr. Payne submitted the following letter translated from the German:)

FEBRUARY 26, 1929.

From: Jahn & Gaisser, Munich, Germany.
To: Daprato Statuary Co., Chicago, Ill.

GENTLEMEN: A number of the best artists have united and formed an independent corporation.

The purpose of such an agreement is to establish a direct connection between artist and purchaser, without having such an expensive administration as that of a church-window factory.

Our principle is, "No advertising; elimination of any unproductive work; therefore, quality at the most attractive prices."

By the present we wish to offer you our services for the execution of all operations of glass painting in all styles of old and modern periods.

Above all, we are prepared to fill orders on the basis of sketches or cartoons submitted at the lowest possible quotations, and guarantee a very artistic execution, which applies even to the smallest orders, under the supervision of artists graduated from the Academy.

In addition, we guarantee that only the very best, genuine material will be used.

Upon request, we will make also designs and cartoons according to the instructions of the purchasers, and this free of charge if a subsequent order is given whereas we shall have to ask an adequate payment otherwise.

We wish to state also that we have had a good experience with the delivery of different parts of a window; that is to say, the delivery of glass which is not painted and is properly cut on the basis of designs or cartoons that are submitted or our property, also of painted, nonleaded, but burnt windows (smaller duty on weight), and also of the flesh parts alone.

In order to show you the quality of our work, we are enclosing herewith some photographs of details, and would ask you to favor us with a trial order. We are confident to secure your satisfaction in every respect.

It is not necessary to make promises, because it is in our own interest to deliver only high-grade work at attractive prices.

In order to work out an estimate which will correspond to the actual value, we would ask you to kindly describe the object in detail when inquiring.

Yours very truly,

LEONHARD LOCH.

(Translator's note: The above terms are rendered literally from German.)

MARCH 29, 1929.

From: Max Zeitler, Offenburg, Germany.
To: Mr. Wydler.

MY DEAR MR. WYDLER: I am very familar with the line, and have been employed by leading concerns as cutter.

I am gladly willing to furnish you with details:

Question 1. Almost in all parts of Germany the working week is 48 hours.

Question 2. A fully experienced glazier-craftsman earns reichsmarks 1.20 per hour; a skilled construction glazier earns the same amount.

Question 3. As to apprentices matters are very different. For instance, here we have four apprentices in the artistic glasswork department, and in another establishment there may be only one.

MAX ZEITLER.

REPLY BRIEF OF STAINED GLASS ASSOCIATION OF AMERICA

FINANCE COMMITTEE,
Senate of the United States:

Replying to the brief of Franz Mayer of Munich (Inc.), the Stained Glass Association of America asks leave to call the committee's attention to the fact that the testimony of Mr. Payne shows that the amount of windows at this time made in America, competitive with the German type of window—that is, the picture-window type—is about $750,000.

The testimony of Mr. Heinigke, as referred to in the brief of the importer, shows that in the year 1920 the amount of this type of window was approximately $500,000. Your attention is also called to the fact that the $7,500,000 production referred to in the brief of the importer includes leaded glass, whether used in windows or lamp shades, and also includes windows that are not stained; in other words, those which are not figure windows, but opalescent and other kinds, and not the kind of windows which are competitive with the German product.

The German quotation or offer to send the windows in "knocked down" so that they will be subject to duty by weight is sufficient answer to the statement of the importer that this practice is not carried out. We also know of such quotations for unglazed windows having been made by a Swiss firm.

As to the domestic firm which has a studio in Munich, having opened a branch in New York, I would say that this is merely a shop for erection of windows; we have no knowledge of windows having been made in the New York Studio.

It has been inferred by the importer that there is a difference in cost in production between the American and European manufacture of stained-glass windows. He fails, however, to give you the benefit of his knowledge as to European wage costs, his own foreign price, or even his own selling price, and he neglects to give you any figures as to the cost of transportation, though attempts to claim that freight charges equalize the costs. He does not show you what he allows for overhead and selling expense in America. He gives no information. I might say that the American firms figure 10 per cent for selling overhead and from 10 to 20 per cent profit. Surely his overhead is no more.

There is no comparison between the work done by the German firms, mechanical factory, and the high-grade window, the kind we referred to in the testimony and exhibited by the witness, Mr. Blanck. There was no competition with America on the high-grade window, and we did not ask for, nor need, protection. Mr. Connick is well able to compete with the importer and is doing business on account of the quality of his work, and the fact that he has a patron in one of the greatest church architects.

The reference to the advertisement for leaded glass, showing how cheaply windows are made, is an answer in itself. You were informed by Mr. Payne that there is no leaded glass imported; the Americans control this market. Leaded glass is not stained or painted work. Mr. Mayer should have known this, and no doubt did know it, but he quoted this with the hope that you would not know the difference between leaded glass and painted work. If you will notice, however, in his quotations, that medalions or centerpieces, which are finer than ordinary leaded glass, are costing $5, while leaded glass cost but $2.

There is no one demanding free importation of windows for churches except the foreign manufacturer, who desires to put his products on the American market to the exclusion of the American producer; who has a selfish motive to serve. The consumer has not raised his voice. There is no request on his part; it is merely on the part of the men who, if they can get rid of the American manufacturer, will be able to sell the windows for whatever price they see fit. There is nothing to show that the stained window has ever sold for less. There is no statement on the part of the importer that the buyer pays more than heretofore. His complaint is that protection will drive him out of the market. In other words, the business will go where it should go, to the American.

Respectfully submitted.

FRANCIS J. SMITH,
Attorney for the Stained Glass Association of America.

STATE OF NEW JERSEY,
County of Camden, ss:

Francis J. Smith, being duly sworn according to law, upon his oath deposes and says that he is the attorney for the Stained Glass Association of America; that the facts hereinabove set forth, which are made from his own knowledge, are true; and that those which are made upon information and belief, he believes them to be true.

FRANCIS J. SMITH.

Sworn to and subscribed to before me this 1st day of July, A. D. 1929.

CHARLES H. SMITH,
Attorney at Law, New Jersey.

STATEMENT OF RICHARD BLANK, NEW YORK CITY, REPRESENTING THE DECORATIVE GLASSWORKERS

[Including glass mosaics, par. 1807]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Whom do you represent?

Mr. BLANK. The decorative glassworkers of New York and vicinity, affiliated with the Painters and Paperhangers of America.

Senator EDGE. And you are appearing before the committee to discuss paragraph 230 (a)? Is that correct?

Mr. BLANK. Or paragraph 230, in reality—stained glass.

Senator EDGE. Paragraph 230, both (a) and (b)?

Mr. BLANK. Yes, sir; and I have brought along with me samples of the different kinds of glass that are used in the industry.

Senator EDGE. Just a minute, before you get into samples. Paragraph 230 (a) provides for raising the duty to 60 per cent ad valorem on stained or painted glass windows—you just heard the previous witness on that subject—and paragraph 230 (b) provides for a duty of 50 per cent, the same as existing law, on glass mirrors. There is no change, as I understand. Is that correct?

Mr. BLANK. We would like an increase on that.

Senator EDGE. But the House bill provides for the same rate as existing law—50 per cent.

Senator KING. On what?

Senator EDGE. Glass mirrors. All right, Mr. Blank; go ahead. What do you ask for in paragraph (a)?

Mr. BLANK. On paragraph (a) we feel that if you would add $1 a foot to the 60 per cent duty on the low-priced windows that you have listed now, it would more nearly compensate for our amount of pay. The difference in pay is so great now that we can not compete.

Senator EDGE. Do you mean to say that you would prefer 60 per cent ad valorem and $1 specific duty.

Mr. BLANK. One dollar specific duty; yes, sir.

Senator EDGE. Rather than the 100 per cent that has been suggested?

Mr. BLANK. We would like the 100 per cent, but we feel that if we get the dollar there is no use of asking for that. When you figure that there is a difference of 75 per cent in the pay, it is very difficult to figure this work. You know, when you get this class of work, it all depends on the amount of work that is on the artistic end of it; and if you try to make a duty that covers it all, you help one and you hurt another.

Senator EDGE. What about paragraph (b), providing 50 per cent, the same as existing law? What is that duty on?

Mr. BLANK. That is on mirrors. The same thing applies on that, owing to the difference in cost of labor over here for polishing and different things.

Senator EDGE. How could you put a duty of a dollar a foot on mirrors? Is that the same thing?

Mr. BLANK. The same thing. I am not as conversant with the subject of mirrors, gentlemen, I will admit, as I am on my own product of stained or leaded glass.

Senator BARKLEY. What would $1 a square foot be in ad valorem duty?

Mr. BLANK. The cost of the material coming over here on a general average has been $2.20 a foot in the case of leaded glass of the type that has been going into churches, that we have the greatest amount of competition with at the present time; and if you add 60 per cent to that, which is $1.32, you have $3.53.

Senator BARKLEY. That is the tariff?

Mr. BLANK. If you put a dollar on to that, you have $4.50.

Senator BARKLEY. $4.50 per square foot of tariff?

Senator REED. No; that is tariff plus invoice price.

Mr. BLANK. The whole business.

Senator BARKLEY. What does that $1 per square foot mean in terms of percentage, ad valorem duty?

Mr. BLANK. It means, just as I say, one-third added on to it, bringing it up to——

Senator BARKLEY. What is the average selling price of this glass per square foot?

Mr. BLANK. The average selling price runs from $5 to $10.

Senator EDGE. So, if it was $5, a duty of 50 per cent would be $2.50.

Mr. BLANK. Yes; but the cost brought in here is $2.20 a foot, on an average, of this work; and we figure that 60 per cent added to that would give you $1.32 duty, which would mean that that work would be brought in here at the rate of $3.53. We figure over here that it costs us $3 a foot for workmanship alone; the cutting and glazing runs $3 a foot on that class of work.

Senator KING. Let me see if I understand you. For instance, take 1928: There were 75,101 square feet imported at a cost of $183,000. If you add another dollar a foot to that, that would make the cost over $238,000, and it would increase the duties of approximately $125,000 or $150,000.

Senator REED. It would make the total duty collected on the 1928 imports $166,000 on an invoice value of $183,000.

Senator KING. Yes.

Senator REED. It would be about a 90 per cent duty on stained-glass windows; and you say that is necessary?

Mr. BLANK. That is absolutely necessary.

Senator REED. In order to compensate for the difference in the labor cost?

Mr. BLANK. That is it—the difference in the labor cost. This is purely and simply nothing but a labor-cost proposition. There is no machine work in it.

Senator REED. You made what I think was a slip of the tongue in saying that a dollar per square foot specific duty also ought to go on mirrors—small mirrors.

Mr. BLANK. I say I am not conversant with mirrors. I will say that right now. I can not say positively.

Senator REED. If you will look at the figures, you will find that the average foreign invoice value per square foot of the mirrors imported in 1927, the latest year, was about 5 cents per square foot. You could not add a dollar a square foot to that.

Mr. BLANK. No; you could not. I am wrong in that. I am not at all conversant with mirrors. I do not want to talk on that.

Senator EDGE. You want to confine your testimony to paragraph 230(a)?

Mr. BLANK. Leaded glass and mosaics. I should like to include mosaics in that, as they are made out of glass just the same.

Senator REED. I want to ask you two or three questions about this before you show your samples.

Are the workmen in America capable of doing as good work as those abroad?

Mr. BLANK. Yes, sir.

Senator REED. Do they do as good work?

Mr. BLANK. They do better work—as good and better.

Senator REED. It is not a question of opinion, then; it is a question of past performance?

Mr. BLANK. Past performance; yes, sir.

Senator KING. And do you do more work per capita, per man?

Mr. BLANK. We do more work per capita, per man; that is correct; yes, sir.

Senator REED. Do you know of any American manufacturers who have given up manufacture here and established plants in Germany?

Mr. BLANK. Yes, sir; two.

Senator REED. Who were they?

Mr. BLANK. Frei, of St. Louis, and von Gerichten, of Columbus.

Senator REED. When did they move?

Mr. BLANK. To my knowledge, about six years ago for Mr. von Gerichten, and about three years ago for Mr. Frei. They started at that time to build plants in Munich. They both still maintain shops here in the United States to do odds and ends of leaded-glass work, and they use the men in the shops to install the imported works when they come in around their own districts, and then they employ men in other districts, where the traveling expenses are greater, to set that work in the frames.

Senator REED. But the actual manufacture occurs in Germany?

Mr. BLANK. Yes, sir. Mr. Frei had a 3-story building constructed at Munich, absolutely up to date, with every idea that we have had over here for shortening the work in any way. He has incorporated all those features in that factory. Every American idea has been incorporated in it to cheapen the work as much as possible, for the purpose of underselling the American producer.

Senator KING. Where do you say that plant is located?

Mr. BLANK. In Munich.

Senator KING. Do you work for him?

Mr. BLANK. No, sir. I have worked for the Ravenna Mosaic Co. I put up a stained-glass shop in New York City for the Ravenna Mosaic Co.; and Mr. Frei came over and inspected the shop, and I had one or two ideas a little further advanced than his, and that is how I knew about it. He told me I was one step ahead of him in it, and said it was the most complete shop of its kind in the world; and then he incorporated those ideas in his own plant in Munich so as to compete over here and do the work as cheaply as possible.

Senator KING. Does he ship his wares to this country?

Mr. BLANK. Yes, sir; he ships his wares right to this country.

Senator KING. What is it that he ships?

Mr. BLANK. He ships stained and painted glass for churches.

Senator REED. Let us have a look at your samples.

(The witness produced several samples.)

Mr. BLANK. These are samples of different types of antique glass which are imported, and also one made in America.

Senator EDGE. German and English?

Mr. BLANK. This is American, showing that they can be made here.

Senator KING. You show two here—one English and one American?

Mr. BLANK. Yes, sir.

Senator KING. Is that English sample better?

Mr. BLANK. No, sir; it is not.

Senator EDGE. Who makes the American sample?

Mr. BLANK. I really do not know the name of the firm that makes it.

Senator EDGE. Where is it located?

Mr. BLANK. Down in West Virginia.

Senator KING. Is the value determined by the thickness?

Mr. BLANK. No, sir; by the quality of the glass—the color, the clear color of it.

Senator KING. The English sample is much thicker than the American sample.

Mr. BLANK. The difference between the English and the German and, so far, the American, is that the English make a smaller sheet, and it runs from thin to thick, giving a gradation of color, so that in the highest class of work you can have a shading from the shoulder down, giving you a shadow..

Senator EDGE. What are these little holes in the German sample? Is that air?

Mr. BLANK. That is done purposely. You see, in some cases, in selecting this glass you need the bubbles to bring out a certain quality of the work.

Senator EDGE. Is that considered a better glass with the little globules, whatever you term them?

Mr. BLANK. Yes, sir; in some cases it is better, and in some cases it is not, depending on the class of work they are doing. The Americans have only started in now; with this duty they will start in a great deal stronger, because they will be able to compete with the European markets in this country. There is not anything in the way of glass that they can not make over here, but they can not compete with the European price.

We are perfectly satisfied to have a duty on the raw material as long as you bring the duty on the finished article up to a compensatory figure. If you do not bring the duty on the finished article up so that we can compete here we can not purchase the raw material; so that it would not be of any use to attempt to manufacture glass here—we could not purchase the raw material, as we would not have any orders here.

Here is a type of glass that is made only in America. This is the Tiffany glass you were talking about. Here are samples of it, right here.

Senator EDGE. Is that all Tiffany glass?

Mr. BLANK. That is all Tiffany glass.

Senator REED. Do you use that at all in your stained-glass work?

Mr. BLANK. Yes, sir.

Senator REED. Do other people than Tiffany buy this?

Mr. BLANK. You can not buy just this glass from Tiffany, but you can buy a similar glass from other factories, like Wismark and Danenhoffer. It is not exactly that type, however; each factory has its own type.

Senator REED. What is the present duty on mosaics?

Mr. BLANK. Fifty-five per cent; and it has been put on the free list. I brought a piece of mosaic along to show you. That [indicating sample] is part of a mosaic going into a church now in New York City.

Senator BARKLEY. Do you mean that the House bill puts it on the free list?

Mr. BLANK. That has been put on the free list. That is made by Heinigke & Smith. It is going in the Temple Emanuel-el and Beth-el in New York City. That is a piece cut right off. They will make another piece for it, of course. That is the way it is brought in from the other side, showing that all they have to do is to put it up in the wet cement, and wash the paper off, and it is done, taking all the work away from the American workmen here.

Senator REED. We make mosaics here; do we not?

Mr. BLANK. We do, certainly; but the brief filed here by Mr. Wagner said we did not do it; that we made no mosaics here. I have a list of firms here that do it.

Senator EDGE. No one has testified before this committee that we did not make mosaics; has anyone?

Mr. BLANK. Yes, sir; I read a brief in which it was stated that it is not done here—a brief before the Ways and Means Committee. Here is a statement showing the work that has been done in this country by different firms, and the amount of work.

Senator KING. It is not put on the free list unless it is a work of art.

Mr. BLANK. Well, they put it all down as a work of art when they do that. That has been the game that has been worked for a long while—this "work of art" stuff. That was one of the reasons why we fought to take stained glass from art glass. They had it listed as art glass. They want everything to come in as a work of art. They have artists over here who make up the designs in this country and ship them over to Europe, and they do the work there and ship it back here again; and all you have to do is to go into a factory here and do the same thing, only it would cost more money. It is only a matter of price. It is not a matter of doing the work any better abroad.

Senator KING. Do you call this sample you have given us here a work of art?

Mr. BLANK. That is a part of the design. That is a work of art according to the understanding of the term "work of art." A real artist made that design. That work commands $50 a foot set in place, showing that that sample is only a very small part of the finished mosaic.

Senator KING. What do you call these little squares that are used in bathrooms?

Mr. BLANK. That is tile. That is a different thing altogether.

Senator REED. This is made of stained glass, is it?

Mr. BLANK. No; this is made of colored glass, known as opalescent glass. I show you these sample from Tiffany's to prove that we can make anything in mosaics just as well out of our material as they can. I have different samples of Italian mosaic here, showing it as well.

Senator REED. Mr. Blank, would this sample qualify as Venetian glass mosaic, which is a work of art?

Mr. BLANK. There is Venetian glass stuck right in there now.

Senator REED. Actually made in Venice?

Mr. BLANK. Actually made in Venice. Here they are; and the rest of the glass was made in America.

Senator REED. So this product, if made abroad, would come in under that paragraph of the free list?

Mr. BLANK. Under that paragraph of the free list.

Senator REED. What is the number of the paragraph?

Mr. BLANK. 1807. That is made of little bits of scraps. It is made in sheets and then cut up into squares of 1 inch, and then broken up into smaller pieces with a hammer.

Senator REED. Would a product in that condition come in under that paragraph of the free list [addressing one of the experts]?

Mr. KOCH. If it is a work of art.

Senator EDGE. What was the decision of the Customs Court on that?

Mr. KOCH. The decision was on the finished article, that Venetian glass and mosaics are, in fact, works of art, but not works of art under the language of the tariff, and therefore are dutiable at 55 per cent ad valorem as manufactures of glass. Now, the committee put this class of ware on the free list—not the cubes out of which they are made.

Senator EDGE. The finished product?

Mr. KOCH. The finished article.

Senator EDGE. The finished article comes in free of duty?

Mr. BLANK. This is the material for this picture.

Senator EDGE. I understand.

Senator KING. Coming in in this form exhibited by the witness——

Mr. KOCH. It might possibly carry a duty of 50 per cent ad valorem as glass.

Senator KING. That would come in at 50 per cent?

Mr. KOCH. As far as I know, as glass.

Senator REED (to Mr. Carter). Do you agree with that? Do you agree that this would not be the finished article which is found in paragraph 1807?

Mr. CARTER. If it is a work of art——

Senator REED. We are trying to find out whether it is or not.

Mr. KOCH. The picture itself is the one subject to the court decision. This is the material for that.

Senator KING. So that the record will show it, this material that I am holding in my hand now, which shows various little colored squares attached by mucilage or something to a piece of paper—you call these little pieces of glass colored glass, and they would come in under the 50 per cent rate?

Mr. KOCH. Fifty-five per cent, paragraph 218.

Senator BARKLEY. But if they are all worked into a completed design, as represented by that picture, they are on the free list?

Mr. KOCH. They are now, under the House bill; yes. Formerly they carried a rate of 55 per cent.

Senator REED. That is not what you told me. You told me they were only under the paragraph on the free list if they were actually set in cement.

Mr. KOCH. No, sir; they bring in the assembled picture just in that form, just as it is there, ready to set into cement—the finished article ready to set into cement.

Senator REED. The sample that Mr. Blank has shown us is assembled into the final design.

Mr. KOCH. That is not assembled into the design.

Senator EDGE. That is not the final design; this is.

Mr. BLANK. That would be part of the same design as that [indicating].

Senator BARKLEY. But it would have to be rearranged?

Mr. BLANK. This would be the same as a part of that design set up on paper, and then cut off just before you would come to the figure work. All mosaic is made on large sheets of paper, and the paper is then cut up on prearranged lines so that it makes small sections which are easy to handle; and then these sections such as you have before you are pressed into the cement at the place where the design is to be erected, the paper removed, and then you have the design that you originally laid out.

Senator EDGE. Will you not prepare a memorandum covering this—it seems to be more or less confused—as to the existing law, as to the paragraph in the House bill now before us, and the court decision, so that we can try to straighten it out?

Mr. KOCH. Will the witness state that these are assembled in those designs and brought in?

Mr. BLANK. This part would be in the bottom part of that, down here—assembled right down here.

Senator EDGE. And that would be free of duty?

Mr. BLANK. That would be free of duty. It was not a part of that design [indicating]. Nobody imports mosaic just like this, plain. It is all imported just like that, and that is just as much a part of the design as the figure is.

Senator BARKLEY. Would you consider that part a work of art?

Mr. BLANK. No; not that part alone.

Senator BARKLEY. Then it would not come in free of duty.

Senator REED. You are just sticking in the bark; you are not getting anywhere on this. If the design that Mr. Blank has referred to is a part of a large picture, it is just as much a work of art as the face of the figure is.

Mr. BLANK. You would find that Barry Faulkner would be just as particular about that part of the design as he would about the figure work.

Senator KING. Let me ask you a question. Suppose I had an artist draw a picture of some historic or religious character, say Moses on Mount Sinai. Suppose I had an artist make a drawing of that, and I wanted to have it reproduced in mosaic, and I went over to Germany or to England and said, "I want you to take this picture, this drawing, and prepare a mosaic duplicating this in design and the various colors"; I had the colors etched in. If that were done, certainly that is to be distinguished from these loose pieces that you have attached to this paper.

Mr. BLANK. Well, the theory would be——

Senator KING. You would distinguish them; would you not?

Mr. BLANK. I would distinguish them, naturally.

Senator KING. That would be a work of art; would it not?

Mr. BLANK. That would be a work of art, yes; that we can produce over here.

Senator KING. It would be a work of art; would it not?

Mr. BLANK. Yes.

Senator KING. Now, suppose instead of having them put together in cement or paste, whatever it is, over there, I had them put in a suitable casket and brought over here and put into shape here; would it still be a work of art?

Senator REED. That would be colored glass.

Mr. BLANK. That would be the plain glass.

Senator KING. And it would have to pay the duty; would it not?

Mr. BLANK. It would have to pay the duty.

(The witness then exhibited and explained the samples to the members of the subcommittee, after which the following occurred:)

Senator EDGE. This is the product that comes under paragraph 230 (a)?

Mr. BLANK. Under 230 (a) and free of duty, both.

Senator EDGE. Or free of duty if it was over $15?

Mr. BLANK. This is considered a work of art, and it would come in free of duty.

Senator KING. Is this burned in?

Mr. BLANK. It is burned in; yes, sir.

Senator KING. Is the glass colored?

Mr. BLANK. The glass was colored originally.

Senator KING. In the making of it?

Mr. BLANK. In the making of it. The only color is the stain. The yellow stain is put on with soda and fired in, and it gives a yellow color.

Senator EDGE. Are there any further questions? If not, thank you.

(Mr. Blank submitted the following brief:)

BRIEF OF THE DECORATIVE GLASS WORKERS OF AMERICA

Hon. REED SMOOT,

Chairman Senate Finance Committee, Washington, D. C.

GENTLEMEN: The Decorative Glass Workers of America, affiliated with the American Federation of Labor, appeal to your honorable committee to enact tariff legislation with duties on stained-glass windows and parts thereof, and on glass mosaics and parts thereof, which will at least equal the difference in labor costs between the product of German labor and American workers.

During recent years, several American studios have been forced to go out of business, due to their inability of producing these products for American consumption, at prices which would permit of our work being sold in competition with the product of German labor.

Only a few years ago two American concerns virtually closed down their American studios and are now producing all of their windows in Germany in plants owned by themselves.

We have been greatly injured by the false idea that stained or painted glass windows are works of art. The only work of art is the design, painting, or sketch which workmen use in the making of these windows. The actual making of the windows or the carrying out of the designs in glass mosaics is done by mechanics in America or in Europe.

We ask that paragraph 230 be amended by adding thereto a specific duty of $1 per square foot.

We ask that glass mosaics be dutiable at not less than 60 per cent ad valorem, plus $1 per pound.

Respectfully submitted.

RICHARD L. BLANCK.

Representing the Decorative Glass Workers Union of the Brotherhood of Painters, Paper Hangers, and Decorators of America, and America's wage earners protective conference.

HALF-TONE SCREENS (RULED OR ETCHED GLASS)

[Par. 230 (c)]

STATEMENT OF JOHN STORCK, JR., REPRESENTING HAROLD M. PITMAN CO., CHICAGO, ILL.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Whom do you represent?

Mr. STORCK. The Harold M. Pitman Co., of Chicago, Ill., and New York.

Senator EDGE. And you are before the committee to discuss paragraph 230 (c)?

Mr. STORCK. Paragraph 230 (c).

Senator EDGE. Etched glass?

Mr. STORCK. Etched or ruled glass.

Senator EDGE. Did you file a memorandum or brief in the House?

Mr. STORCK. I did not—we did not; no.

Senator EDGE. In what way do you object, if you do object, to paragraph 230 (c) as it appears in the House bill, providing a duty of 55 per cent ad valorem?

Mr. STORCK. Only to the duty—only to the increase in the duty.

Senator EDGE. You are opposed to the increase?

Mr. STORCK. Yes, sir.

Senator EDGE. What was the duty before?

Mr. STORCK. The duty under which these screens came in was 20 per cent.

Senator REED. The House has raised it from 20 to 55 per cent?

Mr. STORCK. Fifty-five.

Senator REED. All right. Now, why ought not that to have been done?

Mr. STORCK. I should like to read this brief statement of facts.

Senator EDGE. You say it is a brief statement?

Mr. STORCK. Yes, sir. It is not a brief. I do not want to file it as a brief, but it is just a statement of the facts.

For the past three years we have been the sole importers of the Efha half-tone screen made by the Efha Rasterwerks, of Munich, Germany.

We undertook to supply the American market in the face of a firmly established monopoly of close to 40 years.

Senator KING. You say you imported against a monopoly that was here?

Mr. STORCK: Yes, sir.

Senator KING. Go ahead. I do not want to interrupt you.

Mr. STORCK. Halftone screens have been manufactured close to 40 years by only one manufacturer in this country. This manufacturer has never in the entire history of the industry been ever able to furnish screens from stock.

Senator KING. What do you call "screen"?

Mr. STORCK. Ruled or etched glass for photographic use.

Senator KING. Go ahead.

Senator REED. Have you one of them here?

Mr. STORCK. Yes, sir; I should like to submit it.

Senator REED. Let us see one.

(The witness produced a sample.)

Senator REED. This is for halftone reproduction; is it not?

Mr. STORCK. Yes, sir. These [producing samples] are facsimiles of the square and of the circular screens—the circular screens used in the color or lithographic process. You can look at these through a glass. I have a glass here, also.

Senator KING. What do you use those for?

Mr. STORCK. The square screens and the circular screens are used for all reproduction as it affects the various phases of printing.

Senator REED. This is made of plate glass, is it?

Mr. STORCK. Plate glass, ruled, etched, and cemented together. It is a cross-line screen.

Senator KING. Where is the cement?

Mr. STORCK. It is a balsam between the glass, to hold the two pieces together. There can be no air space between the two pieces of glass.

Senator EDGE. Did anyone appear for this item in the House? I do not mean against it, but for this increase in duty?

Mr. STORCK. Yes, sir.

Senator EDGE. We have no one here, and I should like to get the other side of it. Did I understand you to say a moment ago that this particular glass, ruled or etched for photographic purposes, is not manufactured except by one person?

Mr. STORCK. One manufacturer in the United States and one manufacturer on this hemisphere.

Senator EDGE. Where does the evidence for the increase appear?

Mr. STORCK. In the hearings before the House Ways and Means Committee, page 1451, a brief submitted by Max Levy & Co., of Wayne Junction, Philadelphia.

Senator EDGE. Are they the sole manufacturers?

Mr. STORCK. The sole manufacturers.

Senator EDGE. They are the sole manufacturers, and you are the sole importers? Is that it?

Mr. STORCK. There are two other importers, but I should like to explain their position later.

Senator EDGE. Go ahead.

Senator KING. Go ahead just as fast as you can.

Mr. STORCK. The photo-engraving and lithographic industries have consequently been under a great handicap, due to the fact that it was never possible to get screens when they were wanted without great and annoying delay. Never having been able to promptly supply the normal demand, without even taking into consideration the normal expansion in the graphic-arts industry, the American consumer has suffered due to having only one source of supply.

The manufacture of these screens is a scientific proposition, not easily attempted, and requiring the most exacting work and the highest grade of glass obtainable. We understand the glass used by the only manufacturer in this country has to be imported. Nothing but the very finest can be used for the purpose of making these screens.

The demand for screens is constantly increasing, especially in the lithographic field, where, due to the progress made with offset, and on account of no longer directly printing from stone, the requirement of half-tone screens is one of absolute necessity, and the demand for

larger sizes is growing daily. May it please the committee to consider the following facts:

That we have carried in stock from thirty to forty thousand dollars' worth of these screens, and that we have thereby been able to be of distinct service to the industries mentioned, and that the only manufacturer in this country has had the monopoly for so many years, and in all those years has never kept up with the demand, and that at the very present day the only manufacturer in this country is not able to supply without many months' delay even the most ordinary specification. We feel that it would, therefore, be conferring a hardship on the engraving and lithographic industries to increase the duty, and would also be a handicap for the further development of busness in this direction. We would therefore request that the duty remain at 20 per cent as before, and that the proposed duty of 55 per cent on the glass screens for photographic purposes be withdrawn form the tariff bill, this duty being prohibitive.

In the year 1928 we imported $30,467.31 of these screens, on which we paid a duty of $6,240.

Senator KING. Thirty thousand what?

Mr. STORCK. $30,467.31.

Senator KING. Was that square feet?

Mr. STORCK. No; dollars.

Senator REED. This was in 1928.

Senator KING. What was that—$30,000?

Mr. STORCK. $30,000.

Senator KING. Invoice value?

Mr. STORCK. Yes, sir.

Senator REED. That was for 1928?

Mr. STORCK. Yes, sir—on which we paid a duty of $6,240. If the new duty should go into effect, besides injury to the engraving, lithographic, printing, and advertising industries, the Government would lose this item of income.

Senator KING. Is that substantially all that was imported into the United States?

Mr. STORCK. There are some minor imports from two other houses.

Senator KING. Would it be a third as much as yours?

Mr. STORCK. Possibly; possibly less.

Senator EDGE. There are only three producers in the world, as I understand—two in Germany, and one in England—in addition to the one in the United States.

Mr. STORCK. I believe there are three, but the two of them in Germany are under one head; that is, they are under the same control; and there is another producer in England. I will come to that.

The committee can also see that if the only manufacturer in this country is now so far behind, in spite of the fact that we are in the field supplying, as we firmly believe, only an excess demand, the situation certainly would be worse if we are prevented from importing these screens on account of the proposed high tariff, and our graphic-arts industry would certainly suffer.

For some years we have equipped complete photo-engraving plants, also the complete gallery equipment of lithographic plants. Screens are of vital importance. Without screens these plants are worthless. If we are unable to supply such an important item as glass screens,

it will be impossible for us to equip these plants, due to being unable to secure these screens from the manufacturer in this country, as the home manufacturer would and has refused to furnish us. This is an important point to consider.

Senator KING. Then the more of this glass that is used, the more other business is developed.

Senator EDGE. Is that the end of your statement?

Mr. STORCK. No, sir. I should just like to submit one of our lists to show other items that we furnish. There are three different standard types of cameras—three manufacturers that furnish cameras to the industries that I have mentioned.

I believe that through the long-established advantage of the screen manufacturer here, the manufacturer in this country will always enjoy the larger proportion of the business, as long as screens are sold. Many will buy the screen manufactured here.

These etched-glass screens are not manufactured for any other purpose but to be used in a camera, as a part of the apparatus for photographic reproduction for all phases of printing. It has absolutely no value for any other purpose than for that which it is made; and if due consideration is given to this, it can be seen that it is not to be classified under "Etched glass," as a vase or some other item of luxury.

The Efha screen, which we are importing, is the equal and in some respects has advantages which would benefit the industry in this country. It is bound with a leak-proof binding, which in a large measure prevents the expense of repair, due to he separation which takes place on other screens.

It may be claimed that we have conferred no advantage to the industry by not reducing the price.

Senator KING. Then you have rather helped the American manufacturer in his monopoly, have you not?

Mr. STORCK. The reason for this is this: We do not want to do that; but with our conditions to-day, with our expense of having to sell these screens, having to advertise them, and incidentally keeping a stock of them, all those factors taken into consideration make the profit the same as if we sold the Levy screen, which we used to sell.

Senator KING. Then the prices are the same? The domestic prices are the same as those of the importers?

Mr. STORCK. Exactly. To undersell them, we feel that we would be interfering with the Government's provision against dumping, which, of course, we have not absolutely any right to do.

Senator KING. Go ahead.

Mr. STORCK. We are able to sell at the same price as the American manufacturer only on account of being in a position to deliver from stock, and supply concerns that can not tolerate long delays. This gives us only a small share of the normal business, as we now supply only the excess demand.

Senator KING. What is the normal business?

Mr. STORCK. I have not any direct information as to the entire amount of screens that are sold in this country, but I am prepared to say that it would run to $200,000 or $250,000.

Senator KING. That is, this Mr. Levy's sales and the sales of the importers amount to $200,000 or $250,000?

Mr. STORCK. No; I believe that the normal sales of the American manufacturer would amount to that. We are taking care of what we feel is an increase in the graphic-arts industry.

Senator KING. Let me see if we understand each other. Mr. Levy's production and sales amount to about $200,000 or $250,000 a year?

Mr. STORCK. I can not say exactly.

Senator KING. I do not mean exactly, but approximately. Would it be half a million?

Mr. STORCK. No.

Senator KING. I want to get some idea about the imports. What are the imports?

Mr. STORCK. Our imports have been in addition to those that we had in stock.

Senator KING. What are your annual imports?

Mr. STORCK. Our imports were $30,000 in 1928.

Senator KING. A year?

Mr. STORCK. I think they were about $5,000 less in 1927, and about the same amount in 1926. Of course, we still have considerable stock. This is to take care of stock and special items.

Senator EDGE. About 10 per cent of the domestic production?

Mr. STORCK. Just another moment, please.

Senator EDGE. Go ahead and finish your statement.

Mr. STORCK. We also ask the committee to consider the important fact that we are in position to supply larger sizes than the manufacturer in this country; and, due to the fact that larger sizes are coming into greater demand, this is a distinct advantage which American industry should not be made to pay extra for. We also have screens which can not be made in this country, a peculiar type of which has been of great advantage in developing the color rotogravure, without which the plants employing this type of reproduction would have found it impossible to reach the position they now hold.

We are firmly convinced that the engraving and lithographic industry are satisfied that it is to their advantage to have an additional source of supply; and if time could be had to secure an overwhelming evidence to this effect, we could substantiate this claim. However, due to time limitation, this is impossible. However, we would like to submit partial evidence to this effect by a few letters from well-established and respected concerns bearing some expression on this subject.

(Mr. Storck submitted the following letters for the record:)

KALAMAZOO, MICH., *June 18, 1929.*

HAROLD M. PITTMAN CO.,
Fifty-first Avenue and Thirty-third Street, Chicago, Ill.
(Attention Mr. Harold Pittman.)

GENTLEMEN: We certainly appreciate the service rendered on the rotary screen for process work which we ordered from you just a few weeks ago.

We regret we did not place the order with you in the first place, as we waited over five months for a Levy screen and then had to cancel order.

Your prompt delivery has made it possible for us to now start production on orders that have been held up for many weeks.

Yours very truly,

CRESCENT ENGRAVING CO.,
JAS. A. WILSON,
Treasurer and General Manager.

CHICAGO, *June 14, 1929.*

HAROLD M. PITTMAN CO.,
Fifty-first Avenue and Thirty-third Street, Chicago, Ill.

GENTLEMEN: We are well pleased with the Efha screen which we ordered from you on April 22, 1929, and received on April 23.

We wish to compliment you upon your service and feel that by thus maintaining a stock of screens you are contributing to the welfare of the engraving industry.

We have not previously been able to obtain this prompt service from other manufacturers and in many instances have had to wait several months for delivery.

Yours very truly,

SCHOENWALD-DEMERS CO.,
By D. SCHOENWALD, *President.*

CHICAGO, *June 14, 1929.*

HAROLD M. PITMAN CO.,
Fifty-first Avenue and Thirty-third Street, Chicago, Ill.

GENTLEMEN: We now have in use seven of your Efha screens, and they are giving perfect satisfaction.

It is of considerable satisfaction to us to know that a stock of these screens is maintained here so that we can get immediate delivery on all sizes and rulings.

We have not had such service from other manufacturers of screens, in most instances being compelled to wait weeks and frequently months for delivery.

Yours very truly,

THE NATIONAL ENGRAVING CO.,
JOHN W. DOERFLER, *Secretary.*

CHICAGO, ILL., *June 14, 1929.*

HAROLD M. PITMAN CO., *Chicago, Ill.*

GENTLEMEN: We wish to thank you for the service which you gave us in opening our new shop.

Our photographers are very much pleased with the Efha screens, and we feel that the fact that you carry a complete line of these screens in stock made it possible for us to open our plant on schedule time with a full equipment of screens.

We are sure that it is a benefit to the photo-engraving business to have more than one source of supply. Prior to your entering the field, we were at the mercy of one manufacturer, with the result that we had to wait in some cases as long as six or seven months for screens. Now we are able to get 24-hour service.

We hope nothing will ever happen to make it necessary for you to discontinue importing Efha screens.

Yours very truly,

R. M. STEELE, *President.*

NEW YORK, *June 18, 1929.*

Mr. JOHN STORCK,
Harold Pitman Co., 381 College Avenue, New York City.

DEAR MR. STORCK: Just a few words to express our appreciation for your kindness in furnishing us with an 85-line screen within 24 hours from the time of placement of our order.

It was most imperative for us to get this screen immediately in order to handle some special work that we had to turn out, and if it had not been for your promptness in the matter we do not know what we would have done.

Very truly yours,

JOHN F. MAJESKI,
President Reliance Reproduction Co.

NEW YORK, *June 17, 1929.*

HAROLD M. PITMAN CO.,
381 College Avenue, Bronx, N. Y.

GENTLEMEN: Among our screen equipment we find that we have three of your Efha half-tone screens, which we have never regretted purchasing, as we find them more satisfactory for our use.

These screens were in each case ordered at a time when they were immediately needed for use and your delivery of them the same day they were ordered conferred a great favor on us. Up until the time you entered the field with the Efha screens, it was impossible to secure screens without a delay of several months. If we had to wait this length of time when the above referred screens were ordered, it would have meant a serious loss of business to us.

We therefore feel grateful to you for being in position to deliver screens from stock, which is a great comfort, should we at any time in the future be called upon to replace a screen due to accidental breakage or through the demand for a special ruling, which we may not have among our equipment.

Sincerely yours,

PIONEER ENGRAVING CO. (INC.),
J. ROSENBERG.

NEW YORK, *June 18, 1929.*

To whom it may concern:

During the latter part of 1927 and early part of 1928 we were urgently in need of some screens for our half-tone cameras. Max Levy & Co. told us we would have to wait at least six months before they could give us a delivery of the screens we needed. We got in touch with Mr. John Storck, of the Harold M. Pitman Co., who gave us immediate delivery of Efha screens. Our photographers tell us they are every bit as good as Levy screens, and they have given us entire satisfaction.

If the Harold M. Pitman Co. did not have this connection for German screens our business might have suffered an irreparable injury. We must have half-tone screens, and since Max Levy & Co. are the only ones manufacturing these screens in the United States, they have had virtually a monopoly on this business.

Very truly yours,

WILBAR PHOTO ENGRAVING CO. (INC.),
LOUIS A. WILDMAN, *President.*

NEW YORK, *June 18, 1929.*

H. M. PITMAN CO.,
381 College Avenue, New York City,
(Attention of Mr. John Storck.)

Gentlemen: One of the most serious problems that confronted us at the time of starting our corporation was the question of whether we could obtain screens quickly enough to enable us to start on time. We knew that it took several months to obtain one screen, and where we needed so many it looked like a delay of six months or more until you suggested the Efha screens.

We not only received our screens on time but ahead of time, and when we needed more, received them within 12 hours.

This of course was phenomenal service and pleased us very much and could only have been performed because you carry a complete stock of Efha screens.

It is quite gratifying to know that our needs can be satisfied at a moment's notice.

Very truly yours,

KELLOGG ENGRAVING CORPORATION,
WALTER POWELL, *Treasurer.*

NEW YORK, *September 11, 1928.*

HAROLD M. PITMAN CO.,
381 College Avenue, New York City, N. Y.
(Attention of Mr. John Storck, jr.)

GENTLEMEN: Some time ago we ordered a Levy No. 85 H 29-inch screen and were informed that it would be a matter of at least six to eight months before delivery could be made, if then.

Being unable to wait for such a length of time without very great inconvenience, we luckily got in touch with you and you were able to furnish us with an Efha screen.

Thanks to you, old sport; you certainly pulled us out of a hole at a very critical time and saved us untold worry and annoyance.

We hate to think of what a predicament we would have been in but for your timely aid and consequently wish to express to you our very great appreciation.

Most cordially yours,

KNAPP ENGRAVING CO. (INC.),
HARRY A. WESHEIMER,
Treasurer.

Senator KING. Mr. Levy, under the 20 per cent duty, has been going along for years?

Mr. STORCK. Yes, sir.

Senator KING. Has his output increased?

Mr. STORCK. His output has always been behind—as far behind as six and seven months on ordinary screens some five or six years ago, and on unusual sizes it was over a year.

Senator REED. How about the present time?

Mr. STORCK. At the present time, in the case of such screens as a newspaper engraving plant would use, with ordinary ruling—55 or 60 lines, which is very commonly used—or a commercial plant, using 120 and 133 lines, it would take from two months to three months to secure it.

Senator EDGE. In answer to what you have said about Mr. Levy's business having increased each year, here is his own language in his testimony before the House committee:

Your petitioner has suffered a loss of business commencing in 1926, following the decision above mentioned—

That is the customs decision, to which I will refer later—

which has now shown a decrease of 33⅓ per cent in volume for the year 1928.

Is is not true that this particular article, etched glass, enjoyed a duty of 55 per cent, exactly the duty they are asking for at this time, until, by a ruling of the Customs Court placing them under some other interpretation, it was reduced to 20 per cent?

Senator REED. In May, 1926.

Senator EDGE. In May, 1926. Is that true or untrue?

Mr. STORCK. That is true.

Senator EDGE. Then their duty was reduced from 55 per cent to 20 per cent in 1926?

Mr. STORCK. Yes, sir.

Senator EDGE. And Mr. Levy, under oath—I assume it is under oath; I do not know whether it is or not, but it is in his statement—has made the statement I have just read as to the immediate falling off of business following that decision. Do you question that statement?

Mr. STORCK. I question it for the simple reason that they are still behind in all normal demands made upon them; and, incidentally, they have always been behind. Now, the screens have been imported. There was another importer that brought them in for the past seven years, and they lost the agency of the screen which they brought in.

Senator EDGE. Is it not true that the duty on this same glass in England is 50 per cent?

Mr. STORCK. Yes, sir.

Senator EDGE. And is there not a duty of 20 per cent in Germany?

Mr. STORCK. I should just like to add that the duty on ruled glass into Germany is 20 per cent.

Senator EDGE. Yes; and England?

Mr. STORCK. Into England it is 50 per cent.

Senator EDGE. Thirty or 50?

Mr. STORCK. Fifty; but it has been brought to our attention that the American manufacturer controls the only English manufacturer.

Senator EDGE. What percentage of the production of this glass is properly credited to labor? Ninety per cent; is it not?

Mr. STORCK. I am not in position to say.

Senator EDGE. Is it not nearly 90 per cent labor?

Mr. STORCK. I would not be prepared to say that.

Senator EDGE. Is it less than 90 per cent?

Mr. STORCK. I do not know anything about the manufacturing costs.

Senator EDGE. That is a very important item in considering a duty, and you are appearing here opposing a duty. We are considering American wages.

Mr. STORCK. I have felt that the Tariff Sommission would know the American manufacturing costs. I had no information at all on that.

Senator EDGE. My information is that 90 per cent of the production-cost of this particular glass is labor. Are you prepared to challenge that?

Mr. STORCK. I would not want to say that is so, for the simple reason that there is a considerable loss in ruling. You see, when these machines rule these lines they cannot be disturbed. The machine has to keep on. If, because of any vibration, or any reason at all, there is a shattering of the line, it is impossible to use that.

Senator KING. Is this product made by machinery?

Mr. STORCK. The ruling is done by machine; yes. The machines are all designed by the factory in which these screens are made; and the same thing is true over in Europe. In this factory in Munich they had to design their own machines for doing this.

Senator REED. Mr. Storck, when you replied to Senator King that over all these years this company had been going on, working to capacity, under a 20 per cent duty, did you consider that that was a candid answer?

Mr. STORCK. Well, I wanted to develop that answer at the end of this statement. The fact is that these screens had come in previous to 1926. Whether there was a refund by the Government of the excess duty due to the customs decision I do not know, because we did not bring them in; but, incidentally, the screens had never been brought in from abroad to any considerable extent for the very reason that this duty had been at 55 per cent.

Senator REED. How long have you been importing screens into this country?

Mr. STORCK. Since 1926.

Senator REED. You began importations then?

Mr. STORCK. Yes, sir.

Senator REED. Only after this decision?

Mr. STORCK. No; before this; but we knew or we felt confident that under the classification the decision would have to be in favor of the lower duty. You see, it is made expressly for one purpose.

Senator REED. I understand; you have explained that. When did you first import these photographic screens?

Mr. STORCK. In May, 1926; just three years ago.

Senator KING. Did anybody import them before that time?

Mr. STORCK. Yes, sir.

Senator REED. Who imported them?

Mr. STORCK. The American Steel & Copper Plate Co.

Senator REED. How long had they been doing it?

Mr. STORCK. I should judge about seven years; probably eight years.

Senator REED. Prior to 1926?

Mr. STORCK. Yes, sir.

Senator REED. Paying the 55 per cent duty?

Mr. STORCK. That I do not know. I do not know what duty they paid. If they paid the duty under the classification, that was the reason for their protest.

Senator EDGE. While the imports are negligible, as you have stated, in total amount, because of the comparatively small amount of product used, nevertheless the imports went up 600 per cent from 1926 to 1928. In other words, they went up from $5,000 to $30,000 after the duty was changed.

Mr. STORCK. That can be attributed to a greater demand for screens also.

Senator EDGE. You would not assign any of it to the fact that the duty was reduced from 55 to 20 per cent, then?

Mr. STORCK. Oh, yes.

Senator KING. Is the demand for them increasing?

Mr. STORCK. Absolutely.

Senator KING. With the growth of the photogravure?

Mr. STORCK. The lithographic plants are going into photographic reproduction, due to the fact that they are no longer printing from stone. They are printing from zinc and aluminum.

Senator KING. You stated that you had information that this same American manufacturer had the factory in Great Britain.

Mr. STORCK. We have simply been informed to that effect, and I figure that the high duty is, of course, in a measure——

Senator KING. I do not think you ought to state that, Mr. Witness, about his having a factory in Great Britain, unless your information was authentic.

Mr. STORCK. This information came from abroad. We have absolutely no direct means of knowledge.

Senator KING. I think before the case rests here you ought to make further inquiry, and write to Senator Edge here, or the secretary of the committee, giving whatever information you have on that matter.

Mr. STORCK. I shall be glad to do that.

Senator EDGE. Are there any further questions?

Senator KING. No.

LETTER FROM LEVI COOKE, WASHINGTON, D. C., REPRESENTING MAX LEVY & CO., PHILADELPHIA, PA.

JUNE 21, 1929.

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

SIR: Paragraph 203 (c) reads as follows:

"Glass, and manufactures of glass, ruled or etched in any manner for photographic reproductions or engraving processes, and glass cut to size and ruled for measuring purposes, 55 per centum ad valorem."

This matter was dealt with in a brief filed by Max Levy & Co., of Philadelphia, Pa., addressed to paragraph 218 of the act of 1922.

I was counsel for Max Levy & Co. before the House Ways and Means Committee and it was there shown, as per the brief, that under a court decision holding that halftone screens for photographic reproduction were to be treated as camera parts dutiable at 20 per cent ad valorem instead of as etched glass of the most careful and scientific manufacture dutiable under 218 of the act of 1922 at 55 per cent ad valorem.

It was also shown that the business of the American manufacture had fallen off more than 33⅓ per cent due to competition from abroad as the result of this lowering of the duty through the court decision.

On behalf of Max Levy & Co., I now state to the Finance Committee that they rest the case on the brief as shown in the Ways and Means Committee hearings, volume 2, earths, earthenware, and glassware, at page 1451.

I further note, however, that Mr. John Storck, jr., is to be a witness before your committee, representing Harold M. Pitman Co., of Chicago, Ill., on this item.

As I am compelled to leave the city on a law-case engagement and may not return in time to appear before the committee in support of the provision restoring the 55 per cent on this etched glass in place of the court decision reduction, I beg to request:

First. That the brief of Max Levy & Co. before the House be carefully examined to show the merits of the position of Max Levy & Co. and that later opportunity be given, if necessary, to place that statement under oath if the committee so desires. Or, secondly, that opportunity be furnished to file a supplemental brief under oath in response to any criticism of the item by Mr. John Storck, jr., on behalf of the Harold M. Pitman Co., which may be advised after Mr. Storck has been heard.

My particular request herein is that the absence of Max Levy & Co. or their representative at the hearings be not taken in any way as a default on their part in support of the action of the House in the restoration of this duty.

Respectfully,

LEVI COOKE.

POWDERED OR PULVERIZED GLASS

[Par. 230 (d)]

BRIEF OF THE CHARLES B. CHRYSTAL CO. (INC.), NEW YORK CITY

SENATE COMMITTEE ON FINANCE,
Washington, D. C.

It is requested that a separate paragraph on glass, powdered or pulverized, be included in the tariff act next to be enacted for the following reasons:

There being no distinct classification in the present act for pulverized glass, it has to be entered as glass not specifically provided for at 50 per cent duty in common with manufactures of which glass is the chief value.

This raw or crude product should be placed in a distinct and separate classification and that the fair and reasonable duty suggested above be determined in the new tariff for the reason that the present duty of 50 per cent prohibits the importation of this material excepting to a very small extent, as manufacturers in this country who would use it in their products are unable to owing to its prohibitive cost.

In the meaning of paragraph 230, this is not a manufacture of glass, but glass waste itself, pulverized or powdered, and is derived from broken, scrap, or

refuse glass of practically no value, being produced by the simple process of crushing or grinding.

To classify a material of this nature with articles of high value manufactured of glass on which a duty of 50 per cent or more is assessed is sufficient cause for a separate classification. The low value of pulverized waste glass, $12 per ton at point of production, may be compared with the scientifically and skillfully manufactured optical glass which under paragraph 227 is assessed at a duty of 45 per cent, or a lower duty than pulverized glass is assessed at.

Another point to which we would call your attention is that there is considerable confusion in the classification of this material, owing to its being omitted entirely by name from the tariff act of 1922. We refer to T. D. 43133 of November 30, 1928, United States Court of Customs Appeals, relating to waste or scrap glass which is the same material as our powdered glass in its crude form, but before being powdered or pulverized, value at shipping point $14 per ton.

Uses: Powdered glass is used by potteries, enamelware manufacturers as a flux, and match manufacturers in match heads and also in grinding compounds and glass paper as an abrasive.

Source of production: Germany and England.

The necessity for a separate classification will be seen by the facts herein cited and will correct an obviously excessive duty on a commercial product through the oversight of its omission from classification in the present tariff.

Respectfully submitted.

CHARLES B. CHRYSTAL CO. (INC.),
CHARLES B. CHRYSTAL, *President.*

MARBLE

[Par. 232]

STATEMENT OF JOHN STEPHEN SEWELL, BIRMINGHAM, ALA., REPRESENTING THE NATIONAL ASSOCIATION OF MARBLE DEALERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the National Association of Marble Dealers.

Mr. SEWELL. I represent them directly, but by authority I represent the entire marble trade of the United States except those concerns whose principal business is the importation of finished marble.

Senator EDGE. Did you file a brief before the House committee?

Mr. SEWELL. Yes, sir.

Senator EDGE. Is it your purpose to file a supplementary brief before our committee, or just to discuss the paragraph orally?

Mr. SEWELL. I have a brief prepared, which, because it contains some information which I think will be useful, I will leave. But the bulk of our briefs have been prepared under one misapprehension.

The entire marble trade has supposed until to-day that polished slabs were dutiable under paragraph 233, as finished marble at 50 per cent ad valorem.

Senator EDGE. We intended to take that point up.

Mr. SEWELL. We have just been informed that the words "or polished" were put into the law merely to put into the law the effect of a Treasury decision we know nothing about, whereby polished slabs and rubbed slabs were dutiable on the same basis.

Senator EDGE. In other words, by the insertion of the words "or polished" in paragraph 232, it would bring the polished type of slabs of marble in that section under the same rate of duty——

Mr. SEWELL. As rubbed slabs.

The flat cost of polishing, after the slab is rubbed, is not less than 15 cents per square foot. After the slab is rubbed, before it can be polished, there are two or three additional operations, and the flat cost of those operations in this country is not less than 15 cents per square foot.

Senator EDGE. What is the difference between the duty in paragraph 232, where that material has been inserted by the House, which says "13 cents per superficial foot; if rubbed or polished in whole or in part, 3 cents per superficial foot in addition"?

Mr. SEWELL. It says 11 cents.

Senator EDGE. That is the way the bill reads, the way we have it before us. What is the difference between that and the paragraph under which it would otherwise have come?

Mr. SEWELL. I am using the figures which apply to slabs less than 1 inch thick, because that represents the great majority of all the slabs imported.

As the House bill reads now, there will be 8 cents a square foot on those slabs if they are sawed, and then 3 cents additional if rubbed or polished.

Senator KING. Pardon me. I do not know where you get your 8 cents.

Senator REED. Line 7.

Mr. SEWELL. The great majority of the slabs, Senator, are less than 1 inch thick.

Senator EDGE. In other words, 8 cents plus 3 cents, or 11 cents.

Mr. SEWELL. Yes, sir.

Senator EDGE. What would the polished slabs have carried, in duty, if retained in the former paragraph? What is the number of the paragraph?

Mr. SEWELL. No. 233. We thought they were classified under that.

Senator EDGE. Under 233 what would they carry?

Mr. SEWELL. Seventeen or eighteen cents.

Senator EDGE. In other words, 50 per cent ad valorem.

Mr. SEWELL. Yes.

Senator EDGE. That would amount to 17 or 18 cents, as against 11 cents under this transfer?

Mr. SEWELL. Yes; 50 per cent ad valorem will run from 17 to 18 cents a square foot.

Senator EDGE. As against 11?

Mr. SEWELL. As against 11; yes, sir.

Senator KING. Let us see if I understand this. You supposed it was under D, carrying 50 per cent?

Mr. SEWELL. Yes, sir.

Senator KING. That is the present rate.

Mr. SEWELL. No, sir. The present rate amounts to 11 cents on these slabs less than 1 inch thick.

Senator KING. How much is that in ad valorem?

Mr. SEWELL. That would be about 30 per cent ad valorem.

Senator KING. Then it has been increased here.

Mr. SEWELL. No, sir. It has not been changed, Senator.

Senator KING. It is 50 per cent——

Mr. SEWELL. We were under the impression that it did carry 50 per cent, but under a Treasury ruling it has not been carrying the 50 per cent. It has been paying 11 cents a square foot, on slabs less than 1 inch thick.

Senator KING. Where do you get the 11 cents?

Mr. SEWELL. Eight cents on a sawed slab and 3 cents extra if rubbed or polished. The polishing involves an extra flat cost of at least 15 cents per square foot, after the slab is rubbed.

Senator REED. You mean to say the present Treasury ruling allows polished slabs to come in at 11 cents?

Mr. SEWELL. So I am informed; yes, sir.

Senator REED. The House bill would do so.

Mr. SEWELL. Yes, sir.

Senator REED. Because of the insertion of the words "or polished"?

Mr. SEWELL. And I am informed that those words were put in there merely to accord with the Treasury ruling.

Senator EDGE. Right there, I would like to get the testimony of the expert about that, for the record. Will you please state why it was put in?

Mr. KOCH. I simply put it in to draw attention to the fact that rubbed and polished slabs were, under the Treasury decision, paying the same rate of duty. It seems that the industry has no knowledge of that fact. It put it in there purposely to draw their attention to it, because it does not constitute a change in practice. It is the same practice. I put it in there purposely so that they could discuss it.

Senator EDGE. Then the Treasury ruling, even if the House bill had not been changed, inserting the words "or polished" would, in effect, have amounted to the same thing, or a duty of about 11 cents.

Mr. SEWELL. Yes, sir.

Senator KING. In the past they have been getting 11 cents, or 50 per cent ad valorem? Which is it?

Mr. KOCH. Eleven cents.

Senator KING. What would that amount to?

Senator EDGE. No. You do not understand the Senator's question. Before the Treasury ruling, what duty was this carrying?

Mr. KOCH. They were carrying 11 cents, so far as I know.

Senator EDGE. What does this 232 mean?

Mr. KOCH. Manufactured marble, other than slabs. There is a special provision for slabs and tile, which do not go into the manufactured classification.

Senator EDGE. Didn't I understand the witness to say that before this Treasury ruling, this polished marble slab came under 233, carrying 17 or 18 cents?

Mr. SEWELL. No, sir. I said that we have been under the impression that it was dutiable at 50 per cent ad valorem, because we knew nothing about the Treasury ruling.

Senator EDGE. Then, I say, previous to the Treasury ruling, you also had been under that impression?

Mr. SEWELL. I do not know how old the ruling is.

Mr. KOCH. It is not a published decision, and it is about two or three years old.

Senator KING. What rate did it bear in 1923, 1924, and 1925?

Mr. KOCH. So far as I know it has always been 11 cents.

Senator KING. They have been getting 11 cents, then, for the polished, as well as the rubbed.

Mr. SEWELL. I would like to say to the committee that the wording of this tariff law has been practically the same, except for a variation in rates with different administrations, ever since I can remember. I have been in the marble business something over 20 years. In the last 30 years the interior business and the exterior business have become much more important than any other parts of the marble business, except possibly the monumental. This wording applies, apparently, to monumental work, that is, cemetery work, and to benches and vases, garden furniture, and that sort of thing.

Senator KING. You mean the words "or polished"?

Mr. SEWELL. The wording of paragraphs 232 and 233. Except to the extent of applying some tariff on sawed slabs, the wording does not really cover marble finished for use in the exterior or interior of buildings at all—that is, not in any specific way. It would have to be by way of interpretation.

Senator EDGE. As a matter of fact, the House bill does not in any way change the existing rates of duty in the 1922 act.

Mr. SEWELL. No, sir.

Senator EDGE. No change has been made by the House.

Mr. SEWELL. No, sir.

Senator EDGE. Except to put in the words "or polished"?

Mr. SEWELL. Yes, sir.

Senator EDGE. And add a paragraph (d) here, whatever that means.

Mr. SEWELL. We feel that we made a pretty good case for some increased protection, and, of course, we did not get it. But I think it is much more important, if possible, to get the wording changed so as to specifically cover marble that is wholly or partly finished for use in the exterior and interior of buildings. That is where our trouble lies at the present time.

Senator EDGE. Have you submitted wording that would bring that about?

Mr. SEWELL. Yes, sir. In the brief we submitted to the House I suggested that paragraph 233 read as follows:

> Marble, breccia, and onyx, sawed more than once, and marble, breccia, onyx, alabaster, and jet, wholly or partly manufactured for use in the interior and exterior of buildings of all kinds, or into monuments, benches, vases, table tops, lamp stands, and other articles, and articles of which these substances or any of them are a component material of chief value, 50 per cent ad valorem,

Then we suggested that the duty be based upon the cost value in the United States of identical similar articles. But if this committee does not agree about the basis of the ad valorem, that paragraph could be cut off after the words "ad valorem."

Senator EDGE. Why do you say 50 per cent ad valorem? You are talking now about paragraph 232, are you not?

Mr. SEWELL. In paragraph 232 we suggested different specific rates.

Senator EDGE. This is 233 you are talking about?

Mr. SEWELL. We think that specific rates are easier to apply than ad valorem rates, and we worked out, in paragraph 232, by a mathematical formula, specific rates on slabs of different thicknesses, which would give us the protection which we thought was necessary.

Senator EDGE. How does that differ from the protection you have?

Mr. SEWELL. It will add about 50 per cent to the tariff on the slabs less than one inch thick?

Senator EDGE. In other words, from 8 to 12, is that it?

Mr. SEWELL. We suggested 15 cents.

Senator KING. From 8 to 15?

Mr. SEWELL. Yes, sir. Our brief is printed beginning at page 1629 of the tariff hearings before the House.

Senator KING. You want a 100 per cent increase, do you not?

Mr. SEWELL. Not quite; 80 per cent.

Senator KING. An 80 per cent increase on this marble?

Mr. SEWELL. Yes, sir.

When it comes to the finished marble, we would have to have, in order to put us on a basis of equality in this market with the finishers abroad, 100 per cent ad valorem, based on the foreign values. That will leave them still a considerable margin in their favor, the only thing in our favor being our geographic location.

There is a very real danger that our industry will be practically destroyed unless we get some additional protection.

Senator KING. You are reading from your brief now, are you not?

Mr. SEWELL. No, sir; I am talking.

The only reasons they have not done us a great deal more damage already is that there are certain very rigid requirements in this market for finished marble for use in buildings, especially in the interior of buildings. The Italian finishers have simply not learned to accommodate themselves to those conditions. If they build up the right kind of an organization, they can undersell us in this market by anywhere from 25 to 40 per cent, and that margin is much greater than is needed to build up the necessary organization.

Senator EDGE. As a matter of production, your production has gradually increased in dressed marble, has it not?

Mr. SEWELL. Yes, sir.

Senator EDGE. It has increased from $1,474,490 in 1919, to $8,711,992 in 1927. Is that correct? Those are the Tariff Commission's figures. Those figures are on dressed marble.

Mr. SEWELL. That would include marble finished for all purposes.

Senator EDGE. Yes; I assume it would. On rough marble the domestic production has increased from $1,400,000 in 1919 to $2,000,000 in 1927. It has not gone up as rapidly.

Mr. SEWELL. I would like to make one or two explanatory statements, and then refer, for facts and figures, to the brief that we submitted to the House.

Senator KING. In addition to the increase there in the rough and dressed marble, you come to the——

Mr. SEWELL. We do not ask for any increase on marble in the rough block.

Senator KING. Marble for other uses has increased from 1,800,000 cubic feet in 1919 to 3,132,000 cubic feet in 1927, or from $8,000,000 in value to $15,000,000. You have nearly doubled your product.

Mr. SEWELL. The entire marble business is growing, especially in the use for the interior finish of buildings. I think, if the data are analyzed by a marble man, it would appear that the increase in the use of imported marble in the last few years has been greater than the increase in domestic marble for interior purposes.

Senator EDGE. That is just what I want to get at.

Senator REED. The imports seem to be negligible for all purposes.

Mr. SEWELL. The comparison is worked out in our brief submitted to the Ways and Means Committee. Unless the committee wants me to, I do not think it is worth while for me to repeat that.

But I want to say that we do not want to exclude foreign marble from this market at all. In the last few years the producers of American marble, who also manufacture and finish it, have told the architects, "We will furnish you any kind of marble you want, whether imported or domestic, and we have stopped fighting the use of imported marbles, because we want all the different kinds of marble in the world to be available in the market."

Senator EDGE. The imports, roughly, comparing them with the domestic production, seem to have increased, in the rough squared blocks, from 211,000 cubic feet in 1919 to 590,000 in 1928.

Senator REED. That is the item on which they are not asking any change in the tariff.

Senator EDGE. They are not asking any change in the tariff on that.

Then we come to the sawed or dressed. The imports are negligible there. You have not any imports to amount to anything.

Mr. SEWELL. Very little.

Senator EDGE. With respect to slabs or paving tiles, containing not less than four superficial inches, they have gone up from 84,519 superficial feet in 1919 to 796,000 in 1928.

Senator KING. But it was more in 1927. It was 864,000.

Mr. SEWELL. There has been a recession in building in 1928 also, Senator.

Senator EDGE. Then the rubbed runs from 19,583 in 1919 to 49,777 in 1928, with various changes in between.

Mr. SEWELL. Mr. Chairman, there is the analysis I made of marble for interior work [producing paper].

Senator REED. Is this in your brief?

Mr. SEWELL. It is in our brief; yes.

Senator KING. The polished marble would come under the head of rubbed, would it not?

Mr. SEWELL. Apparently it would.

Senator KING. The amount of that is not very great. It was 49,000 cubic feet in 1928 and 59,000 in 1927.

Mr. SEWELL. Forty-nine thousand cubic feet is 490,000 square feet.

Senator EDGE. I understand you are not asking for any change whatever in paragraph 233, now carrying 50 per cent ad valorem.

Mr. SEWELL. Yes, sir. We think that the existing tariff on sawed marble affords inadequate protection to the American sawyer. His flat cost is at least a dollar a cubic foot, and after you allow for the tariff on the rough blocks, the tariff on sawed slabs gives him only about 15 or 20 cents protection on an operation that costs him at least a dollar, without any overhead added.

We asked for increased rates in our brief submitted to the Ways and Means Committee.

Senator EDGE. What have you asked for?

Senator KING. That is on paragraph 233, where you are now getting 50 per cent. You want it increased to 100 per cent?

Mr. SEWELL. Yes, sir.

Senator EDGE. Is that what you asked for? Did you ask for 100 per cent?

Mr. SEWELL. On 90 per cent of the marble that is finished for use in the interior of a building; we have not been getting any protection on the finishing at all.

Senator KING. Your business has increased?

Mr. SEWELL. It is diminishing now.

Senator REED. Let me see if I have the figures right here. The domestic production of all varieties of marble, other than rough building stone, on which you do not ask protection, amounted in 1927 to $13,500,000, roughly. That is the domestic production.

Senator KING. Where do you find that, Senator?

Senator REED. I find that in the tables on pages 565 and 566.

Mr. SEWELL. What is the unit, Senator?

Senator REED. In cubic feet, the total appears to be 6,200,000 cubic feet for the domestic production.

Mr. SEWELL. Of marble for all purposes.

Senator REED. Marble other than rough or squared blocks.

Mr. SEWELL. Six million cubic feet.

Senator REED. Six million two hundred thousand cubic feet.

Mr. SEWELL. I obtained some of my information from the reports issued by the Geological Survey. I do not think we produced that much. At any rate, what we are especially interested in is the marble used for interior work.

Senator REED. Yes.

Mr. SEWELL. In 1927 we used for that purpose a little less than 2,000,000 cubic feet of domestic marbles, and a little over 1,000,000 cubic feet of imported marbles.

Senator REED. Exactly. The domestic production in 1927, for other uses—that means the interior of buildings—totaled 3,132,000 cubic feet. Is that about right?

Mr. SEWELL. 1,973,000 cubic feet used for interior work in 1927.

Senator SMOOT. Does that fall under "marble for other uses"?

Mr. SEWELL. I have not seen that information you have, Senator, and I have not had a chance to analyze it.

Senator REED. That is evidently dressed building stone, which appears in the last line on page 565—1,964,000 cubic feet.

Mr. SEWELL. Yes, sir.

Senator REED. Valued at $8,711,000. The table of imports for 1927 indicates that the total imports of that material are less than $350,000 worth.

Mr. SEWELL. Your information is certainly incorrect, Senator.

Senator REED. Is that wrong?

Mr. SEWELL. Probably it is because you have to assemble the figures from several different places. In 1927 we imported, in blocks, 958,429 cubic feet.

Senator REED. You do not ask any tariff on that. That is why I have been excluding that item.

Mr. SEWELL. We do not ask any increase in the tariff. There is a tariff of 65 cents.

Senator REED. Per cubic foot?

Mr. SEWELL. Per cubic foot; which probably will average from 20 to 25 per cent ad valorem.

Senator REED. I am disregarding that because you do not want any change. Having disregarded that, in cubic feet, or superficial feet of slabs, 864,000 superficial feet were imported?

Mr. SEWELL. Yes, sir.

Senator REED. And of rubbed slabs, 59,000. Is that right?

Mr. SEWELL. I have not the same information you have. I do not have it in my possession. I have an analysis——

Senator SMOOT. This is less than 4 superficial inches. It is classified that way. Perhaps you have here other sawed and dressed marble over 2 inches thick.

Mr. SEWELL. Less than 4 superficial inches would have been classified as Mosaic cubes, I believe.

Senator REED. That is right. We have the figures for mosaic cubes. I am taking the sawed or dressed slabs. If you count in the sizes from 2 inches up, the total imports, unrubbed and rubbed, amount to less than 950,000 superficial feet.

Senator EDGE. As against the production for the same year of 859,000 rough, plus 1,954,000 dressed, or, in round figures, 2,800,000. In other words, 2,800,000 feet of this material is produced domestically, and less than 1,000,000 imported. Is that right?

Senator REED. Exactly.

Senator EDGE. In other words, the importations are about 20 or 25 per cent.

Senator REED. Oh, no, Senator, because the domestic production is in cubic feet and the imports are in superficial feet.

Senator EDGE. That is true. In other words, you have to take it by value.

Senator KING. So that the superficial feet would be less than the cubic feet.

Senator REED. If you take it by value, the total importations in that year were less than $325,000, as against $8,700,000 in the United States. The imports were about 3 per cent. Is that about right?

Mr. SEWELL. I am not sure because I have not checked those figures, sir.

Senator REED. On your figures how much were the imports?

Mr. SEWELL. The point is that these importations of slabs and finished marble have been increasing quite rapidly in the last few years, and we give you——

Senator KING. Have they?

Mr. SEWELL. Yes, sir.

Senator REED. Yes; that is right.

Senator KING. I find that in 1928 the importations were less, by 75,000 superficial feet, than they were before.

Mr. SEWELL. Yes, sir. There was a recession in building in 1928.

Senator KING. 1926 was substantially the same, or $775,000. That is about 3 per cent. Yours has increased how much each year in the past five or six years in value.

Senator REED. It is about eight times what it was.

Mr. SEWELL. Oh, no, sir.

Senator REED. Eight times in cubic feet.

Mr. SEWELL. In 1924——

Senator KING. Wait until the Senator completes his sentence.

Senator REED. Between 1919 and 1927 the increase is approximately eight times in cubic feet, and approximately seven times in value. From 1924 to the present time the increase is about 30 per cent in value and about 20 per cent in quantity.

Mr. SEWELL. You mean in the use of domestic marble, sir?

Senator REED. I mean in the output of domestic dressed building stone.

Mr. SEWELL. I think there must be some error there, but that must include everything, and not simply interior marble, because the——

Senator KING. That is what we are talking about, your production.

Mr. SEWELL. We are asking for a tariff on finished marble.

Senator KING. We are trying to find out what you are producing. These figures show that your production increased, or you have increased your output, since 1919, nine times.

Mr. SEWELL. Senator, I am quite certain those figures are incorrect. The marble production of this country has certainly not increased that much.

Senator EDGE. I can not just understand why this "or polished" makes the difference that you indicate it does.

Mr. SEWELL. Evidently it——

Senator EDGE. Wait a moment—because, as I followed the expert's testimony, they have only been paying this duty of 11 cents anyhow.

Mr. SEWELL. Yes, sir.

Senator EDGE. That is what they will continue to pay. Why take it out?

Mr. SEWELL. If the thing is to be left as it is, it might as well stay in, but it leaves us with totally inadequate protection on this interior marble.

Senator EDGE. Now, I think I am getting the facts, at least. Whether it is right for it to stay in or not is something for the committee later to decide. But the fact is that the 11 cents that you complain about is exactly what they have been paying for the last three or four years. There is some question about the interpretation when it is in that paragraph.

Mr. SEWELL. That is true, but we did not know it.

Senator EDGE. If you did not know it, what difference would that make?

Mr. SEWELL. As Mr. Koch says, it is not a published decision of the Treasury Department, and they did not find it out.

Senator EDGE. Did it interfere with your business?

Mr. SEWELL. Yes, sir.

Senator KING. You have been increasing it every year.

Senator EDGE. You said you did not know it. I should think you would know it.

Mr. SEWELL. It certainly made it possible to import marble more freely than it otherwise would have been imported. The point is, as we set forth in our brief submitted to the House, that the importers are beginning to wake up to the situation—that is, the Italian manufacturers. They have actually come into this country in the last two or three years and taken a number of large contracts. The details of those contracts are set forth in our brief submitted to the House.

Senator KING. Why do you say that, when the record shows that the importations were less in 1928 than they were in 1927? In 1926 they were slightly less than 20,000 cubic feet less than in 1928. Way back in 1926 they were 775,000, substantially the same as in 1928. So, there has been no increase to speak of, you might say, during those years.

Mr. SEWELL. Senator, I think you are mistaken.

Senator KING. This is the summary of tariff information, on slabs or paving tiles, and so forth, unrubbed. The rubbed was inconsequential. There the figure is only 49,000 in 1928 and 59,000 in 1927.

Mr. SEWELL. In order to get all the importations it is necessary to go to several sources. The unrubbed slabs increased from 84,519 square feet in 1919, to 796,175 in 1928.

Senator EDGE. Yes. We have repeated that in the record several times. That is true.

Mr. SEWELL. In addition to that——

Senator EDGE. Superficial feet. What is the difference between superficial feet and cubic feet?

Mr. SEWELL. It depends on the thickness of the slab. A 7/8-inch slab would give you 10 out of a foot. If it is a 2-inch slab, you would get 5 out of a foot.

Senator EDGE. Then, you can not tell anything about it from these figures.

Mr. SEWELL. Except that 90 per cent of it was less than seven-eighths, so if you divide that number by 10 you will get approximately the number of cubic feet.

Senator BARKLEY. How thick would a slab be that contained 1 superficial foot, which is a square foot? Would it be 1 inch?

Mr. SEWELL. Ordinarily, in this country, the standard thickness for 90 per cent of the slabs used is seven-eighths of an inch when it comes out of the saw, and when we finish it we remove a little less than one-sixteenth of an inch in subsequent finishing processes.

Senator BARKLEY. Roughly speaking, a cubic foot would be twelve times as much as a superficial foot.

Mr. SEWELL. No, sir; because there is a quarter of an inch wasted in every saw cut, so that you would get only about 10 slabs out of a block a foot thick.

Senator BARKLEY. Then, we will say ten times.

Mr. SEWELL. Yes, sir.

Senator EDGE. Let us talk values instead of feet, so long as that is confusing. The value of that 796,000 feet is $284,000.

Mr. SEWELL. Yes.

Senator EDGE. Then, add to it the rubbed, $26,000. That would make practically $300,000. What else can we add to it that would be comparable to the figure of $8,711,000?

Mr. SEWELL. I know of one contract where the marble would not come under any of those classifications, in which case the price paid for the marble was about $160,000. It was a lot of fluted columns for the Union Trust Co., in Cleveland. The details are set forth in our brief to the House committee. I do not know where that is classified, but I have no personal knowledge of that.

Senator EDGE. Apparently, that is not classified anywhere here.

Mr. SEWELL. It must be somewhere.

Senator KING. In paragraph 233.

Senator EDGE. We will turn to 233. That would give a value gradually ascending from $283,000 in 1923 up to $480,000 in 1928.

Mr. SEWELL. Yes, sir.

Senator EDGE. There is $480,000 more to add to the $300,000. We are still under $1,000,000, as compared with $8,000,000. The point is that the importations are quite small, are they not?

Senator REED. If you are going to include all those articles, you have to take those in the table on page 566.

Senator EDGE. We will take the production, of course, in comparison. There is $900,000 worth of free imports that come in, practically, under your schedules, I assume.

Mr. SEWELL. Yes, sir.

Senator EDGE. That would help somewhat to make up the difference. Very well. Go ahead and tell us whatever you want to tell us. Let us get along.

Mr. SEWELL. The point is that, in the first place, the wording of the law as it stands does not cover marble that is finally finished for use in the interior or exterior of buildings, except by implication. We think that the wording ought to be changed along the lines suggested——

Senator EDGE. In your brief filed with the House, which you have left here?

Mr. SEWELL. Yes, sir. In the second place, we need more protection on sawed and finished marble than we have at the present time. The figures, with illustrated cases, are in this brief.

Senator EDGE. That refers primarily to paragraph 232?

Mr. SEWELL. Paragraph 232, and what used to be 233, and which is now 232 (d), I think.

Senator EDGE. Very well.

(Mr. Sewell submitted the following brief:)

BRIEF OF NATIONAL ASSOCIATION OF MARBLE DEALERS

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

GENTLEMEN: As a result of the hearing accorded me before the subcommittee on Schedule 2, June 25, 1929, I beg permission on behalf of the marble industry of the United States, to supplement my testimony by this written statement.

(1) Of a certain Treasury decision, making slabs of polished marble dutiable on the same basis as rubbed slabs, we were totally ignorant until the morning of June 25; as this decision is not published in any public document, so far as we can discover, we are probably not chargeable with ignorance due to negligence.

(2) We have, in an endeavor to make our statements brief, omitted some important facts dealt with in detail in hearings of past years, and for that reason, apparently failed to make the justice and necessity of the increased protection we ask for apparent.

(3) The Summary of Tariff Information, 1929, so far as it deals with the production of marble in this country, has the figures thrown together in such a way that, by themselves, they apparently justify very erroneous conclusions. For example: Upon going to the sources of these figures (reports of Bureau of Mines upon production of stone) it appears that "Marble for other uses" consists entirely of by-products of marble, upon which no protection is asked; there is a certain amount of this material used as terrazzo, and we believe there is a small duty on it under some paragraph of the present tariff bill; in any case, a tariff for revenue only on this form of crushed marble (it is merely marble crushed and screened to certain sizes) will afford all the protection needed. All of this "marble for other uses" consists of crushed or pulverized stone made from the worthless

blocks necessarily produced along with merchantable blocks, or else from quarries which produce no marble blocks at all. There are probably at all times from 1,000,000 to 2,000,000 tons of "scrap" blocks lying on the dumps of the marble quarries of the country; it is not possible to get rid of all this material, even at the bare cost of handling it. It is not, therefore, a factor in the marble market, properly so called. To convert it into cubic feet and add it to the production of marble, is to add a purely fictitious amount equal to more than 75 per cent of the amount produced and used as marble, properly so called.

The total annual production and use of domestic marble for all purposes—not by-products—is about 4,000,000 cubic feet. Of this, about 2,000,000 cubic feet are used for the interior of buildings; the remainder is used for the exterior of buildings and for monumental work.

The use of foreign marbles, imported as blocks or slabs, is about 1,000,000 cubic feet—practically all for the interiors of buildings. In comparing importations with domestic production, the comparison should be with that portion of the domestic production that is used for interior work, for that is where the competition occurs. In 1924 the amount of foreign marble used was about 39 per cent of the amount of domestic marble used for interior work; in 1927 this percentage had risen to about 55, without counting any of that imported in finished form. This latter item, including that imported free of duty, had a declared valuation of around $1,500,000; the number of cubic feet involved is not known but it was probably well over 100,000.

The reasons for a tariff on blocks are as follows:

(1) The physical nature of American marble deposits makes it necessary to adopt quarrying methods inherently more expensive than those generally used in Italy.

(2) The labor cost of producing American marble blocks is a very large percentage—not less than 70 to 80 per cent—of the total cost; and wages abroad are not more than 25 per cent of American wages for corresponding work, in all branches of the industry.

(3) Nearly all American quarries produce marbles which, while perfectly good for uses where they are not to be polished, can not be used generally for interior work, because they do not polish well; the tariff on blocks enables the American producer, by getting a little higher price for his interior marbles, to sell the others at a lower price, and that is just what he does, because it gives him a market for these other marbles. While marble blocks are much more expensive to produce than blocks of granite and other stones, the subsequent processes of finishing for such purposes as monuments and exterior work are less expensive than in the case of granite, so that marble is really the poor man's tombstone material. If the tariff on marble blocks were removed or materially reduced, it would increase the cost of gravestones of the more modest kinds. The present tariff on blocks amounts to about 25 per cent ad valorem, on the average, and adds about 2½ to 4 per cent to the cost of foreign marble set in place in the interior of a building.

(4) The present tariff on marble blocks, in view of the above facts, seems a very desirable and legitimate source of revenue, as well as a needed and justifiable protection for a large industry. As manufacturers, we are willing to pay it, to protect the American producers. It is very doubtful whether it diminishes importations to any material degree, if at all.

The increased protection we asked for in our brief to the Ways and Means Committee was solely for the benefit of the manufacturers of interior marble in this country, for that is the branch of the industry which is primarily threatened by existing conditions. Even for them we ask not prohibitive rates but rates only sufficient to enable them to compete on equal terms in our own market with foreign manufacturers. What we sased for on finished marble, would, to judge by the actual cases set forth in our brief, still leave the foreign manufacturer an apparent advantage of about 10 per cent. Possibly our manufacturers could hold their own if the specific rates we suggested on sawed slabs were scaled down to a basis of $1.20 per cubic foot on marble sawed once; and if the ad valorem rate of 50 per cent on finished marble were increased to 75 per cent, based on foreign valuation, instead of making the 50 per cent rate apply to American costs of production.

Certainly if conditions are to remain as they are the foreign manufacturers have only to create the organizations in this country to enable them to take and execute contracts directly, and they can secure every large interior contract at prices which would ruin us but afford them greater profits than the industry in this country has ever made. (It is doubtful whether the average net profits

of even the most successful concerns in this country have exceeded 7½ per cent of their investments.) Already, since the 1929 tariff hearings on marble have been going on, the writer has been approached by an importing concern with a proposition to make of his own company's organization a contracting agency for foreign manufacturers in case Congress declines to afford the American industry further protection. That would probably increase the profits of the writer's company, but it would disastrously affect the living conditions of a sizable community now dependent in whole or in part upon the company's pay roll; and besides, we do not care to become an incorporated "hired man" for the foreigner, if there is any other way to save ourselves.

There is a condition of depression in our industry at the present time, with much unemployment. At least some of it is due to increasing importations of foreign marble in either sawed or finished form.

We desire to say that we are in accord with Major Colonna, one of the witnesses at yesterday's hearing, on the subject of Travertine; and we see no objection to imposing an ad valorem rate of 50 per cent on marble sawed once, except that in the case of certain very expensive marble, a small percentage of the whole, this might increase the cost of these marbles to the ultimate consumer, because the 50 per cent would apply to the high value of the material itself in addition to the value added by sawing. This, however, would probably not work out in practice, because in that case these marbles would be imported in the block only.

Finally, we desire to point out that the wording of the tariff acts has never specifically covered marble partly or wholly finished for use in buildings; it must have been adopted at a time when the principal uses of marble were for monuments, garden furniture, bric-a-brac, etc.

We now suggest the following wording and rates:

"PAR. 232. (a) Marble, breccia, and onyx, in block, rough, scabbled, or squared only, 65 cents per cubic foot; marble, breccia, and onyx, sawed once into slabs the full size of the block and more than 2 inches thick, $1.20 per cubic foot; marble, breccia, and onyx, sawed into slabs the full size of the block and less than 2 inches thick, if not more than three-fourths inch thick, 10 cents per square foot; more than three-fourths inch and not more than 1 inch thick, 12½ cents pers quare foot; more than 1 inch and not more than 1¼ inches thick, 15 cents per square foot; more than 1¼ inches and not more than 1½ inches thick, 17½ cents per square foot; more than 1½ inches and not more than 1¾ inches thick, 20 cents per square foot; more than 1¾ inches and not more than 2 inches thick, 22½ cents per square foot. Sawed marble of any size, if rubbed in whole or in part, 3 cents additional per square foot of total surface rubbed. Slabs not more than 2 inches thick coped to size, 3 cents additional per square foot. Floor slabs and floor or paving tiles to be dutiable under the foregoing provisions as slabs, sawed, coped to size, and rubbed.

"PAR. 232. (b) Marble, breccia, and onyx, sawed more than once, and marble, breccia, and onyx, polished, or wholly or partly manufactured for installation in buildings, or into monuments, benches, vases, table tops, lamp stands, and other articles, and articles of which these substances or any of them are a component material of chief value, 75 per centum ad valorem."

The rates suggested in paragraph 232 (a) will give sufficient protection to sawmills with a minimum cost of operation, but they will be a disappointment to those mills in large centers where conditions make operating costs much higher. The rates suggested to the Ways and Means Committee were based upon operating conditions in the large cities. The rates suggested are not only very reasonable, but they are also all on one basis; the rates in the existing law give a protection of only 15 cents per cubic foot for sawing the thinner slabs but 35 cents for slabs over 2 inches thick.

The rates above suggested will not equalize costs; they will leave the foreigner an advantage of fully 20 per cent on the price of marble finished and ready to install. But he would have to use a part of this to build up adequate selling and setting agencies in this country, and the temptation to do so would be reduced as compared with present conditions.

As matters stand, the danger to the interior marble industry in this country is real and not exaggerated. We earnestly urge the serious consideration of the additional protection asked for upon your honorable committee.

Very respectfully,

NATIONAL ASSOCIATION OF MARBLE DEALERS,
By JOHN STEPHEN SEWELL,
Chairman, Committee on Tariff.

RÉSUMÉ

Essence of the situation in the marble industry under present tariff conditions:

(1) Wages in Italy in all branches not more than 25 per cent of corresponding wages in United States—in some cases less than 20 per cent.

(2) Present tariff on blocks minimum necessary to enable many American producers to compete. Does not reduce importations and is important source of revenue.

(3) Depending on character of marble, flat costs—i. e., without allowance for overhead—of various finishing operations in this country are as follows:

(*a*) Sawing, $1 to $2 per cubic foot (one-quarter inch wasted with every saw cut).

(*b*) Coping (cutting) to size, 6 cents to 12 cents per square foot of finished size (waste, 20 per cent to 50 per cent of full size slab; greater wastes than 20 per cent due to matching color patterns).

(*c*) Rubbing, 6 cents to 10 cents per square foot of surface rubbed. Rubbing to exact thickness adds from 1 cent to 6 cents to cost for second face of slab.

(*d*) Gritting and polishing, 12 cents to 50 cents per square foot. The higher costs due to filling, waxing, and patching highly decorative marbles which usually contain cracks, "sand holes," and other defects.

(4) Under present tariff and Treasury decisions there is no protection on the cost of finishing slabs subsequent to rubbing operation. It is not known whether the 3 cents extra for rubbing is as applied to one or both faces of slabs rubbed two sides.

(5) Italian manufacturers have, in recent years, demonstrated their ability to deliver interior marble finished and ready to set f. o. b. cars, at port of entry with ocean freight and duty paid, at prices from 25 per cent to 40 per cent less than the American manufacturer's total cost of production of the same material. (See illustrative examples printed on pp. 1181–1182 of Hearings before Ways and Means Committee, 1929.)

(6) Rates requested in brief to Ways and Means Committee (pp. 1174 to 1182 of hearings) do not quite equalize labor costs (possibly it is not really necessary to completely equalize them); lower rates suggested herewith, however, are believed to be the minimum that will enable the American marble manufacturers to compete in their own country with similar concerns abroad. These rates may not be sufficient, but if granted, will soon prove their adequacy, or otherwise; 75 per cent ad valorem will not protect us at all on table tops, benches, vases, urns, etc., but only possibly on interior work in buildings.

Many facts and details will be found in the supplemental statement herewith and in briefs submitted to Ways and Means Committee in this and previous years.

We desire to emphasize importance of changing wording to cover building work, as suggested in supplemental statement.

Respectfully submitted.

JOHN STEPHEN SEWELL,
Chairman Committee on Tariff, National Association of Marble Dealers.

STATEMENT OF B. A. COLONNA, NEW YORK CITY, REPRESENTING THE MARBLE INDUSTRY EMPLOYERS ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent the Marble Industry Employers Association?

Mr. COLONNA. Yes, sir; and also represent the Wholesale Marble Dealers Credit Association.

Senator SMOOT. What is your name?

Mr. COLONNA. B. A. Colonna.

Senator EDGE. Did you appear before the House Ways and Means Committee?

Mr. COLONNA. Yes, sir.

Senator EDGE. Did you file a brief there?

Mr. COLONNA. Yes, sir.

Senator EDGE. Do you propose to file a brief here?

Mr. COLONNA. No, sir; just a short statement.

Senator EDGE. If you want to discuss it orally, try to confine yourself to 10 minutes. Be as brief as possible. If you have not anything new, the brief, of course, is in our record.

Mr. COLONNA. I will confine myself to the proposed changes in the bill submitted by the House.

With respect to paragraph 232 (b), on slabs and paving tiles, in spite of the request made by both the wholesalers and the manufacturers, there was no increase in the duty on this item. Not only that, but the words "or polished" were added.

My firm is an importing firm, C. D. Jackson & Co., of New York City. The importers and the Wholesale Marble Dealers Credit Association, whom I represent, import about 80 per cent of the marble that is brought into this country.

Under the present tariff act we can either bring in marble in blocks, or in slabs, and we would have a tremendous advantage if we were to bring it in in slabs.

I admit that I never knew, before speaking to Mr. Koch yesterday, that the Treasury Department had ever had a decision that you could bring in polished slabs for no more than slabs that are rubbed. If I had known that, very likely we would have weakened, and brought in slabs to a great extent long before. The reason I say "weakened" is this. The importers whom I represent cater to the manufacturers of this country. We supply them with foreign marble, which we bring in in blocks. It has always been our business principle that the marble that we bring in is to be manufactured here. All of the processes of manufacturing we want done here.

By sticking to that principle we have gotten the big manufacturers here, many of whom are also producers of American marble, away from their old prejudice against the imported marbles, to a large extent. Some of them are our best customers to-day, our largest customers.

Senator EDGE. You think the words "or polished" should be under 233, do you?

Mr. COLONNA. Not only that, but all the slabs ought to be under 233. Let is read "marble, manufactured, in whole or in part." Let that be on an ad valorem basis. Why make a decision?

The first process in the manufacture of marble is to saw the block into slabs. Why refuse to protect the sawmill owner, but protect the man who polishes the marble? That is what the present tariff does.

I have heard you gentlemen take up the statistics with Colonel Sewell, asking him where is this great increase in the importation of slabs, and why he is so exercised over it. The reason that the slabs are not coming in in greater volume is largely because the importers whom I represent have not brought them in yet. They have not gone into that thing seriously. But we are going to be forced to do it pretty quickly, because he customers here, the small manufacturers who have no sawmills, find that people are bringing in these slabs and setting up little shops and competing with them at prices that they can not meet. They come to us, who bring in only blocks, and they say "You must help us meet this competition."

We have to do that sooner or later. They are coming to us more and more all the time. If we do not do it, somebody else will do it.

Senator KING. You mean the domestic manufacturers?

Mr. COLONNA. Yes, sir. These are the little manufacturers who do not run a sawmill. Some plants are too small to run a sawmill.

Senator KING. They buy the domestic product?

Mr. COLONNA. They buy the slabs sawn by one of the domestic manufacturers who has a big mill, or who does custom sawing, or from some of the wholesalers who run a mill for their convenience, and saw it for them. Now, they can not do it any more. They have to bring it in in slabs.

Senator KING. It is a double business. The producers of the marble simply cut it up into slabs, and then the smaller manufacturers dress the slabs, polish them, and get them ready for sale.

Mr. COLONNA. Yes, sir. The biggest plants will do everything. They will saw and polish it and do a complete process. A lot of the smaller manufacturers have no sawmills.

If you gentlemen will look at the value of the slabs that have been brought in, you will see that it has steadily increased. You said there was a decrease in the number of superficial feet from 1927 to 1928. That is true; 1928 was a bad year for our business. But look at the value of those slabs. You will see that there was more in value brought in in 1928, and probably the reason for that is that they are beginning to bring in more of the heavy stock, sawed an inch and a quarter thick. So, your superficial foot basis takes no account of how thick the slab was.

Senator EDGE. We estimated it.

Mr. COLONNA. But my point is that there is a steady increase. It is coming in to a greater and greater extent all the time.

Not only that, but our importations of blocks in 1919 started off at $602,000, approximately, and in 1928 they were $1,673,000.

The slabs increased from $20,000 in 1919 to $284,000 in 1928. In 1919 the value of the slabs brought in was about 3 per cent in comparison with the value of the blocks. In 1928 it was about 5 per cent.

Senator KING. Mr. Witness, what interest are you talking for? Whom do you represent?

Mr. COLONNA. I am talking for the manufacturers of this country, and I am talking in an attempt to be allowed to still do business with them in blocks, and not have to go into the importing of slabs and finished work, thus cutting the throats of the men who have been our customers in past years.

Senator KING. Do you want to import at all?

Mr. COLONNA. Yes, sir.

Senator KING. What do you want to import?

Mr. COLONNA. As an importer, I will say I do not care. But as a man who has been doing business with the manufacturers of this country ever since he went into business, I would say that I would like to import it in blocks, as we always have, and let our customers manufacture it, as they always have done. But if I see that I am losing my trade, and somebody else takes advantage of this tariff provision, I am going to do it, too. I am going to have to do it.

Senator KING. How does this tariff now affect your importation in blocks, as you have been doing in the past?

Mr. COLONNA. People can import slabs cheaper than we can import blocks.

Senator KING. No; but confining yourself to blocks, now, does it affect you in blocks?

Mr. COLONNA. Yes, sir.

Senator REED. There would be no demand for his blocks.

Mr. COLONNA. If the material did not come in in slabs we would bring it in in blocks and sell it.

Senator BARKLEY. You would bring it in here in blocks and saw it in slabs.

Mr. COLONNA. We bring it in in blocks. We give it to an American shop, or an American sawyer, who saws it up in slabs. The other people who are taking advantage of the tariff——

Senator EDGE. You want the duty raised on blocks, as I understand it.

Mr. COLONNA. No, sir.

Senator EDGE. You do not want it changed?

Senator REED. Let me put this suggestion to you. What you would like best would be to have us cut out clause (b) and clause (c) of paragraph 232, and include slabs, paving tiles and cubes in clause (d), and make it "all manufactures of marble," subject to the 50 per cent.

Mr. COLONNA. Yes, sir.

Senator REED. And leave the rough blocks just where they are now?

Mr. COLONNA. Yes, sir.

Senator SMOOT. Or would you prefer to have marble and onyx, wholly or in part manufactured, left now in 233, as it was in the former law?

Senator REED. That does not make any difference. It just moves it from one paragraph to the other.

Mr. COLONNA. They have just changed the designation of the paragraph.

Senator SMOOT. Why is it that in 1928 the slabs imported were 964,491 superficial feet, as referred to by yourself, and in 1928 they were 796,175, which was a decrease, and yet the value in 1927 was $276,000 and the value of a lesser amount in 1928 was $284,000? Has there been an advance of that much in the slabs?

Mr. COLONNA. No, sir. There has been a slight advance, but not that much. That is explained by the fact that, in the first place, the superficial feet are less. Nineteen hundred and twenty-eight was a bad year for our trade. Look at the block importations and you will see a substantial decrease in those two years.

Senator SMOOT. That is, in 1928?

Mr. COLONNA. There was a decrease from 1927 to 1928 in the blocks; about a proportional decrease.

Senator SMOOT. Your slabs were decreased too?

Mr. COLONNA. Slabs decreased in superficial feet, but not in value.

Senator SMOOT. But increased in value.

Mr. COLONNA. I explained that by explaining to you that they have had so much success in bringing the ⅞ inch slabs, the standard slabs, that they began bringing in 1¼, 1½, and 2 inch thicknesses. In

other words, no longer are they confined to using it for wainscoating or tile. They use them for tops too.

Senator EDGE. Do they get them in for 8 cents?

Mr. COLONNA. No, sir. As soon as they get to be an inch thick, the tariff goes up to 11 cents.

Senator EDGE. Not more than an inch, 8 cents?

Mr. COLONNA. Yes.

Senator SMOOT. The value increases according to the thickness of the slab?

Mr. COLONNA. Yes.

Another reason for the increase in dollars was that at first they only brought in the white Italian slabs, but now they have been doing so well that they have started bringing in the colored slabs, the black and gold, and so forth, which are more valuable per cubic foot than the other.

With respect to paragraph 235 (b), 235 was always the paragraph under which we paid a duty on stone. Now they have taken travertine, segregated it, and raised the duty 10 cents a cubic foot. They have raised from 15 cents, which was always paid, to 25 cents a cubic foot. So far as we can find out, the only people who asked for that were the Florida Travertine Corporation, which, as I understand, is owned by the Johns-Manville Co. They filed a brief before the House Committee on Ways and Means, which we have read carefully in order to try to find out why they raised the duty.

There are no figures cited in that brief. The brief, in substance, simply is an advertisement for the Florida travertine stone, saying how good it is and how much better than the imported stone it is. I should not think they would need any duty on it at all, if it is so much better.

Senator EDGE. How much did you say it carried before? It is now 25 cents.

Mr. COLONNA. Fifteen cents, the same as any other stone. Travertine has always been the same as any other stone. There are a lot of varieties of stone that you can import.

Senator BARKLEY. What is travertine?

Mr. COLONNA. Travertine is a stone that is formed by the deposit of running water.

Senator KING. Limestone?

Mr. COLONNA. It is a variety of limestone, yes, sir; one of many varieties. This Florida Travertine Corporation have made some misleading statements in this brief. They have insinuated that the Roman travertine—and most of the travertine imported here in Roman travertine—is brought into this country as ballast, without paying any freight, and they intimate that it is brought in without paying duty. If that were done, we would certainly know it. It would have to be manufactured by some of our customers, and we would find it out. Gentlemen, absolutely, to my knowledge, so far as experience in the trade goes, and so far as I can find out in the trade, nobody ever heard of any travertine coming over that way. As for a steamship company taking travertine, or anything else, over as ballast, to say such a thing shows that you have no conception of conditions.

Senator EDGE. You think that should be 15 cents, the same as any other stone, as it was before?

Mr. COLONNA. Yes, sir.

Another point is that that is the only stone that is used in any quantity by manufacturers of marble, the only stone we can bring in that they can use in any quantity at all. Why should they raise that article 10 cents a cubic foot? It is more than I can see.

Here is going to be the result. Here is a piece of genuine travertine [producing sample]. I have raked up all the samples of Florida travertine I can. There are two of the samples I found, neither of which looks at all like the Roman travertine [producing sample]. But I can match these two samples with another kind of imported limestone, pretty nearly exactly. But it does not look like the travertine.

Here is a sample [indicating] of the Florida travertine that they claim is like it. That is the closest thing they have ever got to it. So far as I know, nobody in the trade ever got a block of it. I can match that almost exactly with a French limestone, called St. Quentin, from France, on which no increase has been made in the duty.

Here is what is going to happen. That [indicating] is the fellow who is going to get the business if you hike up the duty on the Roman travertine.

Senator KING. Who is that fellow?

Mr. COLONNA. That is the man who makes the imitation—and a good one. That is the Travertex Co., of Newark. But he does not need any protection. He has got us licked on that.

Senator KING. He can beat you, can he?

Mr. COLONNA. He can beat us on the prices.

Senator EDGE. You think he will get the business anyhow?

Senator REED. The Pennsylvania Station in New York is lined with this.

Mr. COLONNA. Yes, sir.

Senator REED. Where did that come from—Rome?

Mr. COLONNA. Yes, sir. The lower tiers are made of that. The upper tiers are imitation. The upper tiers are all cracked, but the lower tiers are all right.

Senator EDGE. Let me direct your attention to paragraph 235 (a). That also calls for 25 cents per cubic foot, and has the words "or polished."

Senator REED. That is granite.

Senator EDGE. Granite for monumental purposes, unmanufactured, and so forth. You are not interested in that?

Mr. COLONNA. No, sir.

Senator REED. You say the domestic manufacturers had a prejudice against foreign marbles. I suppose you mean Carrara marble particularly, do you not?

Mr. COLONNA. Not particularly.

Senator REED. What was the prejudice based on?

Mr. COLONNA. The domestic producers formerly were not manufacturers on the scale they are now. They used to come here every time you would revise the tariff, and they would want to increase the duty on the foreign marble in blocks. They were interested only in selling their blocks to manufacturers. The trade has developed so

that those people are now both producing and manufacturing, and their idea is to broaden out. They are satisfied. They do not ask for an increase on the blocks at this time, although they are still competing with their material.

Senator REED. Why should we put a duty of 65 cents a cubic foot on marble and only 25 cents on granite in the rough?

Mr. COLONNA. I do not know, sir. I am not in the granite business. Granite does not compete with marble in any way.

Senator REED. I know it does not; but do we need a duty of 65 cents on marble in blocks?

Senator BARKLEY. Perhaps we do not.

Mr. COLONNA. As an importer, as foreign marble has always been my business, I would say it goes against my grain to say anything but "you do not need it," but I know, as a matter of fact, that the wages abroad are way below the wages here, and, although you have heavy steamship freights, and so forth, to pay, I admit there should be a duty on the imported material, so that the domestic producers can compete. But 65 cents is all right. Everybody seems to be satisfied with that on the rough block.

Senator REED. You can keep on importing with the duty at 65 cents?

Mr. COLONNA. Yes, sir.

Senator EDGE. It has not been changed.

Mr. COLONNA. But the injustice is that a rough block of marble is a product of the earth——

Senator REED. We have heard all that before.

Mr. COLONNA. And the labor on that is very little. As soon as you put on a manufacturing operation, then the value of the article is mostly labor.

Senator REED. Paragraph 232 (a) says "marble, breccia, and onyx, sawed or dressed, over 2 inches in thickness, $1 per cubic foot." Is that in addition to the 65 cents?

Mr. COLONNA. Well, sir, that refers to real thick slabs.

Senator REED. But is it in addition to the 65 cents?

Mr. COLONNA. No, sir. That is $1 a cubic foot instead of 65 cents.

Senator EDGE. It is a different type.

Senator KING. You make a distinction, do you, between a square foot and a superficial foot?

Mr. COLONNA. No, sir.

Senator KING. They are the same thing, are they?

Mr. COLONNA. The same thing.

Senator KING. In your argument you have used the expressions "square foot" and "superficial foot" as equivalent?

Mr. COLONNA. As equivalent; yes, sir.

Senator EDGE. All right, Mr. Colonna. Thank you.

STATEMENT OF WILLIAM McCARTHY, REPRESENTING THE INTERNATIONAL UNION OF MARBLE POLISHERS, SLATE AND STONE RUBBERS AND SAWYERS

[Including travertine stone, par. 235 (b)]

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. McCARTHY. I am appearing for Mr. Price, who is sick.

Senator EDGE. Whom do you represent?

Mr. McCARTHY. The International Union of Marble Polishers, Slate and Stone Rubbers and Sawyers. Mr. Price is sick, and I am appearing as authorized representative.

Senator EDGE. You desire to discuss the provisions of what paragraph?

Mr. McCARTHY. Just to read a short statement, Mr. Chairman. If there are any facts and figures I will refer you to Mr. Colonna, of the wholesale dealers. I just want to read a short statement to you, with your permission.

Senator EDGE. Yes; but it is directed at what paragraph of the bill?

Mr. McCARTHY. Paragraph 232 (b).

Senator EDGE. All right; go ahead.

Mr. McCARTHY. We protest against the failure to increase the duty on marble slabs, which are being imported in increasing quantities, thus taking away the work of sawing and rubbing from our members.

We also protest against the inclusion of the words "and polished," as this would take away from us also the work of polishing. We ask that all marble otherwise than in rough blocks be classified as manufactured marble under paragraph 232 (d).

We indorse the duty rates on manufactured marble proposed by Colonel Sewell, representing the American Marble Manufacturers.

Referring to paragraph 235 (b), we protest against the proposed increase in duty on travertine stone, and ask that it be kept the same as all other stones, namely, 15 cents per cubic foot. We see no reason why the only stone used by us to any extent should be increased in price. Already much of the work that should be done in travertine has gone into imitation travertine.

Senator EDGE. You also protest against the use of the words "or polished" in paragraph 235?

Mr. McCARTHY. Yes, sir. Are there any questions?

Senator EDGE. No.

LETTER FROM THE F. E. GATES MARBLE & TILE CO., INDIANAPOLIS, IND.

JUNE, 18, 1920.

Hon. ARTHUR R. ROBINSON,
United States Senate, Washington, D. C.

DEAR SIR: The F. E. Gates Marble & Tile Co. conducts a business of considerable volume in interior marble in which we handle both domestic and imported marbles. We are the only marble finishing plant of any consequence in the State of Indiana and are naturally very much interested in the tariff on marble. The National Association of Marble Dealers, speaking for the entire marble industry of the United States, including the importers, presented a brief

to the Ways and Means Committee on this subject, copy of which you undoubtedly have in your possession.

If you will consult the Summary of Tariff Information, 1929, you will note on page 570 that the average amount of marble imported in finished form for the last three years has been nearly double the amount for the three preceding years. If you will read the arguments presented in the brief by the National Association of Marble Dealers you will see a number of specific instances showing that marble can be finished abroad and sold there for export in this country with the tariff paid, at anywhere from 25 per cent to 40 per cent below the cost of production in this country. The question may be raised why, if that is true, as it is, and as it has been ever since the war, the foreigners have not completely driven us out of business. The explanation is simply this: Owing to difference in methods in this country and abroad, the foreigners leave more of the final fitting of the work together to be done at the building. As their labor is much cheaper than ours, this is not materially more expensive than doing the work at the shop. In this country, both because of the high wages of marble setters and helpers, as well as because of the great rapidity with which buildings are erected, we try to finish the marble in the shop so that no fitting will be required at the building. The foreign marble producers have in the last few years taken some large contracts and the cost of fitting at the building has been charged back against them. This has probably discouraged them from doing this work on a larger scale. However, it is merely a question of time when they will learn the rules of the game, so to speak, and then they are absolutely in a position to put us out of business just as indicated in the brief above referred to. Naturally, we would like to see the doors closed to this before a lot of us are driven out of business as we would prefer to hold our ground rather than to have to regain it.

If you will similarly look at the statistics on page 567 of the publication above referred to you will note that for the last four years, or five, the square feet of sawed marble has risen until it is more than twice as great as the average of preceding years running from 640,800 to over 800,000 square feet. This is equivalent to fully 100,000 cubic feet of marble in the block. In other words, it amounts to about 20 per cent of the total amount of marble imported in the form that is not completely finished. This importation of slabs is increasing and is just as real a danger to the American industry as the importation of finished marble. The reasons for this and the rates that would afford us reasonable protection are all adequately set forth in the brief of the National Association of Marble Dealers and other statements submitted to the Ways and Means Committee of the House of Representatives.

We earnestly request that you use your influence to secure at least approximately the degree of protection which we asked for in our brief. The present situation is extremely threatening to the American industry and we can not imagine why we did not get practically what we asked for before the Ways and Means Committee unless it was argued that we had not yet been seriously injured. If we could be sure that the importations of sawed and finished marble would not go on increasing both relatively and absolutely, there might be some justice in this view, but we assure you that the dangers to our industry set forth in our brief are very real. We only asked to be put in a position where we can compete on equal terms in our own market with our foreign competitors. Unless we get practically the amount of protection we asked for it is only a question, as stated above, of when the foreigners will wake up to the situation and learn what they must do to adapt themselves to conditions in this country and they will be able to put us completely out of business on all large contracts. In fact, if they go ahead and organize regular sales agencies in this country they will be in a position to practically destroy the marble industry in the United States.

We urgently request that you appear before the Senate Finance Committee and urge them to reconsider our case.

Yours very truly,

F. E. GATES MARBLE & TILE CO.,
Per ROBT. B. RHOADS, *President.*

STATE OF INDIANA,
Marion County:

Subscribed and sworn to before me this 28th day of June, 1929.

[SEAL.]

F. J. LENOTHAN,
Notary Public.

My commission expires June 16, 1931.

GRANITE

[Par. 235 (a)]

STATEMENT OF WARREN R. AUSTIN, BURLINGTON, VT., REPRESENTING THE NATIONAL GRANITE COMMISSION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Austin, you represent the National Granite Commission?

Mr. AUSTIN. Yes, Mr. Chairman.

Senator EDGE. You live in Burlington, Vt.?

Mr. AUSTIN. I do.

Senator EDGE. Did you file a brief with the Ways and Means Committee?

Mr. AUSTIN. I did; and that brief, the first brief filed, is published in the report at page 1653, volume 2, schedule 2 of hearings before the Ways and Means Committee.

Afterwards a final brief was filed, which is not printed, and which, with your permission, I would like to leave with you.

Senator EDGE. You wish it to go in our record?

Mr. AUSTIN. Yes; if you please.

Senator EDGE. All right. It may go in the record.

Leaving that brief in the record, what do you desire to present to the committee?

Mr. AUSTIN. My objective is to save the phraseology of this bill and to increase the rate on unmanufactured importations.

Senator KING. You want to cut out——

Senator REED. You want more than 60 per cent?

Mr. AUSTIN. No. It is a footage rate, and I want it to equalize the 60 per cent ad valorem on manufactured products, which would require a rate of approximately 90 cents per cubic foot. If you will permit me to get onto the record this much——

Senator EDGE. Take your time and get on record whatever you want to tell the committee, within reason.

Mr. AUSTIN. Although I am not arguing for the full amount of increase which we claim we ought to have in order to equalize the cost of production abroad and at home, I am not waiving that claim, and the only reason that we concentrate upon the saving of this change in phraseology at this time, and upon this small increase, is because we regard it inexpedient to press for all that granite deserves at this time.

Senator EDGE. Just direct yourself, please, first to the changes in phraseology and ad valorem or specific, for which you are asking.

Mr. AUSTIN. Yes, I will.

Senator EDGE. That is paragraph 235 (a).

Mr. AUSTIN. 235 (a). I call your attention to a book of photographs which show the condition in which foreign granite has heretofore been imported to this country.

Senator KING. That is the black granite?

Mr. AUSTIN. No, Senator, it is not all black granite. It is a misconception to suppose for a moment that we had this New York firm in mind, any more than we had other firms in mind, because

that black-granite business is just a specialty, and it is only a small part of the entire business of this country.

We are concerned in the interest of the greatest number, and it happens to fall heavily upon a small producer, and only a small proportion of the industry; that is a misfortune. If there is any way in which a special arrangement can be made for them, that is another question, but our figures and claims are based upon the entire industry. That is a great industry in this country, having at least $100,000,000 of capital invested in it, and 40,000 employees.

Senator REED. Will you pardon an interruption at this point?

Mr. AUSTIN. Yes, sir.

Senator REED. First, with respect to the amount of the production, and the imports, in the calendar year 1927 the production in the United States appears to have been 3,197,000 cubic feet. That is worth about three dollars a cubic foot, is it not?

Mr. AUSTIN. Perhaps it would bear that average; yes, sir.

Senator REED. Or about $10,000,000 worth. The imports in that same year, 1927, were $213,000 worth.

Mr. AUSTIN. Yes, sir.

Senator REED. Two per cent of the domestic production.

Mr. AUSTIN. Well, I do not figure the percentage in exactly the same manner, but it is apparently a small percentage in figures. As I have computed it, the foreign rough is 5 per cent of the total quantity produced, and 3½ per cent of the value. The foreign dressed is 3 per cent of the total in value.

Senator REED. Now, sir——

Senator EDGE. I do not want to interrupt you, but that is only one type, the unmanufactured.

Senator REED. I am talking about unmanufactured because he is talking about the duty of 25 cents a foot on that same quality.

The statement made to us by the Tariff Commission is that the greater part of the United States imports of unmanufactured monumental granite comes from Sweden; in value, about 60 per cent of the total. Finland is the second most important country of origin. The imports from Sweden are mostly the so-called black granite, and those from Finland mostly red. A comparatively small amount of red and gray monumental granite is imported in the rough from Sweden. So, the problem is particularly that of the red and black types, is it not?

Mr. AUSTIN. It formerly was, but we claim that it is rapidly involving the gray. Czechoslovakia is importing gray granite here, and they have increased in a few years something like 300 per cent in their importations.

Senator REED. From what port do they ship?

Mr. AUSTIN. I am not certain from what port.

Senator REED. Do they have a rail haul over there before they get to the port?

Mr. AUSTIN. I am unable to state. I have only the Department of Commerce figures.

Senator REED. They must have, because they have no port.

Mr. AUSTIN. They should have.

Senator REED. That is a very heavy handicap for them, is it not?

Mr. AUSTIN. Yes; but they are able to offer that very cheaply in this country, and you will find published in the record of the hearings

the prices that they offer those goods at in our country, after the payment of a 15-cent tariff.

Senator REED. The competition is entirely centered in Boston and New York, is it not?

Mr. AUSTIN. Not entirely. Philadelphia is a port of importation also, but you have named the principal points of importation.

Senator REED. It is like cement and brick. They can not get very far inland because of the freight rates.

Mr. AUSTIN. It is a curious fact, however, that they do, and that the competition with foreign granite extends into Indiana and Ohio, on account of their ability to get it into our country for so much less than we can possibly produce it right at the quarries.

Senator BARKLEY. Is that manufactured or unmanufactured?

Mr. AUSTIN. Unmanufactured, and manufactured also.

Senator BARKLEY. Do you claim that there is any unmanufactured granite coming in from Czechoslovakia?

Mr. AUSTIN. Any unmanufactured coming in?

Senator BARKLEY. Yes.

Mr. AUSTIN. Yes.

Senator KING. The Tariff Commission man says no.

Senator BARKLEY. When did it begin to come in?

Mr. AUSTIN. Just a moment. He is right. There is no unmanufactured Czechoslovakian granite imported to this country.

Senator EDGE. I did not get your answer to Senator Reed's question. You do not question the amount of imports in 1928 of unmanufactured granite being about 143,000 square feet?

Mr. AUSTIN. I do not.

Senator EDGE. As against the production in this country of 3,197,000?

Mr. AUSTIN. No. I want to call your attention to a peculiar situation here with respect to granite, which renders this apparently small ratio of importations not so significant as you usually find it in competition from foreign countries. That is this——

Senator KING. Let me ask you a question, if you will. I want to call your attention to the fact that you said just recently that in 1923 it was 126,000 cubic feet; in 1924, 146,000; in 1925, 156,000; in 1926, 184,000; in 1927, 132,000; in 1928, only 142,000. So that the last two years, 1927 and 1928, it was less than it was in 1926, in 1925, or in 1924. There has been a decrease in the last two or three years, as compared to what it was the three preceding years.

Senator EDGE. Let the witness explain why, in view of that fact which is pointed out to him, he feels that the duty should be increased.

Mr. AUSTIN. As a matter of fact, these figures indicate a general trend upward, an increase. Those slight recession in the last two years are merely an incident of the history of the business. It will increase and diminish from year to year.

Senator EDGE. That is trifling.

Mr. AUSTIN. Yes.

Senator EDGE. The relation is not trifling. It is overwhelming. You have 142,000, as compared with 3,000,000. We are just wondering why the American business is in any way menaced.

Mr. AUSTIN. I want to explain that.

Senator EDGE. Just give us that explanation.

Mr. AUSTIN. When a man buys a memorial and places it on his family lot, he has ended the purchase of memorials.

One monument, in other words, ends the competition. It is not like other commodities, where a man may go into the market and buy, from time to time, better ones, or different ones, and is constantly a possible market for the business. This business is peculiar in that regard, and it is well recognized by the Tariff Commission. You will see, on page 575:

> In the peculiar competitive circumstances of this commodity the competitive effect of the imports, both with respect to the interests of the quarriers and the interests of the manufacturers of monumental granite, may be much more important than is indicated by the amount of imports.

And that is true. The test of the thing is, what is the effect on the industry?

If you will turn to this same information, which you have before you, from the Tariff Commission, you will observe that the trend of the granite industry in the United States is downward. On page 573, for example, the figures are given as follows: For 1919, 3,658,422; for 1920, 3,379,330; for 1921; 1,956,720; for 1922, 2,085,740; for 1923, 3,947,600; for 1924, 3,520,530; for 1925, 3,195,250; for 1926, 3,240,550; and for 1927, 3,197,910.

Senator EDGE. I would say that for five years it was practically the same.

Mr. AUSTIN. All right. If you were to average it at three and a half million you would have a peculiar fact here, that this industry for years has not attained a position where it may gain mass production, fine service, the highest type of the art, and the cheapest price to the public as a consequence.

Senator SMOOT. If you added all the importations to the amount you produce now, it would not be significant.

Mr. AUSTIN. I am inclined to think it would improve very rapidly. Those importations are much more important than they appear from the figures there.

In passing, let me call your attention to the average value per cubic foot of this imported material.

You will see, on page 574, in the sixth column, the value per unit of quantity, and that is the cubic foot, computed there by the Tariff Commission. The very highest one that I see at first glance is $1.68 and a fraction cents per cubic foot.

Now, if this special article which has been spoken for here is an expensive granite, we submit that there must be a great disproportion in the quantity of cheap granite that is imported here against this high-priced granite, and therefore that it ought to be considered by you on the question of whether there should be a change made which injures the entire industry of this country for the sole benefit of one importer, who could, if he saw fit, import rough unmanufactured products that do not fall within that classification.

Senator REED. As to that, our information shows that the granite coming from Finland was 21,000 tons last year, and it was valued at just under $1 per cubic foot. That from Norway, 6,000 tons, was valued at $13,843, over $2 a foot. That from Sweden was 70,416

tons, valued at $160,000, or over $2.25 a cubic foot. Then what is left is 44,516 cubic feet, which I am told is mostly from Canada, and was valued at about $1 a cubic foot—a cheaper grade.

Mr. AUSTIN. Yes. Take the highest priced now.

Senator REED. Which is it that pinches you?

Mr. AUSTIN. Every item of that pinches us. There is not an item mentioned there at that value which is not landed on our shores for less money than we can put Barre granite or even Quincy granite or Pennsylvania granite or Wesley granite into the same port at.

Senator EDGE. It pinches to the extent of 142,970 cubic feet, the sales that they took?

Mr. AUSTIN. Yes, sir.

Senator EDGE. Now, I should like to know just what you want the specific duty to be in the unmanufactured schedule, now 25 cents per cubic foot; that is, it has been raised to 25 cents per cubic foot by the House. Of course, as you know, it was 15 cents per cubic foot.

Mr. AUSTIN. Yes; I do.

Senator EDGE. You have gotten a 10-cent raise in the House. Now what are you asking?

Mr. AUSTIN. Ninety cents.

Senator KING. You are asking for a raise from 15 to 90?

Mr. AUSTIN. Yes.

Senator EDGE. Now, you have given us the information on that. What is your position in regard to the first part of the paragraph—granite suitable for use as monumental, paving, or building stone, not specially provided for, hewn, dressed, pointed, pitched, lined, or polished, or otherwise manufactured, carrying by this bill a duty of 60 per cent ad valorem? What is your position as to that?

Mr. AUSTIN. Would the Senator permit me just to say one word before passing about that 90-cent matter?

Senator EDGE. Yes; certainly, if you are not through, excepting that we must move along.

Mr. AUSTIN. Our justification for it, if any we have, is that that is comparable to the 60 per cent ad valorem rate, and they ought to be comparable.

Senator EDGE. Listen to this, Senators: The witness is defending the 90 cents per cubic foot.

Mr. AUSTIN. We claim that the 90 cents per cubic foot is comparable to the 60 per cent ad valorem for the manufactured product.

Senator EDGE. Then by that we are to understand that the 60 per cent ad valorem rate carried for the manufactured type is equivalent to 90 cents per cubic foot?

Mr. AUSTIN. Yes; and the labor involved in getting this rock out of the ground is just as deserving of this protection as the labor of the gentleman who works under a glass covering under the most favorable conditions.

Senator REED. How much does it cost you to bore a cubic foot of granite, in labor?

Mr. AUSTIN. I do not know, and I do not suppose it is possible to know exactly.

Senator REED. You know what your pay roll is and you know what your annual output is.

Mr. AUSTIN. Yes. You are referring to direct labor, I assume. You see, it is not a mere matter of a man going down into a hole in the ground and blasting out rock. This involves the maintenance of your railway yards, the operation of steam engines, the operation of compressors, the making of tools——

The CHAIRMAN. They have the same thing in a foreign country, have they not? They have to maintain those same things?

Mr. AUSTIN. Yes; I should suppose they did, but their rate is entirely different.

The CHAIRMAN. I thought you knew about that.

Mr. AUSTIN. Oh, we have that. I did not know you were asking that.

The CHAIRMAN. It is all in the brief.

Senator REED. Is it in your brief?

Mr. AUSTIN. It is in the preliminary brief and it is also shown in a composite form in the Tariff Commission's report here—a very fine statement.

Senator REED. How many cubic feet did your company produce last year?

Mr. AUSTIN. I do not know just to what you refer. I am representing the national granite commission, which is a combination of three great national associations.

Senator KING. Are you the attorney for them?

Mr. AUSTIN. I am the attorney for them, and I am a director of the Rock of Ages Corporation and of the Woodbury Granite Co. (Inc.), for Vermont. I am not a quarryman.

Senator EDGE. For the record, what did the old tariff bill carry for the first part of section 235, now carrying 60 per cent?

Mr. AUSTIN. Fifty per cent.

Senator EDGE. That is a raise of 10 per cent?

Mr. AUSTIN. Yes, sir.

Senator BARKLEY. In other words, on a raise of 20 per cent on the manufactured product you ask for a raise of 60 per cent on the unmanufactured products?

Mr. AUSTIN. Well, that is the way it appears in dollars and cents; but as it works——

Senator BARKLEY. It appears that way in percentages.

Mr. AUSTIN. In granite, it works out entirely different.

Senator KING. One question: My recollection is that 30,000 cubic feet of this granite, or 15,000—the Tariff Commission man told me 30,000—came from Canada; and that was not lower priced by far than the Swedish or the Finnish; and none came from Czechoslovakia, as you first asserted. In Canada it costs just as much, does it not, for labor as it does in the United States?

Mr. AUSTIN. Oh, no.

Senator KING. And prices in Canada are just as much as they are in the United States; are they not?

Mr. AUSTIN. They are not.

Senator KING. Do you know how much it costs to blast out this rock per cubic foot?

Mr. AUSTIN. I do not.

Senator KING. Do you know that perhaps the heaviest sort of iron ore in the world, carrying 65 to 67 per cent of iron, very solid,

very heavy, is mined, put on the cars, passed through the crushers, and loaded on the cars for something like 50 cents a ton?

Mr. AUSTIN. No, sir. I should imagine that there is a great difference between the bulk of that iron ore and granite, though; and I would suggest this to your Honor: The block of granite that is shipped from our quarry represents only about 15 per cent of the granite that has been handled to get it out. All you have to do is to look at that picture, which is a picture of the Rock of Ages quarry, and witness the amount of grout and waste that has to be moved and disposed of, to know that it costs an enormous sum of money to get a cubic foot of granite out of the ground.

Senator KING. You know that in the mines, where they mine the iron ore, of which I am speaking, they have got to take the overburden into consideration.

Mr. AUSTIN. I do not know about iron.

Senator REED. Do you know the labor cost per cubic foot at the Rock of Ages quarry?

Mr. AUSTIN. Yes.

Senator REED. How much is it?

Mr. AUSTIN. Approximately $4 a cubic foot for Rock of Ages granite.

Senator REED. $4 labor cost?

Mr. AUSTIN. Oh, no; that is the overhead and all.

Senator REED. What part of that is labor?

Mr. AUSTIN. I can not answer that.

Senator REED. Do you know it for any company?

Mr. AUSTIN. I do not; but I know that we pay at the rate of $1.12 an hour for some of our labor. Some of it is less than that, about $6 a day; but that is only a small part of the cost of getting that rock.

Senator REED. You can see how difficult it is for this committee to try to equalize the labor costs here and abroad when we are not told what the labor cost is.

Mr. AUSTIN. Yes; I know it; but no expert I have ever talked with yet has been able to tell us what granite costs to get in this country, because of the great variety of the means of getting it.

Senator REED. Take the Rock of Ages Co., if that is the one you know best: How many cubic feet did you put on board cars last year?

Mr. AUSTIN. I could not answer that. I do not know. That is a part of the industry with which I am entirely unacquainted.

Senator REED. Well, then, this company of which you are a director?

Mr. AUSTIN. I am a director of Rock of Ages and of Woodbury; but I am an attorney, practicing law.

Senator REED. Do you know it about Woodbury?

Mr. AUSTIN. I do not; no.

Senator BARKLEY. Do the companies know?

Mr. AUSTIN. They do, of course, know how many——

Senator REED. Does the Tariff Commission know?

Mr. KOCH. Yes, sir; but that report has not been published yet.

Senator REED. Can you give it to use privately?

Mr. KOCH. Yes, sir.

Mr. AUSTIN. Now shall I go on with this phraseology?

Senator EDGE. Yes, if you have not finished. I thought you had when I asked you the different questions. Just leave with the committee the phraseology you would suggest for paragraph 235 (a).

Mr. AUSTIN. Now I call attention to the condition of manufacture of these blocks as they come in. These are not black granite here. These are red granite.

Senator EDGE. You have told us that. I think the committee is more interested now in costs, amount of imports, and the actual menace to American trade and labor. Those are the things we have to study, and those photographs do not give us that.

Mr. AUSTIN. No; but these photographs will meet the claim that there is not any such thing as rough block. All you have got to do is to look at these photographs to see.

Senator EDGE. How does that enter into the question of duty?

Mr. AUSTIN. They are attempting to strike out of this phraseology the words "pointed and lined."

Senator EDGE. I am trying to find out just why you are showing us that photograph.

Mr. AUSTIN. That is not pointed and not lined; and in order to make that pointed and lined it would cost us 40 cents a cubic foot, I am informed, to put it into that condition.

Senator EDGE. The witness is now trying to explain why the taking out of "pointed and lined" is impracticable.

Mr. AUSTIN. I say that is what we call a rough saw block. Others here are shown on the cars going to the manufactory. Those are actual shipments that were made. They were not prepared for a hearing; and they show you that the faces are not parallel, and there are no right angles and no lines, and that no stage of manufacture has been done on those things, and that it would cost us 40 cents a cubic foot to put that granite into the condition in which the foreign granite is imported into this country.

Senator KING. What would you call the piece that the former witness exhibited, and which I hold in my hand—this black granite? Is that pitched and lined?

Mr. AUSTIN. What I see of it is not pitched and not lined and not pointed, and is rough, unmanufactured granite.

Senator KING. And would that come under paragraph 235 (a)?

Mr. AUSTIN. Yes; it would carry a duty of 25 cents per cubic foot under that paragraph as redrawn.

Senator EDGE. That block would?

Mr. AUSTIN. That block would.

Senator EDGE. Well, what is the objection? You can not have it any higher than the paragraph calls for.

Mr. AUSTIN. No, indeed; but that is not pitched, pointed, or lined.

Senator EDGE. I thought you just said it would come under the paragraph. What is it?

Mr. AUSTIN. That paragraph contains both the manufactured and the unmanufactured.

Senator EDGE. I understand. Well, now, supposing that this is unmanufactured——

Mr. AUSTIN. This is the unmanufactured.

Senator EDGE. If we change the phraseology of the paragraph, and take out the words "pitched and lined," what would be the appraisement of that piece of granite at the port of New York?

Mr. AUSTIN. Twenty-five cents a cubic foot, just the same as before.

Senator EDGE. I can not see what difference it makes, then, whether we have the words in or out.

Mr. AUSTIN. Because you have not in your hands, and I do not see here anywhere, a piece of granite that is in the condition in which they import it. These things are not representative. Look at these pictures, and you will see the difference. Here these lines are pitched so that they are parallel, and the angles are right angles.

Senator EDGE. Do you mean to say that any of those could come in free of duty?

Mr. AUSTIN. Those came in at 15 cents a cubic foot.

Senator BARKLEY. And they will come in now at 25 cents a cubic foot?

Mr. AUSTIN. They will come in now at 25 cents a cubic foot, and they are partly manufactured. They are manufactured so much that it takes us 40 cents a cubic foot to equal the degree of manufacture; so that, in effect, they are in here without duty in competition with a comparable piece of stone.

Senator KING. Are you not trying to get a duty here so as to make it impossible to import any granite because, in order to put it in the cars or on the boat and put them in juxtaposition, they knock off a little corner, and then you call that partly manufactured or pitched?

Mr. AUSTIN. Not at all, sir. I will give you our definition of "pitched" and "pointed" and "lined."

Senator EDGE. Your point is that when they are even hewn this much, or whatever you call it, they should come in under the head of manufactured granite and carry a duty of 6 per cent? Is that it?

Mr. AUSTIN. No, your honor; I say that is not representative of pointed, pitched, or lined. You have been misled by the introduction of that piece of granite. That is not pointed, pitched, or lined.

Senator KING. What is it, then?

Mr. AUSTIN. That is a piece of rough granite, unmanufactured in any regard.

Senator EDGE. Then it should not carry more than the 25 cents a cubic foot.

Mr. AUSTIN. I do not want it to. I do not ask to have it.

Senator EDGE. What do you want? What do you ask?

Mr. AUSTIN. I ask that when they undertake to ship that kind of granite in here that I am showing you by this picture, Photograph B, which is pointed, pitched, and lined, that should come in as manufactured.

Senator EDGE. Under the 60 per cent rate? Well, I think that is a little clearer.

Mr. AUSTIN. Now, the definitions:

Pitch: A preliminary cutting operation which means the breaking down of edges and corners of a stone, using either a tool called a "bull set" or a "hand set." The effect of this operation is to align the edges of the various faces of the rough stone, bringing it to approximately rectangular outlines.

Point: A cutting operation by which the rough, uneven surface of a stone is roughed off to an approximately level surface. The

tool used is a steel "point," which is repeatedly struck with the cutter's hand hammer, the effect being to break off moderate amounts of stone at each blow.

Line: To "line" a stone is to pitch, point, and otherwise work or hew the edges of the surfaces which are to be dressed flat. This operation is a cutting operation preparatory to getting the surfaces into approximate shape, especially along the edges, for final finishing, either by surfacing machine or polishing machine.

Senator EDGE. Now, Mr. Witness, I want to give you the benefit of every possible doubt. Does that represent the illustration that you are trying to give us? There is Norwegian granite; there is our own. Do you see enough difference between those two to go into a building operation on this side and have one cost 60 per cent and the other 25 per cent?

Mr. AUSTIN. Oh, yes. There is 40 cents a cubic foot of labor on that Norwegian granite that is not on this American granite, this Quincy granite. You can see the drill holes here; you can see the wind in the surface on those domestic stones.

Senator REED. Can you not see the drill holes there?

Mr. AUSTIN. Yes; but that is an even surface. You can reduce that in 10 minutes to an eight-cut surface. These can not be any such thing, because they are not level surfaces. They are not rectangular corners.

Senator EDGE. I think it is a better product. I agree with that part of it.

Mr. AUSTIN. That is a finished product for some purposes.

Senator EDGE. Is it so near a finished product that it should have that tremendous difference in duty?

Mr. AUSTIN. There is such a tremendous difference between the two that it is practically ruining the business at Quincy.

Senator KING. I think the domestic granite has a better and squarer face than the other in many parts of it. Look at this, and look at your points.

Senator EDGE. After all is said and done, is it not a matter for the appraisers to make a decision as to that? From my understanding and judgment of their policy I think they are not going to permit something to escape a higher duty on a technicality. I think we are pretty safe in that.

Mr. AUSTIN. Well, it has been under administration so many years with this type of labor coming in on the stone as a rough product that we have no hope at all of getting an administrative construction of it that would help us.

Senator REED. Mr. Witness, before you go it is only fair for us to tell you that we are advised by the Tariff Commission that the average labor cost per cubic foot, taking the average of Vermont, Massachusetts, and Pennsylvania, comes to 98 cents per cubic foot of labor costs required to put a cubic foot of granite on the cars at the quarry.

Mr. AUSTIN. That is direct labor, I assume.

Senator REED. I assume it is all labor below superintendence.

Mr. AUSTIN. Well, I am glad to get that information, but it does not change the fact.

Senator REED. If we put on a duty of 90 cents to equalize the labor costs, it must necessarily be on the theory that the cost is only 8 cents per cubic foot in Sweden.

Mr. AUSTIN. Well, the trouble with those figures is that they do not take into account the indirect labor that is involved in the transaction.

Senator REED. Such as what?

Mr. AUSTIN. Such as maintenance of railway, operation of steam engines, operation of compressors, etc.

Senator KING. Do you not suppose that the others have the same indirect labor costs that you have?

Mr. AUSTIN. Yes; but they have it at a much less price.

Senator REED. The total cost at the quarry, including labor, superintendence, power, repairs, hauling, taxes, depreciation, depletion and miscellaneous, all comes to $2.07. If we put a 90-cent tariff on that, it must be on the theory that the total cost abroad was only $1.17; but we find that it is very much in excess of that.

Senator EDGE. Do you consider that those two blocks come under the same schedule?

Mr. AUSTIN. They do not. This [indicating] is manufactured.

Senator EDGE. That is admittedly manufactured?

Mr. AUSTIN. Yes, sir.

Senator EDGE. There is no use of putting in the record the imports and domestic production of the manufactured article. They are in practically the same general proportion as unmanufactured.

(Mr. Austin submitted the following brief:)

BRIEF OF THE NATIONAL GRANITE COMMISSION

1. REASONS FOR RECOMMENDATION OF 100 PER CENT AD VALOREM ON GRANITE SUITABLE FOR USE AS MONUMENTAL OR BUILDING STONE, FINISHED OR SEMIFINISHED, AND ON PAVING BLOCKS

We supplement the material stated in our preliminary brief at pages 3 to 15, with the following additional information:

"MONUMENTAL MANUFACTURED GRANITE

"Domestic labor has suffered materially from the importation of granite on which the cost of cutters in 1925 was only $0.19 per hour, whereas the cost of the same labor on our domestic granite was $1 per hour. This percentage of advantage, namely, 402.51 per cent, in favor of foreign labor can not be met here without a high protective tariff."

The wages of polishers expressed in this kind of competition were, in 1925, $0.172 per hour, as against our own of $1 per hour or a percentage of advantage amounting to 481.40 per cent for the foreign laborer.

(Domestic wages for cutters and polishers have been raised 12½ per cent since 1925.)

Some evidence of the effect of this competition is found in the following facts:

1. Granite quarries diminishing in number during the period from 1917 to 1926, 31.05 per cent. The Bureau of Mines Bulletin 288, page 80, shows quarry workers in 1917, 15,391 against quarry workers in 1926 of 10,612.

2. In the manufacturing part of the industry Mr. Samuel Squibb, International President of Granite Cutters' International Association, who resides at Quincy, Mass., informs us that of cutters, polishers, and sharpeners there were employed at Quincy in 1914, 1,500, and in 1929, 700.

3. At Quincy quarrying decreased: From 1919–1926, 28 per cent; from 1926–1927, 15 per cent; from 1927–1928, 25 per cent.

In the period from 1919 to 1928 quarrying at Quincy decreased a total of 53 per cent. Using 1919 as 100 per cent, quarrying at Quincy was cut more than in half, in nine years.

4. At Quincy 7 concerns out of 95 closed down business and dismantled their plants during the last year and a half.

5. Speaking of the granite industry generally, it is not running over 75 per cent of its capacity.

At the bottom of page 9 of our preliminary brief there should be added the following data which are taken from Table 15a, page 31, of preliminary statement of the Tariff Commission.

TABLE 13½.—*Monumental manufactured*

Customs districts and country	Value			
	1923	1924	1925	1926 (5 months)
Massachusetts—Germany	$892	$413	$1,986	$891
New York—Germany	4,729	3,514	6,290	None.
Philadelphia—Germany	148,144	106,288	141,145	71,124
Chicago—Germany	5,389	6,024	2,668	2,627
Total	159,154	116,239	152,089	74,642

The significance of the amount of these importations from Germany is emphasized by the fact reported in preliminary statement, page 23, that the German manufacturers employ a large force of operatives and have installed modern machinery and are equipped to fabricate granite in any quantity for all markets.

A similar tabulation of data, with respect to imports from Czechoslovakia for consumption, for the years 1923, 1924, and 1925, from Table 15a, page 31 of preliminary statement, and for 1926, 1927, and 11 months of 1928, from the Department of Commerce follows:

TABLE 14.—*Imports of manufactured granite from Czechoslovakia*

Customs districts and country	Year	Value
Philadelphia	1923	$8,659
Do	1924	11,859
Do	1925	25,156
All ports	1926	50,971
Do	1927	34,152
Do	[1] 1928	35,514

[1] 11 months.

This increase in six years, from $8,659 in 1923 to $38,736 in 1928 (estimating the twelfth month on the basis of the preceding 11 months) amounts to an increase of 350 per cent.

But the quantity imported may increase more rapidly in the future because the kind and variety of granite which Czechoslovakia now introduces includes the gray granites, of which samples were filed with the committee at the hearing on January 12.

In order to refresh the memory of the committee in this connection, we call attention to the price list, Exhibit No. 15, sent with these samples, showing a very much cheaper price for the Czechoslovakian gray granite than any other, either imported or domestic, namely:

Referring to the price list beginning at page 1217 of the committee print unrevised, No. 6, January 12, 1929, notice that the first line of prices shows the Silesian granites, which include the gray granites, at prices approximately 33⅓ per cent less than the prices for the other granites imported. This ratio of cheapness in price is substantially the same throughout the whole table printed on pages 1217, 1218, 1219, and 1220.

We are submitting herewith other Czechoslovakian price lists in which the same general cheapness of price appears. One of these price lists, No. 16, dated December 21, 1928, is used as the basis of Table A which compares these foreign prices with domestic prices prevailing in five leading granite centers in the United States. Table A is found under "IV. Prices at which offered," infra, pages 56 and 57.

This is a more aggressive competition than ever experienced before. These price lists and the new samples accompanying them, came into this country in December, 1928.

Referring to our preliminary brief, page 13, relating to the amount of duty suggested, we desire to have the committee use the information herein contained at pages 56 and 57 on the difference between the selling prices of the finished dies, foreign and domestic, thus:

TABLE 15.—*Simple average—All sizes*

	Domestic average	Foreign average	Per cent domestic based on foreign
Flat	$139.20	$75.29	
Oval	152.20	77.81	
Serpentine	164.35	77.81	
Composite	152.08	76.97	197.58

An additional reason not stated in the preliminary brief why the duty should be 100 per cent instead of exactly 97.58 per cent is:

The duty will be based upon the value at the port of exportation, whereas the prices used are "packed and delivered f. o. b. American (ocean) port of entry, duty unpaid, in United States of America dollars," as stated in the price lists. (See committee print, unrevised, No. 6, January 12, 1929, p. 1220.) This includes the ocean freight, whereas domestic prices include no freight. At New York, where the bulk of the black granite, the most expensive imported granite, is sold, this advantage of the imported granite is insuperable. The nearest domestic competitor selling black granite is French Creek, Pa., having a railroad freight rate of $0.5093 per cubic foot to add.

Mr. W. F. Noble, representing French Creek Granite Co. (Inc.), of St. Peters, Pa., which produces black granite, testified at the hearing, on which was based the Tariff Commission's preliminary statement so often referred to in this hearing, at pages 16 and 17 of the transcript, as follows:

"Mr. NOBLE. We have been affected very much both in the finished product and what I might term the semifinished product. What I mean by semifinished product is polished slabs, polished on one side; we had quite an extensive trade over in New York and Brooklyn for polished slabs up until probably 1922 and 1923. After that one of our best customers has been importing the black Swedish granite quite extensively, and they seem to be able to put that in the New York market considerably cheaper than we can do at a profit. And that is where our business has been affected more seriously than in any other way, although we have come into contact with a number of our customers who claim they can buy finished imported, more particularly buy polished dies in some cases, for as much as 50 per cent less than what we could furnish them for. I have no direct figures."

Additional evidence why the duty on rough stock should be $1.35 per cubic foot is:

The practical, effective competition of Balmoral Red from Finland, with dark Barre, red St. Cloud, pink Westerly, ruby red Wausau, and black French Creek is proved by comparison of the prices at which offered, figured out at any place delivered in the United States.

We show here the items of actual cost, omitting duty, at Barre, Vt., of a real shipment of Balmoral Red received there from Finland from the writer to the addressee of the letter published at page 1221 of committe print, unrevised, No. 6, January 12, 1929:

	Invoice	Per cubic foot	Per cubic foot
217 cubic feet of Balmoral Red:			
85 cubic feet of $1.10 stock	$93.50	$1.10	
132 cubic feet of $1.25 stock	165.00		$1.25
Freight, Hango to Hamburg	89.90	.4147	.4147
Freight, Hamburg to Boston	108.10	.4982	.4982
Railroad freight, Boston to Barre (12½ cents per hundredweight 261.2 pounds=1 cubic foot; .3265)	70.70	.3258	.3258
Insurance	1.85	.0085	.0085
Consular fee	2.50	.0115	.0115
Total		2.3587	2.5087
Add duty at proposed rate		1.35	1.35
Prices at Barre, carrying $1.35 tariff		3.7087	3.8687

This was a comparatively small shipment and runs at a high figure for all the elements of the computation.

The prices at Barre, Vt., for Barre Dark, to which these prices must be compared, are as follows:

Dark Barre random saw block per cubic foot	$4.30	-$4.30
Add loading to make the value of domestic granite purchased comparable with the condition and amount of imported granite:		
For labor for semifinishing on foreign stock, not on domestic stock	.40	- .40
For overmeasure at 2 inches gratis for every dimension, 0.314 per cent on $1.10 stock from Finland	.3544	-----
For overmeasure at 2 inches gratis for every dimension, 0.314 per cent on $1.25 stock from Finland	-----	.3925
Total	5.0454	- 5.0925

That is, the comparable prices at Barre are (assuming duty at proposed rate of $1.35):

For Finland granite[1]	$3.71-$3.87
For Barre Dark	5.04- 5.09

At other keenly competitive points (because of density of population) the imported granite has the advantage of domestic granite, loading all prices with railroad freight rates: (See Preliminary Statement., p. 68, Table 34, and this brief, p. 39, Table 34.)

Comparable prices at Boston are:

For Finland granite	$3.38-$3.54
For Barre granite	5.35- 5.42

Comparable prices at New York are:

For Finland[1]	$3.38-$3.51
Barre	5.76- 5.81
French Creek	5.25- 5.30
St. Cloud	6.15- 6.20
Wausau	7.26- 7.31
Quincy[2]	5.48- 5.53

Comparable prices at Cincinnati are:

For Finland	$4.11-$4.27
Barre	5.77- 5.82
French Creek	5.34- 5.38
St. Cloud	5.42- 5.47
Wausau	6.72- 6.76
Quincy[1]	5.68- 5.72

Comparable prices at Indianapolis are:

For Finland	$4.15-$4.31
Barre	5.81- 5.86
French Creek	5.36- 5.41
St. Cloud	5.39- 5.43
Wausau	6.65- 6.69
Quincy[3]	5.72- 5.76

[1] For relative importance of red and grey granite, see Table D, infra, p. 51.
[2] Assuming New York the port of entry.
[3] We have no freight rates for Westerly, R. I., and so have not made the same comparison for Westerly granite, but it is obvious that Westerly will suffer with all other American granite in like manner as the above because the average price of pink Westerly, which is comparable to the Balmoral Red is $5.30 per cubic foot at the quarry.
There is added to each local price the above loading for the finishing and gratis, page 37.

TABLE 34.—*Freight rates in the United States on unmanufactured granite*

From—	To— Quincy		Cincinnati		Indianapolis		Denver	
	Cents per hundred-weight [1]	Cents per cubic foot	Cents per hundred-weight	Cents per cubic foot	Cents per hundred-weight	Cents per cubic foot	Cents per hundred-weight	Cents per cubic foot
Boston	0.09½	0.2481	0.28	0.7313	0.29½	0.7705	0.68	1.776
Barre	.12½	.3265	.28	.7313	.29½	.7705	.68	1.776
Wausau			.37	.9664	.31½	.9011	.38½	1.0056
St. Cloud			.35½	.9272	.36	.9403	.38½	1.0056
French Creek	.28½	.7444	.22½	.5877	.23½	.6138	.61½	1.6063
Quincy			.28	.7313	.29½	.7705	.68	1.7761

From—	To— New York		Pittsburgh		Cleveland	
	Cents per hundred-weight	Cents per cubic foot	Cents per hundred-weight	Cents per cubic foot	Cents per hundred-weight	Cents per cubic foot
Boston			0.25	0.6530	0.31½	0.8227
Barre	0.27½	0.7183	.25	.6530	.31½	.8227
Wausau	.58	1.5149	.42	1.0970	.14½	.3787
St. Cloud	.63½	1.6586	.43½	1.1362	.16	.4179
French Creek	.19½	.5093	.18½	.4832	.25½	.6660
Quincy	.20½	.5354	.25	.6530	.31½	.8227

[1] Cents per 100 pounds, from Table 34, page 68 of preliminary statement, converted into cents per cubic foot on basis of 261.2 pounds=1 cubic foot, which was ascertained by dividing total weight of the Finland importation (supra, p. 36), 56,680 pounds by the total footage of 217 feet.

Foreign granite entering the port of New York, which port consumes a great amount of monumental and building granite, has a freight rate advantage of 0.5093 cents per cubic foot over French Creek granite, which has the lowest freight rate of all the domestic granites into New York.

For relative importance of ports as centers of competition, see Table E, infra, page 53.

The foregoing calculations represent computation with the duty raised to $1.35 per cubic foot. The advantage of the foreign granite over the domestic granite is emphasized by the above tables and comparisons. The above figures for transportation, insurance, and consular fees are greater than those found generally in the trade, as shown by Preliminary Statement, page 78:

"Ocean freight from Gothenburg to a United States Atlantic port is based on $5 per long ton, 7 cubic feet per ton. The estimated cost of ocean transportation and charges, amounting to $0.721 per cubic foot, is composed of $0.7143, freight; $0.0056, insurance; and $0.0015, consular fees. Insurance is at the rate of one-fourth of 1 per cent, taking the average selling price of $2.25 per cubic foot as a basis of calculation."

The effective competition of Beers Red from Sweden, offered in letter on page 1221 of committee print, unrevised, No. 6, is shown by the following table:

Beers Red—Sweden

	Freight to United States, insurance, and fees		Duty at $1.35		Price at United States port
Blocks up to 10 cubic feet,	$1.45	+	$0.721	+ $1.35 =	$3.52.
Blocks 10 to 15 cubic feet,	1.65	+	.72	+ 1.35 =	3.72.
Blocks 15 to 25 cubic feet,	2.15	+	.72	+ 1.35 =	4.22

Using the highest price of the three Swedish prices, $4.22, and the local price loaded for the finishing, and freight, we have the following comparisons:

Comparable prices at New York—

For Sweden	$4.22
Barre	5.41
French Creek	4.90
St. Cloud	5.80
Wausau	6.91
Quincy	5.36
Westerly (without freight)	4.90

(Forty-cent loading for overmeasure was not used against Swedish.)

The effect of freight to other thickly populated points is shown by the above tables respecting granite from Finland, and applies in the same manner to granite from Sweden. It is apparent that after payment of the duty at the suggested rate of $1.35 per cubic foot, Swedish granite has the advantage over domestic granite, in selling price, by a large margin.

Black granite. (For relative importance, see Table D, infra, pp. 51 and 52.)

According to the Tariff Commission's preliminary statement, page 29, "the bulk of the black stock is manufactured in New York City."

Using landed cost of Swedish black without duty, as $2.357, $2.492, and $2.969, and adding a duty of $1.35 to each, and using for domestic black, price at quarry $4 loading for finishing $0.40, freight $0.5093, we have:

Comparable prices at New York—

For Swedish black	$3.707–3.842–4.319
For French Creek black	4.91–4.91–4.91

The black granites of Wisconsin, Minnesota, Maine, Colorado, and Virginia suffer more severely by the freight rate.

We claim that with a duty of $1.35 per cubic foot, the foreign rough stock will be available in American markets for less money than the domestic rough stock.

(All statistics relating to foreign monumental and structural granite should be compared to statistics for domestic monumental rough stock because all foreign rough stock is suitable for monumental uses.)

At page 1229 of Committee Print Unrevised, No. 6, Congressman Timberlake asked:

"Would it be possible for you to submit in your brief some language that will more nearly describe what we ought to say with reference to the rough stone coming in?"

We respectfully suggest that the use of the words "semifinished" and "on which no finishing has been commenced" might differentiate more clearly the granite to which an ad valorem rate is applied from the granite to which a flat rate is applied:

"Granite suitable as monumental or building stone, or paving block, hewn, dressed, polished or otherwise manufactured, or (semifinished), 100 per cent ad valorem; unmanufactured or not dressed, hewn, or polished (on which no finishing has been commenced), $1.35 per cubic foot."

We recommend, however, that the duty on rough stock be placed at $1.35 per cubic foot because it appears from the preliminary statement of the Tariff Commission, at page 32, that the unit value per cubic foot of imported rough stock is approximately $1.30 per cubic foot. For the year 1922 it was $1.45; for 1924, $1.30; for 1923, 1925, and 1926 it was less than that. Please see also page 14 of our preliminary brief.

By inadvertence we carried away all of the photographs from the hearing and we now submit them with the following index:

Photograph B—Foreign granite.
Photograph C—Foreign granite.
Photograph E—Foreign granite.
Photograph F—Foreign granite.
Photograph G—Foreign granite.
Photograph H—Domestic saw block.
Photograph I—Domestic saw block.
Photograph J—Domestic saw block.
Photograph K—Domestic saw block.
Photograph L—Domestic saw block.

Photograph M—Domestic saw block.
Photograph N—Domestic saw block.
Photograph O—Domestic waste piles.
Photograph P—Domestic waste piles.
Photograph Q—Domestic waste piles.
Photograph R—Domestic waste piles.
Photograph S—First stages of domestic saw block.
Photograph T—Waste on car.

As additional information to the samples submitted at the time of the hearing, we offer herewith a magazine, Architectural Granite, No. 21, with many cuts in color, showing the great variety of granites produced in this country and supporting the claim that we make, that foreign producers have nothing to offer which domestic producers can not supply. (Preliminary brief, pp. 10-12.)

II. IMPORTANCE OF INDUSTRY

(See p. 1225, committee print, unrevised, No. 6.)

At page 1210, committee print, unrevised, No. 6, it appears that Congressman Ramseyer asked:

"* * * What part of the granite used in this country is used for monumental purposes and what part is used for structural purposes?"

The most recent statistics that we have been able to find in answer to this question, are Bulletin II: 21, Department of Commerce, Bureau of Mines, Stone—1926, published December, 1927, page 218 of Part II, giving the following table which shows, for the years 1925 and 1926, that the granite used for monumental purposes is one-third, approximately, in quantity, of the amount of granite used for structural purposes, thus:

Granite sold or used by producers in the United States, 1925 and 1926, by uses

Use	1925		1926	
	Quantity	Value	Quantity	Value
Building stone (rough and dressed), cubic feet	7,515,400	$6,814,577	8,181,910	$6,083,513
Approximate equivalent in short tons	624,150		677,370	
Monumental stone, cubic feet	3,195,290	10,805,432	3,240,550	10,533,072
Approximate equivalent in short tons	263,170		266,940	
Paving, number of blocks	37,674,930	3,485,714	37,148,000	3,223,327
Approximate equivalent in short tons	357,960		340,320	
Curbing, linear feet	2,779,570	1,839,830	3,503,370	2,402,284
Approximate equivalent in short tons	144,330		182,430	
Rubble, short tons	270,410	328,379	121,910	182,306
Riprap, short tons	567,060	625,203	1,195,090	1,194,092
Crushed stone, short tons	5,825,550	6,510,900	6,469,100	7,459,139
Other uses, short tons	21,570	121,312	77,230	166,790
Total (quantities approximate, in short tons)	8,074,200	30,531,347	9,330,390	32,044,523

III. DOMESTIC PRODUCTION COSTS AND WAGES AND COMPARABLE COSTS AND WAGES IN FOREIGN COUNTRIES

At page 3 of our preliminary brief we covered the comparable wages, foreign and domestic.

The preliminary brief, pages 18, 19, and 20, contains all of the costs that I am able to submit.

The support for these tables consists of two pamphlets submitted herewith, marked "13" and "14."

I should have stated, and I now state, that a comparison of the selling prices of domestic and foreign dies will show that the domestic average (the composite die) is $152.08 against the foreign average $76.97, showing a percentage of difference of 197.58 per cent. This is shown in detail in Table A, infra, pages 56 and 57, which is based on the prices of five leading granite centers in the United States: Barre, Vt.; Wausau, Wis.; St. Cloud, Minn.; Quincy, Mass.; and Westerly, R. I.; as against the prices stated in the December price lists from Czechoslovakia.

The difference in cost remains as stated in my preliminary brief at page 22. for composite die.

Domestic cost	$129.14
Foreign cost	75.01
Percentage	185.50

On this cost a proper allowance should be made for profits, and we think that 14.50 per cent ad valorem added to the difference in cost of 85.50 per cent, thus equalling 100 per cent ad valorem duty, would provide approximately a profit on the domestic production of 8 per cent. We submit that this is not unreasonable.

IV. SOURCE OF IMPORTS, VOLUME, PRICE AT WHICH OFFERED

Preliminary brief, pages 23–25, relate to source and volume. There should be considered with them the tables appearing in preliminary brief at pages 6, 7, 8, and 9.

We also submit herewith information respecting source and volume, as well as relative importance of ports of entry, to support the argument (supra, pp. 37, 39) that at the most important ports of entry for foreign granite which are also important centers of competition, the advantage of the foreign granite, with duty at the rates proposed, is considerable, because the landed price is lower than the domestic price at the quarries and at the manufacturies, and the foreign stock is free from railroad freight, whereas the domestic stock has a railroad freight to pay.

The Tariff Commission, at page 29 of preliminary statement, said:

RED AND BLACK THE MOST IMPORTANT IMPORTATIONS

"Imports during recent years of rough monumental stone have come largely from Sweden, although small quantities have come from Norway and Finland. The great bulk of them consist of the red and black granites. The red is similar to the red granites of Minnesota and Wisconsin, and the black somewhat like the black granites of Pennsylvania, Virginia, Colorado, and Wisconsin.

"Of a total importation of 119,253 cubic feet of rough building and monumental granite entered at the port of New York in 1924, 65,250 cubic feet, or 55 per cent, came from Sweden and was largely of the black variety. The average landed cost was approximately $2.65 per cubic foot.

"* * * A considerable quantity of the imported red stock is fabricated into monuments in the Quincy district while the bulk of the black stock is manufactured in New York City.

"Finished (manufactured) granite imported consists largely of Swedish and Finnish stones fabricated in Germany and Scotland. These are handled by forwarding agents along the eastern seaboard who ship them to interior points of consumption. Relatively small quantities of the imported finished monuments are sold in the New York or New England markets."

Later information from reliable sources shows that imports from Italy, through New York, reported as granite (see p. 30, table 15, of preliminary statement), and amounting in 1924 to 47,834 cubic feet, were not, in fact, granite. The 1924 imports of unmanufactured granite at New York were, therefore, overstated in the preliminary statement by the amount reported as coming from Italy. The correct figure of imports at New York for that year is 74,117 cubic feet, of which 65,250 cubic feet, or 91.4 per cent, were imported from Sweden. Seventy per cent or more of the rough unmanufactured granite imported from Sweden consists of several varieties of black granite, the balance of the imports from that country being largely red and gray granite. On this basis the imports of black granite at New York alone for the year 1924 would be considerably in excess of the combined imports of red granite from Finland and Sweden, which are practically the only countries importing unmanufactured monumental red granite to the United States.

We show by the following tables, B, C, D, and E, that the source and volume change from year to year, and that on the same basis above used for 1924, the red granites from Finland and Sweden, imported into the United States, at all ports, exceed the imports of black granite. This assumes that the bulk of black granite is imported at New York, and that all the imports to New York are black.

The comparatively large quantities of granite imported from Canada consist almost wholly of gray stone of relatively low unit value, used largely for base stock, and possibly to some extent for building purposes and curbing. If the amount of Canadian gray granite, differing for the most part in general character and use from other imported monumental granite, is not considered, importations of unmanufactured monumental granite consist principally of black and red granite.

Tables B, C, D, and E are based upon Bureau of Commerce Records of Imports for Consumption.

TABLE B.—*Manufactured—Imported*

[Values by ports, 1927 and 1928]

	Boston	New York	Philadelphia	Others	Total
1927					
Finland	$91,386		$12,177	$3,049	$106,606
France	1,238			405	1,643
Germany	535	$2,916	51,764	18,882	74,127
Norway			377	9,565	9,942
Italy	145	3,962	808	891	5,806
Sweden	1,977	4,760	10,840	1,479	19,056
United Kingdom	15,788	1,777	1,227	3,121	21,913
Canada				222	222
Czechoslovakia	2,505	1,072	23,947	6,538	34,152
Japan			57	92	149
China				50	50
Total	113,664	14,517	101,191	44,294	273,666
Minus Italy					5,806
					268,860
Minus New York					14,517
					254,343
Black					14,517
Others					254,343
1928					
Finland	23,276		35,067	3,058	61,401
France	196				196
Germany	1,852	4,363	53,751	11,784	71,650
Italy		275	547	354	1,176
Sweden	5,199	5,481	7,598	1,082	19,360
United Kingdom	10,538	123	1,597	4,580	16,838
Canada				10	10
Czechoslovakia	658		29,782	7,439	37,879
Japan		24		130	154
Belgium	242	300		50	562
Netherlands			1,493		1,493
Denmark			2,021		2,021
Total	41,931	10,466	131,856	28,487	212,740
Minus Italy					1,176
					211,564
Minus New York					10,466
					201,098
Black					10,466
Others					201,098

TABLE C.—*Unmanufactured—imported*

[Values by ports, 1927 and 1928]

	Boston	New York	Philadelphia	Others	Total
1927					
Finland	$14,138	$4,385	$53	$1,739	$20,315
France		3,453	321	336	4,110
Germany		4,048			4,048
Norway	1,121	4,177		526	5,824
Italy		13,049		31,034	44,083
Sweden	19,912	113,833	582	4,927	139,254
Switzerland		4,360			4,360
United Kingdom			3,238	839	4,077
Canada				31,399	31,399
Total	35,171	147,305	4,194	70,800	257,470
Minus Italy					44,083
					213,387
Minus New York					147,395
					66,082
Black					147,305
Others					66,085
1928 (11 MONTHS)					
Finland	13,932	6,303	61	100	20,396
France		9,062		6,727	15,789
Germany		5,135			5,135
Norway		13,763	80		13,843
Italy	532	7,916		22,881	31,329
Sweden	27,842	129,695		3,042	160,569
United Kingdom	446	56	1,254	33	1,789
Canada				22,289	22,289
Belgium				582	582
Mexico				54	54
Total	42,752	171,920	1,395	55,708	271,775
Minus Italy					31,329
					240,446
Minus New York					171,920
					68,526
Black					171,920
Others					68,326

TABLE D

RELATIVE IMPORTANCE OF BLACK

	Black	Others	Total	Black percentage to total	Percentage to total, Italy included
1927—Manufactured	$14,517	[1] $254,343			
Unmanufactured	147,305	[1] 66,085			
	161,822	320,428	$482,250	33.55	30.46
1928—Manufactured	10,466	201,008			
Unmanufactured	171,920	68,326			
	182,386	269,334	451,720	40.42	37.64

[1] Italy omitted.

TABLE D—Continued

RELATIVE IMPORTANCE OF CANADIAN (GREY)

	Canadian	Others	Total	Canadian percentage to total
1927—Manufactured	$222	$273,444		
Unmanufactured	31,399	226,071		
	31,621	499,515	$531,136	5.95
1928—Manufactured	10	212,730		
Unmanufactured	22,289	249,486		
	22,299	462,216	484,515	4.61

RELATIVE IMPORTANCE OF ALL OTHERS (RED AND GRAY)

	Red and gray	Black and Canadian	Total	Red and gray percentage to total
1927—				
Manufactured	$258,927	$14,739		
Unmanufactured	78,766	178,704		
	337,693	193,433	$531,136	63.57
1928—				
Manufactured	202,264	10,476		
Unmanufactured	77,566	194,209		
	279,830	204,685	484,515	57.75

Italy percentage to total: 1927, 8.29 per cent; 1928, 6.70 per cent.

RELATIVE VALUES OF DIFFERENT COLORED GRANITES (IMPORTED)

Color	Shown by percentages to total imports	
	1927	1928
Red and gray	57.75	63.57
Black	37.64	30.46
Canadian	4.61	5.95
Total	100.00	99.98

TABLE E.—*Relative importance of ports value of imports for consumption*

	Rough	Finished	Total
1927			
New York	$147,305	$14,517	$161,822
Boston	35,171	113,664	148,835
Philadelphia	4,194	101,191	105,385
Other ports	70,800	44,294	115,094
Total	257,470	273,666	531,136
1928			
New York	171,920	10,466	182,386
Philadelphia	1,395	131,856	133,251
Boston	42,752	41,931	84,683
Other ports	55,708	28,487	84,195
Total	271,775	212,740	484,515

We wish to add to the information submitted on "Prices at which offered": In addition to the tables printed on pages 1217–1221 of committee print unrevised, No. 6, and letters on pages 1221 and 1222, we are submitting herewith Czechoslovakian price lists of December, 1928: Nos. 15, 16, and 17; a photograph with prices on the back thereof, of W. C. Townsend & Co, Zanesville, Ohio, marked "No. 18"; letter of Alex Mundie & Sons Co., dated May 29, 1928, marked "No. 19"; and Ashmore Bros.' letter showing the comparative prices for domestic red granite, marked "No. 20."

Taking, for example, the first stone mentioned in No. 20, Beers red, serpentine top, $132; this competes with ruby red, quarried and manufactured by Anderson Bros. & Johnson, of Wausau, Wis., $181, a difference of $49. The last one mentioned is Beers red, $325; rubby red, $485, a difference of $160.

Now, it should be borne in mind that Alex Mundie & Sons Co., who imported the Beers red, paid all duties and other charges to their manufacturing plant; and in stating, as they do, "We figure rough stock in Balmoral red at $4 per cubic foot and Beers red at $4.25," should be making a profit on the stock itself, and should be able, using the Quincy list for cutting and polishing, to undersell the American dealer by sums of money varying in amount, but large enough to make the competition impossible to meet on prices. If $1.35 per cubic foot, instead of $0.15 per cubic foot, were the duty on the rough stock, the lowest priced die would have to carry an additional charge of $9, still leaving the importer the advantage of $40 under the domestic price.

If a duty at the rate of $1.35 per cubic foot had been paid on the last die quoted instead of $0.15 per cubic foot, that die would have to carry for this purpose $25.20 additional, leaving the importer the advantage of $134.80 less than the domestic producer must ask.

We call your attention again to the letter of Aspholmens Stenhuggerier, dated August 28, 1928 (committee print unrevised, No. 6, p. 1222), to Henry C. Smalley Granite Co., Quincy, Mass., identifying red aspholm granite as (Beers red), also the letter following that on the same page identifying Beers red with aspholm red; also offer by the same firm, on page 1221, of red aspholm granite at $1.45 per cubic foot up to 10, $1.65 per cubic foot up to 15, $2.15 per cubic foot up to 25.

We also submit herewith a picture postal card from the same firm to the same addressee, displaying Beers red in the quarry. This is No. 22.

We also call attention to the letter from Hango, Finland, on page 121, offering Balmoral red at $1.10 per cubic foot up to 18 and $1.25 per cubic foot over 18. That letter was addressed to Cook, Watkins & Patch (Inc.), Boston, Mass. We submit herewith letter of the addressee to Mr. Harrie H. Sherman, secretary of the National Building Granite Quarries Association, stating that these Finland prices work out delivered at Barre, Vt. (where Cook, Watkins & Patch (Inc.), have their manufacturing plant), about $2.45 per cubic foot for the $1.10 stock and 2.60 per cubic foot for the $1.25 stock.

We now submit Table A. This table is based on the prevailing prices at five leading granite centers in the United States: Barre, Vt.; Wausau, Wis.; St. Cloud, Minn.; Quincy, Mass.; and Westerly, R. I., for the domestic prices. It is based on the Czechoslovakian price lists, Exhibit No. 16, for the foreign prices because those price lists are the most recent and represent the largest variety of colors, quality of fineness and hardness and variety of dies. They are also used because of the aggressiveness of the exporters in circularizing the trade in the United States, the large number of dealers mailed to and the efforts expressed in the letters themselves to establish agencies in the United States. Another reason for using these figures is that the statistics quoted herein from the Department of Commerce show a remarkable growth of Czechoslovakian imports into this country, namely 350 per cent from 1923 to 1928.

The dies selected are taken from the price list No. 16 and they are indicated therein by a red check mark on the drafting, as well as against the tables of dimensions and prices. These dies are chosen because they are the nearest to the dimensions and styles of the dies chosen by the Tariff Commission for their investigation and preliminary statement, as being the most typical of the imports. The price list No. 16 should be used with this Table A in order to see the designs and know what the dimensions are.

TABLE A.—*Comparison of foreign (Czechoslovak) and domestic selling prices*

[Foreign prices per Franke Bros. letter of December 21, 1928, No. 16, domestic prices prevailing at 5 leadin granite centers in the United States]

Tops	Domestic selling price f. o. b. plant [1]						Foreign average selling prices f. o. b. port of entry, duty unpaid
	Barre (grey)	Wausau (red)	St. Cloud (red and grey)	Quincy (black)	Westerly (grey)	Domestic average	
(Size: 2 by 1 by 2-6)							
Flat	$89.00	$114.00	$85.00	$89.00	$121.00	$99.60	$50.38
Oval	100.00	124.00	93.00	100.00	129.00	109.20	52.58
Serpentine	111.00	129.00	101.00	111.00	141.00	118.60	52.58
Average	100.00	122.30	93.00	100.00	130.30	109.12	51.85
(Size: 2-8 by 1 by 2-10)							
Flat	120.00	157.00	117.00	120.00	150.00	132.80	72.00
Oval	137.00	174.00	128.00	137.00	161.00	147.40	74.31
Serpentine	152.00	181.00	135.00	152.00	174.00	158.80	74.31
Average	136.30	170.70	126.60	136.30	161.70	146.32	73.54
(Size: 2-10 by 1 by 3)							
Flat	135.00	177.00	132.00	135.00	156.00	147.00	80.08
Oval	151.00	192.00	141.00	151.00	164.00	159.80	82.71
Serpentine	168.00	199.00	149.00	168.00	176.00	172.00	82.71
Average	151.30	189.30	140.60	151.30	165.30	159.60	81.33
(Size: 3-6 by 1 by 3)							
Flat	161.00	212.00	160.00	161.00	193.00	177.40	98.70
Oval	182.00	230.00	171.00	182.00	207.00	194.40	101.63
Serpentine	201.00	238.00	180.00	201.00	220.00	208.00	101.63
Average	181.30	226.70	170.30	181.30	206.70	193.26	100.65

[1] These domestic selling prices should be loaded, according to Table 34, supra, p. 39, for freight.

SIMPLE AVERAGE—ALL SIZES

	Domestic average	Foreign average	Per cent domestic based on foreign
Flat	$139.20	$75.29	.....
Oval	152.20	77.81	.....
Serpentine	164.35	77.81	.....
Composite die	152.08	76.97	197.58

The "composite die" by averaging all of the averages represents an average of all sizes without regard to styles and of all styles without regard to sizes.

This is a significant table. We think that it fully sustains our claim that a duty of 100 per cent ad valorem should be placed upon finished granite. See page 35 ante for discussion of a reason why the duty should be 100 per cent instead of 97.58 per cent. The same reasoning applied to the difference in cost of production (ante p. 45) applies here.

V. SUGGESTIONS AS TO CHANGES OF PHRASEOLOGY OR CLASSIFICATION OF THE EXISTING LAW

We have discussed this subject in connection with a question asked by Congressman Timberlake, found in committee print unrevised, No. 6, page 1220, and in this brief at page 42.

Canadian imports shown in Table D, pages 51 and 52, are only $222 in 1927 and $10 in 1928 of granite imported as manufactured, whereas they are $31,399 in 1927 and $22,776 in 1928 of granite imported as unmanufactured. The quan-

tity of unmanufactured in 1927 was 37,478 cubic feet, and in 1928, 22,938 cubic feet. The value per cubic foot of the whole unmanufactured was in 1927, $1.19; in 1928, $1.

If the granite were all rough we could not compete with these values, as seen from the remainder of this brief. If it consists of curbing or other semifinished granite our disadvantage is still greater.

We believe that the wording suggested at page 42, supra, ought to be used to classify some of this so-called unmanufactured granite from Canada.

VI. SUGGESTIONS AS TO ADMINISTRATIVE FEATURES OF THE EXISTING LAW WITH A VIEW TO THEIR BETTERMENT

We have no recommendations.

Respectfully submitted as a final brief.

NATIONAL GRANITE COMMISSION,
By WARREN R. AUSTIN, *Its Attorney.*

BRIEF OF THE ITALIAN CHAMBER OF COMMERCE IN NEW YORK

Paragraph 235 of House tariff bill 2667 provides:

"(a) Granite suitable for use as monumental or building stone, not specially provided for, hewn, dressed, or polished or otherwise manufactured, 60 per centum ad valorem; unmanufactured, or not dressed, hewn, or polished, 25 cents per cubic foot; (b) travertine stone, unmanufactured, or not dressed, hewn, or polished, 25 cents per cubic foot; (c) freestone, sandstone, limestone, lava, and all other stone suitable for use as monumental or building stone, except marble, breccia, and onyx, not specially provided for, hewn, dressed, or polished, or otherwise manufactured, 50 per centum ad valorem; unmanufactured, or not dressed, hewn, or polished, 15 cents per cubic foot."

This paragraph manifestly discriminates in the case of granite, travertine, and other monumental or other building stone, all of which are far cheaper materials than marble, by not providing, as in the case of the latter, a more reasonable duty than 60 per cent for simply hewn stone in slabs, which can not be considered a form of finished material, but, notwithstanding its hewn condition in rough slabs, is practically still a form of raw unmanufactured material and should not be assessed by reasons of equality, as much as a finished, polished manufacture.

The same reasons that have advised the classification of hewn marble, breccia, and onyx, covered by paragraph 232, into a special category, should avail even with greater reason in the case of a much cheaper article as granite, travertine, and other building stone. Subparagraph (b) of paragraph 232 reads, in fact, as follows:

"Slabs and paving tiles of marble, breccia and onyx: Containing not less than four superficial inches, if not more than one inch in thickness, 8 cents per superficial foot; if more than one inch and not more than one and one-half inches in thickness, 10 cents per superficial foot; if more than one and one-half inches and not more than two inches in thickness, 13 cents per superficial foot; if rubbed or polished in whole or in part, 3 cents per superficial foot in addition."

There is no reason why the same system of assessment should not apply, proportionately to its lower value, to granite, travertine and other building stone by levies respectively of say 3 cents per superficial foot for slabs containing not less than 4 superficial inches if not more than 1 inch in thickness; of 4 cents per superficial foot, if more than 1 inch and not more than 1½ inches in thickness; of 5 cents per superficial foot if more than 1½ inches and not more than 2 inches in thickness; and if rubbed or polished in whole or in part, 1¼ cents per superficial foot in addition.

This chamber, in fairness to a line of imports that is already working under disadvantages in comparison to similar domestic products, on account of the double freights (maritime and railroad to shipping port) that have to be paid on imported hewn raw material of this kind, does hereby respectfully petition and strongly recommend that on slabs and tiles of granite, travertine and other monumental or building stone, a specific duty be assessed in the manner provided by paragraph 232, but, of course, at such lower figure as to be proportionate to the specific duty on blocks of the same material.

Respectfully submitted.

ITALIAN CHAMBER OF COMMERCE IN NEW YORK,
ALBERTO C. BONASCHI, *Secretary.*

STATEMENT OF LOUIS HORWITZ, REPRESENTING S. HASKEL & SONS, BROOKLYN, N. Y.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent S. Haskel & Sons, of Brooklyn, N. Y.?

Mr. HORWITZ. Yes, sir.

Senator EDGE. You are here to discuss the granite schedule, 235 (a)?

Mr. HORWITZ. Yes, sir.

Senator EDGE. Did you appear before the House committee?

Mr. HORWITZ. We did not, but we found out about it at the last moment and we submitted briefs.

Senator EDGE. Then you did submit a brief to the House committee, which appeared in the House record?

Mr. HORWITZ. That is right.

Senator EDGE. What do you propose to present to this committee different from that?

Mr. HORWITZ. We have a supplemental brief, based upon what occurred after the House committee heard the other side, and read our briefs.

Senator EDGE. You mean to say you now want to appear in protest to 235 (a), is that it?

Mr. HORWITZ. Yes; most assuredly.

Senator EDGE. Which is a new paragraph?

Mr. HORWITZ. A brand new section, apparently aimed especially at S. Haskel & Sons.

Gentlemen, if you will look at the original provision 235 of the old tariff act of 1922, granite was included with freestone, sandstone, and other articles and manufactured products, with 50 per cent ad valorem; and unmanufactured, or not dressed, hewn, or polished, 15 cents per cubic foot.

Senator EDGE. This is raised to 25 cents.

Mr. HORWITZ. Yes, sir. Here is what happened. Before the House committee an amendment was proposed by an association that is anxious to have an increase, and the wording of it read as follows:

Granite suitable for use as monumental or building stone, not specially provided for, hewn, dressed, or polished, or otherwise manufactured——

Senator KING. Was that "polished or pointed"?

Mr. HORWITZ. I am reading it as it was suggested originally to the committee; not the way it is here at all.

Granite suitable for use as monumental or building stone, not specially provided for, hewn, dressed, or polished, or otherwise manufactured, 60 per centum ad valorem; unmanufactured or not dressed, hewn, or polished, 25 cents per cubic foot.

We appeared by way of brief and simply opposed the 25 cents per cubic foot increase, because we import rough granite. We are importers and manufacturers. We import nothing but rough granite, and we manufacture it all in the city of New York.

We objected to the increase to 25 cents per cubic foot, which was really a 66⅔ per cent increase. The committee passed it in that form originally in the bill.

At the last moment an amendment to that bill was offered on the floor of the House, of which we had no knowledge until it was too late.

Senator EDGE. They put it in as it is now.

Mr. HORWITZ. They put it in as it is now, with the words "pointed, pitched, lined," in the same classification with manufactured products. That made the latter part "unmanufactured, or not dressed, pointed, pitched, lined, hewn, or polished, 25 cents per cubic foot."

Under that language, there is no such thing as unmanufactured or rough granite, because the words "pointed, pitched, lined" would exclude every rough granite that there is.

Senator REED. Why? Is yours pointed, pitched, or lined?

Mr. HORWITZ. No; it is not. I have several samples here that I will show you.

Senator EDGE. They also inserted the word "paving." Did that make any difference?

Mr. HORWITZ. We are not interested in paving, and I am not discussing that. This [indicating] is a miniature of a piece of granite as we import it. Of course, the pieces come anywhere from 3 to 20 cubic feet, some almost as large as this table. This is as we import it. Here, gentlemen, I will show you what we think is meant by the words "pointed, pitched, lined." As a matter of fact, I do not think anybody can truthfully and properly define the word "pitched." We tried to get a definition from the Tariff Commission and we could not. Nowhere in any act, in the importation of any stone, is there any similar description of any stone of any sort. It is new.

Senator KING. It simply means that you will knock this corner off [indicating] in order to get it in the car, and get it into juxtaposition with another piece. You would have that "pitched" and have the additional 30 to 40 per cent to pay.

Mr. HORWITZ. Yes. This is what we think is meant by "pitched."

Senator REED. What is pitching?

Mr. HORWITZ. When a piece of granite comes from the quarry it is entirely irregular. It has to be shipped in a boat. You can not ship an irregular piece, so someone with a hammer breaks enough off to make it regular, so that you can pack it into the ship.

Senator REED. Roughly squared?

Mr. HORWITZ. Yes, sir. If, instead of that, the words "roughly squared" had been put in, where the unmanufactured part is, and the three words I have referred to were stricken out, we would have a comparatively fair provision, and the importer could then bring it in.

Senator REED. I hate to interrupt you so often, but won't you take the words you object to and tell us what they mean? They are "pointed, pitched, lined." That is what you object to, is it?

Mr. HORWITZ. Yes, sir. Here is something that is pointed [indicating sample]. Somebody with a tool breaks it off even.

Senator REED. So as to square it?

Mr. HORWITZ. I am not seriously objecting to the word "pointed," because some labor has been put on it. In order to show that we are

fair, we will not seriously object to that, although that, in itself, would still make it a matter of inquiry as to what "pointed" means.

This [indicating] is rough or pitched. This [indicating] is our product when it is finished.

Senator REED. What does "lined" mean?

Mr. HOROWITZ. Nobody could really say. You could say this [indicating] was lined, because it is even to some extent. We would say this [indicating] is lined. If the word "pitched" were stricken out, and if the word "lined" were stricken out—because there is no real definition for it and nobody can give it—it would be fairly satisfactory. We have several definitions for "lined" in our briefs from dictionaries, and I am sure that when everybody is through no one is any the wiser.

Senator EDGE. In your judgment, the real, proper meaning of the paragraph would be less open to misunderstanding if, in the unmanufactured section, it read this way:

Unmanufactured, or not dressed, pointed, or roughly squared, or polished—

Striking out "pitched, lined, hewn."

Mr. HORWITZ. Yes, sir; if the words "or roughly squared" were put into the other part and added after "or not dressed."

Senator EDGE. After "pointed"?

Mr. HORWITZ. "Pointed."

Senator SMOOT. You do not want the word "hewn" out, do you?

Mr. HORWITZ. Oh, no.

Senator REED. Are not both these pieces hewn?

Mr. HORWITZ. Yes; "hewn" is all right. The word "hewn" is in both the old statute and the new.

Senator REED. Wait a minute. If the piece is hewn, it is subject to a duty of 60 per cent.

Mr. HORWITZ. No; "pitched." This [indicating] is a pitched stone.

Senator REED. A moment ago you said both those pieces were hewn.

Mr. HORWITZ. No, sir. I am sorry, sir. You must have misunderstood me.

Senator REED. I must have.

Senator EDGE. The only words you want out are "pitched, lined"; is that right?

Mr. HORWITZ. Yes.

Senator REED. "Pointed"——

Mr. HORWITZ. I have no objection to "pointed," because it shows some labor. I want to say this, gentlemen——

Senator KING. Let me ask you one question: As I understand the facts, some person or persons went before the committee of the House and tried to get an increased tariff upon this black granite, and they were refused, and in order to get the effect of what they desired they put these words in, the effect of which would be that you could not import any.

Mr. HORWITZ. Exactly; we could not import any.

Senator KING. Under the definition as they interpret it.

Mr. HORWITZ. That is it exactly. May I say this about this granite? We are importing the most expensive granite in the world. This does not compete with a single American granite.

Senator KING. It all comes from Sweden.

Mr. HORWITZ. It all comes from Sweden and Norway. May I show you some samples of the finished product, as we make it right in Brooklyn [producing samples]. This is the black Swedish granite. This is cut very thin, in order to make a sample only. These two [indicating] come from Norway.

Senator KING. You bring this over in rough blocks and do the work on it in the United States, furnishing work to hundreds of employees?

Mr. HORWITZ. Yes. I want to call particular attention to a communication that has been sent in by the union, of which our employees are members. By the way, we employ the highest grade union labor there is in America. Our minimum wage is $12 per day, whereas we pay some people as high as $14. Elsewhere granite workers get $7, $8, and $9 per day as the maximum. This stone is used only for beautiful and artistic work. You gentlemen may readily appreciate how pretty this stone really is when I show you photographs of the graves of Mr. and Mrs. Harding. The ledges are of this granite. They searched the world over for a beautiful stone. The rest of it is American granite, but the two ledges are of this.

Senator EDGE. Just a moment. Let me see if I can get your testimony correctly. If we strike out of this paragraph 235 (a) the word "pitched" and the word "lined" and insert, in lieu thereof, after the word "pointed" the words "roughly squared," you are entirely satisfied?

Mr. HORWITZ. Yes; if they are stricken out in both places, under both the 60 per cent ad valorem and the 25 cents per cubic foot.

Senator EDGE. Where is the 60 per cent ad valorem?

Mr. HORWITZ. They stuck in the words——

Senator EDGE. I understand.

Mr. HORWITZ. Strike them out in both places, and in the second part put in instead, "roughly squared."

Senator KING. Are you asking for a 60 per cent duty on this?

Mr. HORWITZ. No. We do not care how much the duty is on the finished products. We are American manufacturers.

Senator KING. But on this——

Mr. HORWITZ. No. We would like to see it stay at the 15 cents per cubic foot.

Senator REED. Twenty-five cents will not hurt you?

Mr. HORWITZ. We will not feel happy about it, but we will not protest as seriously as we will protest if the words "pointed, pitched, lined" remain in the statute.

Senator EDGE. I am going to read it from the beginning:

PAR. 235. (a) Granite suitable for use as monumental, paving, or building stone, not specially provided for, hewn, dressed, pointed, roughly squared, or polished——

Mr. HORWITZ. No. "Roughly squared" should not be there, but in the other.

Senator EDGE (continuing)—

or otherwise manufactured, 60 per centum ad valorem.

Senator KING. He objects to the 60 per cent ad valorem.

Mr. HORWITZ. No. We do not object to that particularly. It has been 50.

Senator REED. Mr. Witness, wait a minute. You are not listening much, and you are talking a lot.

Would you be satisfied, and would it cover your case if we struck out the words "pitched" and "lined" in both places where those words occur in that paragraph?

Mr. HORWITZ. Yes. That is all we want.

Senator REED. That would allow your stone to come in as "unmanufactured, or not dressed, pointed, hewn, or polished," at 25 cents per cubic foot.

Senator EDGE. Then you do not want the words "roughly squared in the second part?"

Mr. HORWITZ. No.

Senator REED. You are confident that that black you bring in is not dressed, pointed, hewn, or polished?

Mr. HORWITZ. Positively.

Senator REED. You will get by under that.

Mr. HORWITZ. Positively.

Senator KING. Will they not call that [indicating] hewn?

Mr. HORWITZ. No. That is not hewn. We have been bringing this in for years.

Senator EDGE. You have already had customhouse decisions?

Mr. HORWITZ. We are satisfied.

Senator KING. What do you call it if it is not hewn?

Mr. HORWITZ. I do not know.

Senator EDGE. Are there any further questions?

Mr. HORWITZ. If you gentlemen want to hear——

Senator KING. I do not understand this 25 cents.

Senator BARKLEY. He prefers to leave it at 15.

Mr. HORWITZ. We would like to have it at 15 cents. It is really a big increase—a two-thirds increase.

Senator SMOOT. Let me ask you a question. What is the difference between "granite suitable for use as monumental, paving, or building stone, not specially provided for, hewn, dressed, pointed, or polished, or otherwise manufactured" and "unmanufactured, or not dressed, pointed, hewn, or polished"? You use the word "hewn" in both places, do you not?

Mr. HORWITZ. Yes. I would imagine that the word "hewn" would mean that it is evened up; somewhat similar to the "pointed" part.

Senator KING. Let me ask you a question for my own information. My colleague is asking a very pertinent question.

Senator SMOOT. I do not see any difference.

Senator KING. You use the word "hewn" in connection with the 60 per cent ad valorem, and you use the word "hewn" in connection with the 25 cents per cubic foot. That is applicable to both products.

Senator REED. The word "not" is in front of it.

Mr. HORWITZ. "Not hewn."

Senator REED. "Not dressed, pointed, hewn, or polished."

Senator KING. Is this manufactured or unmanufactured, [indicating sample]?

Mr. HORWITZ. Absolutely unmanufactured.

Senator KING. I am pointing to this rough piece you have exhibited.

Mr. HORWITZ. Unmanufactured.

Senator KING. That would come in the lower part of this section.

Mr. HORWITZ. At 25 cents per cubic foot, provided you strike out the words "pitched, lined."

Senator KING. What would come under the head of "Suitable for monumental or building stone, hewn, dressed, or otherwise manufactured"?

Mr. HORWITZ. Stone like this [indicating], or like this [indicating]; or perhaps like this [indicating].

Senator KING. That [indicating] is in a more advanced stage of manufacture, is it not?

Mr. HORWITZ. Yes.

Senator REED. There are various stages of the manufacture?

Mr. HORWITZ. There are various stages of the manufacture.

Senator REED. Will you leave these with the committee?

Mr. HORWITZ. Yes, sir.

Senator EDGE. Thank you very much.

Mr. HORWITZ. I have several other things I want to add. May I be permitted to add them?

Senator EDGE. You can add them in your brief. You have finished so far as the actual phraseology and duty are concerned?

Mr. HORWITZ. Yes, sir. May I just submit the letters from the union, showing that this is an unmanufactured product?

Senator EDGE. They may go in the record. Have anything you wish to submit for the record in here by to-morrow.

(Mr. Horwitz submitted the following brief and letter:)

BRIEF OF S. HASKEL & SONS (INC.), BROOKLYN, N. Y.

COMMITTEE ON FINANCE,
United States Senate.

GENTLEMEN: The undersigned, S. Haskel & Sons (Inc.), of Brooklyn, N. Y., earnestly recommends that paragraph 235(a) of Schedule 2 of H. R. 2667 be amended by striking out the words and figures in black brackets below and inserting the figures in italics:

"PAR. 235(a) Granite for use as monumental, paving, or building stone, not specially provided for, hewn, dressed, pointed, [pitched, lined,] or polished, or otherwise manufactured, 60 per centum ad valorem: unmanufactured, or not dressed, pointed, [pitched, lined,] hewn, or polished, [25] *15* cents per cubic foot."

The paragraph as it appeared in the tariff act of 1922, in H. R. 2667, as reported to the House, and in H. R. 2667, as passed by the House is shown in Appendix A.

S. Haskel & Sons (Inc.) is a New York corporation manufacturing monumental and building stone from domestic and also Scandinavian granite. It imports 80 per cent of the rough black granite imported from Norway and Sweden none of which is manufactured in any respect as will be pointed out below. This imported stone costs from $3.95 to $8.50 per cubic foot, landed in New York without duty, depending on the size of the block.

The price of Swedish black and pearl granite in the rough f. o. b. steamer Sweden as provided in a contract between the undersigned and Scandinavian granite producers, effective July 1, 1929, are as follows:

	Per cubic foot
Stones up to 10.0 cubic feet	$3.25
Stones from 10.1 to 20 cubic feet	3.40
Stones from 20.1 to 25 cubic feet	3.50
Stones from 25.1 to 35 cubic feet	3.75
Stones from 35.1 to 50 cubic feet	4.00

Prices effective during the last 12 months have been approximately 35 cents per cubic foot less than the prices listed above. Stones larger than 50 cubic

feet are not covered by contract but are subject to special price arrangement. The cost of these stones is between $5 and $6 per cubic foot f. o. b. Sweden. To the prices given above there should be added for freight, insurance, lighterage, etc., $1.30 per cubic foot for the smaller sizes up to $2.50 for the larger sizes.

Similar sizes of American granite cost from $1.25 to $3 per cubic foot. No granite is produced in the United States similar in quality to the black and pearl Scandinavian granite. As a building stone it is used in highly polished slabs solely for ornamental work; and as monumental it is used similarly polished. In both uses it costs twice as much as any American stone and is utilized to produce effects which American granite can not give. For further description of Scandinavian granite, its uses, prices, etc., see Appendix B.

The use of the word "pitched" to describe a manufactured granite was proposed in order to increase the duty on rough granite 1,500 per cent.

The National Granite Commission, a granite trade association, asked the House committee for an increase in the duty on rough granite from 15 cents per cubic foot to $1.35. (Hearings, p. 1654.) This was denied and the duty was increased to 25 cents per cubic foot. See section 235(a) as reported, Exhibit 1, hereto.

The granite commission then proposed an amendment to the committee bill which added to the class of manufactured granite, dutiable at 60 per cent, stone described as "pointed, pitched, lined." In a letter to members dated May 24, 1929, the secretary-treasurer describes the purpose of the amendment as follows:

"The words 'pointed, pitched, and lined' were proposed to describe the partly finished state in which practically all the so-called foreign rough granite has been coming in under the present law. This description was considered as removing this so-called rough granite from the unmanufactured class at a cubic-foot rate to the ad valorem class in which it was generally conceded it rightfully belongs."

In the note on page 61 of the committee print of comparative print of H. R. 2667, as passed by the House and tariff act of 1922, it is said:

"NOTE.—Granite, pointed, pitched, or lined, has been transferred from the provision for unmanufatcured granite in the same paragraph—old rate 15 cents per cubic foot."

This is an increase of from 1,280 per cent to 1,660 per cent in the duty upon rough black granite, or an increase from 15 cents per cubic foot to $1.92 per cubic foot upon the smaller sizes and to $2.40 upon the larger sizes.

In other words, although a rate of 25 cents is provided for unmanufactured granite it is wholly meaningless because all "this so-called rough granite" (in the words of the granite commission) has been removed from the unmanufactured class to the manufactured class.

The word "pitched" is the word which is relied upon to produce this result.

Stone which is "pointed" has had one or more of the sides smoothed to some extent with a hammer and a pointed instrument. The side "pointed" presents a speckled appearance and is easy to identify. Such a stone is by no means manufactured and should not be classified with wholly manufactured stone. But, at least, the importer knows that he is importing pointed stone and the consequences of his act. The same is true of "lined" stone, which unmistakably shows the line axed either by hand or pneumatic instrument.

However, the word "pitched" has no clearly defined meaning in the trade.

It is significant that the building material section of the Bureau of Mines was unable to give the undersigned a definition of the word "pitched."

Fay's Glossary of Mining and Mineral Industry quotes Webster's New International Dictionary as follows:

"Pitched faced (stone cutting): Quarry faced but having the arris defined by a line beyond which the rock is cut away so as to give nearly true edges."

And it also defines:

"Pitch-off: A quarryman's term for trimming the edge of a block of stone with hammer and sett."

And Webster defines:

"Pitching chisel: The cutting face is rectangular with sharp angles, used for trimming stone to a line."

No granite treated in this way is imported. The only labor performed upon any rough granite, foreign or domestic, before it leaves the quarry is to knock the pieces with a sledge hammer into rough rectangles so that they can be

shipped. Obviously, it would be impossible to ship the irregular pieces created by blasting. Accordingly, the irregularities are knocked off. None of this is done with a point or a pitching chisel, nor are the blocks lined. It is extremely rough work which adds nothing to the value of the block, but simply puts it into a condition in which it is possible to transport it. There is no difference in this respect between foreign and domestic granite.

Marble is subject to substantially the same conditions, and in paragraph 232 (a) the tariff act of 1922 and also H. R. 2667 provide for "Marble, breccia, and onyx, in block, rough or squared only, 65 cents per cubic foot.

The granite which has been coming in as unmanufactured granite is similarly rough or squared only and is equally rough stock. It has had no value added to it by labor but has merely been shaped so that transportation by water or rail is possible. There is no reason why rough granite should be treated differently from rough marble or differently from the treatment accorded it under prior acts.

The National Granite Commission proposed the word "pitched" to reach this rough granite to which nothing is done beyond the rough squaring necessary for shipment and to subject that rough granite to the duty provided for manufactured granite. It was represented to the House committee that this rough granite was one-third manufactured when imported. Such a statement is absolutely unsupported by the facts. We submit as exhibits photographs of rough granite, both imported and domestic. These photographs were taken for a wholly different purpose, as they themselves indicate, but they show beyond question that the condition of both foreign and domestic rough granite is the same and that nothing has been done to the stone except to square it roughly so that transportation is possible.

THE WORD "PITCHED" WILL MAKE A LAWSUIT OUT OF EVERY IMPORTATION

If the word "pitched" should remain in the paragraph, one of two results must follow. Either the courts must hold with the National Granite Commission that there is no longer any such article as unmanufactured granite and that the duty upon what is known in the trade, and in fact is, rough granite has been raised 1,500 per cent; or else each importation must produce a lawsuit. Both results are obviously wrong and were not intended by the House committee. That committee was misled by erroneous information and induced to use a word which has no accepted trade or technical meaning, but which can be used to nullify the plain purpose of the act to impose a 25-cent per cubic foot duty upon unmanufactured granite.

The word "pitched" should be stricken from the paragraph.

THERE IS NO NECESSITY WHATEVER FOR AN INCREASE IN THE DUTY ON ROUGH GRANITE

The duties imposed upon manufactured granite by all the tariff acts since and including the act of March 3, 1883, are as follows:

	Paragraph	Duty
Act of—		
1883	Schedule N	$1.00 per ton.
1890	127	$0.11 per cubic foot.
1894	105½	$0.07 per cubic foot.
1897	117	$0.12 per cubic foot.
1909	114	$0.10 per cubic foot.
1913	99	$0.03 per cubic foot.
1922	235	$0.15 per cubic foot.

H. R. 2667 in paragraph 235 (a) raises the duty upon unmanufactured granite to 25 cents per cubic foot—an increase of 66⅔ per cent over the act of 1922 and an increase of 150 per cent over the Payne-Aldrich tariff. But in reality the increase the duty imposed is from 1,280 per cent to 1,660 per cent, depending on the type and size of the granite. This results from the practical transfer of all unmanufactured granite to the manufactured class dutiable at 60 per cent ad valorem by the use of the word "pitched."

This increase is in the face of the fact that foreign imports of monumental and building granite amount to but 1½ per cent of domestic consumption. The following figures are taken from Tariff Information, 1929, pages 573, 574, 576:

American production of rough monumental and building granite since 1922

Year	Monumental granite	Building granite	Total
	Cubic feet	*Cubic feet*	*Cubic feet*
1923	3,947,600	4,677,600	8,625,200
1924	3,520,530	6,058,256	9,578,786
1925	3,195,250	6,698,464	9,893,714
1926	3,240,550	7,421,678	10,662,228
1927	3,197,910	5,405,474	8,603,384
Average			9,472,662

Total imports of unmanufactured monumental and building granite since 1922

Year:	Cubic feet
1923	126,784
1924	146,728
1925	156,767
1926	184,457
1927	132,722
1928	142,997
Average	148,394

Imports thus continue 1½ per cent of domestic consumption.

If it is argued that the imported rough granite is landed in the ports of New York and Boston and competes with the rough granite available in those markets, the answer is equally overwhelming. The only figures available for local production in the United States as reported by the Tariff Commission are for the year 1926. In that year the State of Vermont and Massachusetts produced 1,623,750 cubic feet of rough monumental granite. These States, together with New Hampshire, produced approximately 4,000,000 cubic feet of rough building granite. In the year 1926 the total imports of both monumental and building granite amounted to 184,457 cubic feet or approximately 3 per cent of the American granite available in the markets of New York and Boston. This does not include any granite from Pennsylvania, Maryland, and North Carolina which the Tariff Commission states is available for the markets in the eastern section of the country.

Thus it is apparent that whether the country is taken as a whole or whether the New York and Boston markets are taken alone the foreign importations of rough granite are an infinitesimal fraction of local consumption. Furthermore, on account of the pecularities of its use the competition between imported granite and American granite is negligible and the total prohibition of imports of foreign granite would be of little or no benefit to American granite producers. Approximately 50 per cent of the granite imported is Swedish black granite. (Tariff Information 1929, p. 573.) Approximately three-fourths of the black granite is used for monumental purposes. The cost of black granite is, as pointed out above, greatly in excess of any American granite. It is used for monumental purposes by people of Jewish origin and faith. This is on account of certain Hebrew customs and traditions and also because, on account of its grain, it is possible to carve inscriptions of considerable length in both Hebrew and English upon black granite which it is not possible to do upon any American granite. If the importation of black granite were entirely stopped it would not only be a great hardship upon people of Jewish origin and faith, but it would be of no value to American granite producers because Jewish memorials would then be constructed of other materials, such as dark marble or bronze tablets.

So far as imported granite is used for building purposes it is used at a cost greatly in excess of American granite and can not compete with American granite upon a cost basis. It is not used for structural parts of buildings but

simply for the ornamental stonework because it takes and retains under all weather conditions a high polish. This granite is used for purposes which could not be accomplished with American granite. To prevent its importation by prohibitive duties would accomplish no useful economic result to American granite producers but would simply put an obstacle in the progress of American commercial architecture and the beautification of American business buildings.

CONCLUSION

We, therefore, respectfully submit that the words "pitched, lined" should be stricken from paragraph 235 (a) of H. R. 2667 and that there is no occasion or necessity for increasing the duty of 15 cents per cubic foot imposed upon unmanufactured granite by the tariff act of 1922. To prevent the importation of black granite by prohibitive duties will be a grave offense to the religious sensibilities of the Jewish people, an impediment in the development of modern commercial architecture, and will be of no benefit whatever to any American industry.

S. HASKEL & SONS (INC.),
Brooklyn, N. Y.

TARIFF ACT OF 1922

PAR. 235 (c) Freestone, granite, sandstone, limestone, lava, and all other stone suitable for use as monumental or building stone, except marble, breccia, and onyx, not specially provided for, hewn, dressed, or polished, or otherwise manufactured, 50 per centum ad valorem; unmanufactured, or not dressed, hewn, or polished, 15 cents per cubic foot.

APPENDIX A

H. R. 2667 AS REPORTED TO HOUSE

PAR. 235 (a) Granite suitable for use as monumental or building stone, not specially provided for, hewn, dressed, or polished, or otherwise manufactured, 60 per centum ad valorem; unmanufactured, or not dressed, hewn, or polished 25 cents per cubic foot.

H. R. 2667 AS PASSED BY HOUSE

PAR. 235 (a) Granite suitable for use as monumental, paving, or building stone, not specially provided for, hewn, dressed, pointed, pitched, lined, or polished, or otherwise manufactured, 60 per centum ad valorem; unmanufactured, or not dressed, pointed, pitched, lined, hewn, or polished, 25 cents per cubic foot.

APPENDIX B

S. Haskel & Sons (Inc.), at its place of business, No. 97–107 Harrison Place, Brooklyn, N. Y., employs between 110 to 120 persons, practically all highly skilled American labor. All the stone cutters and polishers are highly skilled American mechanics, members of the union known as the International Granite Cutters Association of American Federation of Labor. The employees receive a minimum wage of $12 per day for 8 hours. The average weekly pay roll is between $6,500 and $7,000 per week.

Haskel & Sons imports rough-black granite from the Scandinavian countries, particularly rough granite known as Black Swede, Blue Pearl, and Emerald Pearl. This granite is imported in rough blocks as taken from the quarry, shaped only sufficiently to permit of transportation. It is then split, cut, sawed, pointed, lined, polished, and engraved as the nature of the orders require, all of the work being done in the plant of the petitioner by American union labor.

These granites are of unusual quality and can not be duplicated by any American quarry. They are extensively used for monumental purposes for persons of the Jewish faith and for attractive and artistic construction work, and are not used in general building construction because of their greater cost.

Only 25 per cent of the granites imported is used for building. Because of their unusual merit for artistic purposes, particularly in combination with bronze, they are selected for ornamental construction upon the finest buildings. (See Exhibit 2.)

Among the architects and building contractors who have designated this granite for decorative purposes are the following:

Architects: McKim, Mead & White; Walker & Gillette; Robert T. Lyons; George and Edward Blum; A. F. Gilbert; Schmidt, Garden & Erickson; S. M. Green Co. and A. H. Lavalie; Henry Hornbostel; Holabird & Root; Ralph B. Baker; C. H. Johnson, State architect, Albany, N. Y.

Building contractors: Thompson-Starret Co., New York City; Hegeman-Harris Co., Chicago, Ill.; George A. Fuller Co., New York City; Cauldwell & Wingate, New York, City; Joseph Gilbert Co., New York City; Lundoff, Bicknell Co., Chicago, Ill.; Charles Skooglund, St. Paul, Minn.; William Dougherty Co., Philadelphia, Pa.; Dahl Stedman Co., Chicago, Ill.; Starret Bros., New York City; C. T. Wills, New York City; Herbert E. Mittler Co., New York City.

This stone has been used for ornamental purposes in many well-known buildings, among them the following: Grant Building, Pittsburgh, Pa.; American Radiator Building, New York City; 1776 Broadway Building, New York City; Sherry Restaurant, New York City; Fuller Tower, New York City; Equitable Trust Building, New York City; Stop and Shop Building, Chicago, Ill.; Women's Athletic Club, Chicago, Ill.; Judah Building, Chicago, Ill.; Baskin Building, Chicago, Ill.; Rochester Savings Bank, Rochester, N. Y.; Wilkes-Barre Bank Building, Wilkes-Barre, Pa.; Integrity Trust Building, Philadelphia, Pa.; Union Bank Building, Philadelphia, Pa.; 2214 Walnut Street Building, Philadelphia, Pa.; Eastman Kodak Building, St. Paul, Minn.

The two ledges of the memorial to the late President Warren G. Harding and Mrs. Harding were constructed of this granite. (Exhibit 1.)

Price is not a factor in the selection of this granite for practically every other granite manufacturing company could underbid the petitioner by anywhere from 25 to 40 per cent. The reason for the selection of this granite by these architects and building contractors is the unusual beauty and quality When cost is a factor, this granite is eliminated from construction work or monumental work.

Seventy-five per cent of this granite imported is used by persons, chiefly of Hebraic origin, for monumental purposes in cemeteries. These persons prefer a black memorial to any other type of memorial for sentimental reasons. In addition thereto, their memorials are carved in both English and Hebrew and the black granite lends itself best to that purpose, for the letters are clearer when carved in the black granite and more letters can be put on in a given space than in any other type of granite. (See Exhibits 3 to 9, inclusive.)

Samples of these granites are submitted with this brief, showing the appearance of the granite after being completely manufactured and polished.

Summary of Tariff Information, 1929, Schedule 2, earth, earthenware, and glassware, issued by the United States Tariff Commission, at page 572, referring to this granite, makes the following statement:

"*Unmanufactured monumental granite, description and uses.*—Monumental granite is the best quality of rough granite produced, of various distinctive colors and textures, and is used in the manufacture of what are commercially known as 'dies'—the main stone of a monument usually set upon a base. It is highly selected as it comes from the quarry to secure as great freedom as possible from blemishes. Considerable loss is incurred in the manufacturing of dies if blemishes, not visible upon the surface of the rough stone, develop during the process of manufacture. The finished dies, often polished, must themselves be wholly free from blemishes. The base stone of a monument, if of granite, is of a quality intermediate between monumental granite as above described, and building granite."

The same summary, at page 575, makes the following statement:

"None of the imported unmanufactured monumental granite is transported in an unmanufactured form into the interior of the United States. The imports of rough black granite, mostly received at New York, are manufactured entirely in New York to meet a special local demand in New York."

ALL THE LABOR ON THE PETITIONER'S GRANITE IS PERFORMED IN NEW YORK CITY

The petitioner employs strictly union labor, as heretofore pointed out. The minimum union scale now is $12 per day, and many men receive more than that. The rough granite is imported without any work being done thereon except to make the blocks in shape so that they may be packed for transportation. Exhibits 11, 12, 13, 14, and 15 show this rough granite in the shape and appearance as imported. Exhibits 28, 29, 30, and 31 show American rough granite as it leaves the quarry. It is immediately apparent that both imported and domestic rough granite leaves the quarry only roughly squared, so that it can be transported. Both are in the same condition.

After this rough granite comes to the petitioner's plant the following labor must be done thereon before same can be used as a finished product:

1. It must be split to sizes.
2. It must be sawed.
3. It must be cut, lined, and pointed to the proper form and size.
4. It must be polished according to specifications.
5. It must be carved or engraved according to specifications.

It will thus be seen that no labor is performed on this rough granite in Europe at the point of the quarry other than to take out the rough granite and to place same in shape for transportation.

The union labor employed by the petitioner is the highest paid union labor in the United States. Other sections of the country where granite is produced either employ nonunion labor or the union wage scale is from $3 to $4 less per day than in New York City. It will thus be seen that if a tariff rate higher than the present rate is imposed, it will seriously affect not only the petitioner but will throw out of employment skilled union American labor. In addition thereto, the customers of the petitioner also employ skilled union labor, members of the same union, and the number of union men so employed is about 300. They are all employed in New York City and receive the highest wage scale.

If the tariff is increased and the act amended so that rough granite can not be imported, these men will also find themselves out of employment.

IMPORTED ROUGH GRANITE DOES NOT COMPETE IN PRICE WITH AMERICAN GRANITE

This imported rough granite, purchased rough by the petitioner and manufactured in the United States, chiefly in New York City, costs the petitioner abroad from $2.65 to over $6 per cubic foot, depending upon quality and size. Freight, duty, brokerage, and literage add $1.30 per cubic foot to the cost of small sizes and add up to $2.50 per cubic foot on larger sizes. The cost of the rough granite, therefore, is now from between $3.95 per cubic foot to $8.50 per cubic foot at New York City, rough. Annexed hereto are bills showing the cost of this granite, rough, exclusive of the additional cost of duty, freight, literage, and brokerage. See Exhibits 16, 17, 18, 19, and 20.

Practically all American granite reaching New York City, in competition with the petitioner, costs considerably less than this foreign granite. Exhibit 21 shows American Quincy rough granite selling at from $1.25 to $1.50 per cubic foot. Exhibit 22 shows American Quincy rough granite selling at $1.25 per cubic foot. Exhibits 23 and 24 show American rough granite selling at $2.00 per cubic foot. Exhibit 25 shows Barre, Vt., granite, one of the most expensive American granites, selling at $3 per cubic foot. Exhibit 26 shows Georgia rough granite selling at $1.70 per cubic foot. Exhibit 27 shows Georgia granite selling at $2 per cubic foot, less 20 per cent discount.

It is obvious that without any tariff increase, this rough Scandanavian black granite is already more expensive than American granite. To add further cost by way of a tariff would make the importation of these granites prohibitive.

On such occasions when these granites were offered in competition with American granite for ornamental construction, they were selected by the architects because of their unusual beauty and attractiveness and never because the petitioner was the lowest bidder. On the other hand, the petitioner was always the highest bidder because it is impossible for the petitioner to compete with any American producer of granite and be the lowest bidder.

On a number of occasions where cost was an inducement to the builder, the petitioner was unable to get the contract because American producers greatly underbid the petitioner. The only times that the petitioner was able to furnish ornamental granite was where the architect or builder was impressed with the beauty and artistry of the petitioner's granite, and not by the cost.

Some of the jobs where the petitioner furnished estimates for ornamental granite construction but did not receive the work are as follows: Copper Building, Pittsburgh, Pa.; Carbone & Carbide Building, Chicago, Ill.; Detroit Times Building, Detroit, Mich.; Pennsylvania Railroad Building, Philadelphia, Pa.; Palmolive Office Building, Chicago, Ill.; Chicago Board of Trade Building, Chicago, Ill.; Chanin Bros. Building, New York City; State Bank Building, Chicago, Ill.; Houston National Bank Building, Fort Worth, Tex.; Astor Apartment Building, Chicago, Ill.; County Court House, Pittsburgh, Pa.; Irving Trust Co. Building, New York City; National City Bank Building, Brooklyn, N. Y.; Dollar Savings Bank Building, Pittsburgh, Pa.

In each case, the successful bidder furnished American granite at from 20 per cent to almost 100 per cent less than the petitioner bid.

That the committee and the House did not understand the effect of this amendment is apparent from the colloquy between Mr. Watson who proposed the amendment and Mr. LaGuardia.

The following is from the Congressional Record of May 27, 1929, volume 71, page No. 35, at page 2061–2062:

"Mr. WATSON. Mr. Chairman, I offer the following committee amendments, which I send to the desk.

"The Clerk read as follows: Committee amendments offered by Mr. Watson: Page 49, line 13, after the last comma insert 'pointed, pitched, lined'; page 49, line 15, after the word 'dressed,' insert 'pointed, ched, lined.'

"Mr. LAGUARDIA. Mr. Chairman, I call attention to the fact that that will make prohibitory the importation of black granite from Norway and Sweden. We do not produce any black granite of the same quality and used for the same purpose in this country. I am informed that this black granite is imported from Norway and Sweden in large blocks, simply squared so as to be able to be stored in ships. There is no oher work upon it at all, and we have no substitute for the black granite for the people who want this particular kind of stone. What you are doing here is making the importation of that particular stone, which they do not produce in this country, prohibitory.

"Mr. WATSON. Mr. Chairman, most of the granite which comes in is prepared and a great deal of it can go into buildings without any operation whatever. It is to protect the workmen of our country that these amendments are offered. That is the purpose of putting in those three words.

"Mr. LAGUARDIA. And this is not intended for block that are to be used for monumental purposes?

"Mr. WATSON. No; they are on the free list.

"Mr. LAGUARDIA. Then black granite that is squared and brought in for monumental purposes is not included in this amendment.

"Mr. WATSON. No; that is on the free list on page 234.

"Mr. LAGUARDIA. The item I refer to was the paragraph 1775, on the free list.

"Mr. HAWLEY. Mr. Chairman, let us have a vote.

"The CHAIRMAN. The question is on agreeing to the committee amendment.

"The committee amendment was agreed to."

Mr. Watson's statement on the floor of the House that granite used for monumental purposes are on the free list is an obvious error since paragraph 1770 refers to granite not suitable as monumental, building or paying stone.

BRIEF OF THE GRANITE CUTTERS' INTERNATIONAL ASSOCIATION OF AMERICA

MASPETH, N. Y., *June 22, 1929.*

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

GENTLEMEN: Information regarding the wording of amendments referring to rough granite defeats what we believe was primarily the object of the proposed tariff law, especially two words "pitched" or "lined", that would be as we understand it classfying rough stock as finished stock, such a prohibitory tariff would result in placing completely finished foreign granite on the market, eliminating to a large degree the American granite cutter.

We wish to respectfully call attention to your honorable body that misrepresentations were made to secure an amendment to the tariff bill as recommended by the Ways and Means Committee to the House of Representatives on May 27, 1929; we do not know of any specific instance in which rough granite blocks going into buildings eliminating the American granite cutter. A statement by Mr. Watson that rough square granite blocks to be used for monumental purposes was on the free list, we believe it impossible to distinguish blocks meant for either monumental or building purposes.

We wish to thank your honorable body for their kind and sincere attention given this matter on our behalf, we are,

Respectively yours,

The committee amendment was agreed to.

JOHN LESLIE *President.*
JAMES JOHNSTON, *Secretary.*

LETTER FROM G. B. JOHNSON, PORTLAND, OREG.

MAY 13, 1929.

Senator FREDERICK STEIWER,
Senate Office Building, Washington, D. C.

DEAR SIR: Am informed that the proposed new tariff on granite is 60 per cent for both rough or manufactured. This is absolutely absurd and would be a detriment instead of a protection to American firms manufacturing foreign granites; in fact, it would put them out of business.

With present duty of 15 cents per cubic foot on rough granite and 50 per cent on finished, it is very hard to compete against Europeans, but to make the duties same on rough or manufactured would be simply helping the foreigner at our expense.

The protection we want to keep our plants running is a high duty on manufactured work, but a low one on raw material. In Portland, out of 10 granite firms there are 7 that buy granite in rough and manufacture themselves, but if the proposed duty of 60 per cent on rough or finished went into effect there is not one that could afford to continue manufacturing this granite, because they could buy the finished product much cheaper from Europe.

Trusting you will strenuously oppose such a foolish and unreasonable duty, I beg to remain,

Respectfully yours,

G. B. JOHNSON.

SLATE

[Par. 237]

STATEMENT OF W. H. SMITH, REPRESENTING THE NATIONAL SLATE ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. Mr. Smith, you represent the National Slate Association, do you?

Mr. SMITH. The National Slate Association; yes.

Senator EDGE. I assume from that that you represent all of these interests, wherever the quarries are located?

Mr. SMITH. Generally; yes.

Senator EDGE. You can speak, can you not, pretty generally for all of them? You represent them all?

Mr. SMITH. I can speak pretty generally for all of them, but I can speak more particularly for Pennsylvania.

Senator EDGE. Did you file a brief in the House?

Mr. SMITH. We did; yes, sir.

Senator EDGE. And do you propose to file some supplemental information before us?

Mr. SMITH. Yes; we expect to.

Senator EDGE. Or just to speak to the committee orally?

Mr. SMITH. We expect to speak orally, but we also expect to file some supplemental information.

Senator EDGE. That should be in during the next 24 or 48 hours.

Mr. SMITH. It will be in to-morrow.

Senator EDGE. We are closing the hearing on this schedule to-night. Proceed with anything you want to tell the subcommittee. You heard what the previous witness said, and you have heard the questions we have asked. I think we have fairly well established the sit-

uation as far as gross production and imports and exports are concerned. If there is anything you can give the subcommittee that will help it in reaching a decision, we shall be glad to hear it.

Senator REED. Mr. Smith, let me say this. It may help you.

I am a devout protectionist. I believe thoroughly in protection.

Mr. SMITH. I have been listening to the hearings, and I gained that impression.

Senator REED. But I am worried about this item, simply because, as I read these figures, the imports are about one-third of 1 per cent of the domestic production, and the prices you are getting to-day are as high as at the peak of the war-time boom. Is that a case that calls for the imposition of a higher duty? That is what I want you to tell me.

Mr. SMITH. I think I can meet the situation. I think I can explain it satisfactorily.

We have come back to your committee because we made an application to the House committee and got nothing. We had a duty of 15 per cent which was imposed in 1922; and I want to amend what Mr. Morrow said with respect to a duty previous to that time. I think there was a 10 per cent duty.

Senator REED. It was 10 per cent under the Underwood bill. That was raised to 15 per cent in 1922.

Mr. SMITH. That is correct.

Senator EDGE. Then the information here is incorrect that it was taken from the free list.

Senator REED. No; that refers to crude slate, not in shape for roofing slate. They have been taken care of as far as these imports into Seattle were concerned. They were just rough blocks of the mineral. Now that has all been put into this paragraph, and in the future it will all be subject to 15 per cent.

Senator KING. So there is a great raise in taking it from the free list and putting it here.

Senator REED. The rought stuff was taken out of the free list; yes.

Mr. SMITH. I want to comment on that point. In the 1922 tariff we supposed that we had 15 per cent, and we did not discover that we did not have it until a few days ago. We could not account for the apparent drop in the imports in 1928 as compared with 1927, because we knew that our competition was keener in 1928 than it was in 1927, and we were losing more business in 1928 than we were in 1927; and when these figures came out showing that the imports were only $44,000 as compared with $78,000 in 1927 we could not account for it, and in my own mind I could not account for it until the day before yesterday. It was only the day before yesterday that we heard about this decision. May I get the books? I have them right back here. That decision is Abstract 48,262, which holds that rectangular pieces of slate in substantially the condition in which they came from the quarry, and used for electric-switch bases after having been cut to necessary size, are free from duty under paragraph 1619.

Anyhow, we knew we had a business on the Pacific coast alone of substantially $25,000 a year for that kind of material. We lost that business completely. We knew the kind of slate they were using, but we did not know that it was coming in free of duty, nor did we know it was coming in unlisted in the Government figures.

Senator KING. Where did it come from?

Mr. SMITH. Mostly from Portugal.

Senator KING. Away around the globe?

Mr. SMITH. Through the Panama canal.

We had a very excellent business in Seattle. We lost that completely, and I find that it is coming in there from the same source in monthly shipments in the neighborhood of $3,000 per month, and apparently it has been coming in without duty and without being covered by the Government figures.

We know, also, that we had lost practically the entire blackboard business of the city of Los Angeles, which amounted to an average of pretty close to 100,000 feet a year, some years running up to a valuation of $35,000 to $40,000 for blackboards in that city alone, as well as business in the surrounding territory; and we lost that, too.

Senator BARKLEY. You mean, blackboards for schoolhouses?

Mr. SMITH. Yes.

Senator BARKLEY. Do you mean to say that the blackboard bill for Los Angeles was $35,000 a year?

Mr. SMITH. For a number of years.

Senator KING. Slate blackboards?

Mr. SMITH. Yes.

Senator BARKLEY. They must break a lot of blackboards out there.

Mr. SMITH. No; but Los Angeles has been growing so fast that their consumption amounts to approximately $100,000 a year. Just recently the city of Los Angeles placed an order for 50,000 feet of blackboards for current consumption.

We knew that we had lost most of the business in the neighborhood of Kansas City. In the natural course of things we did not expect to lose business in the interior, because the freight rate would offer almost as good protection as a tariff, but we found out that they are bringing it around through the Gulf and sending it up the river and beating us out in the interior of the country.

Senator REED. It all comes in in rough form?

Mr. SMITH. Not all of it; no. The blackboards that come into the interior of the country are finished.

The latest development is with regard to one of our own manufacturers in Pennsylvania, who has brought in four carloads of blackboards in the rough which he has finished there. He finds he can buy them in Italy and pay the ocean freight and the land freight and finish them here.

Senator EDGE. They come in without duty, I presume?

Mr. SMITH. I presume so; they are in the rough.

Senator REED. The House has taken care of that.

Mr. SMITH. I was about to comment on that. The House put in one thing that was not in the bill before. They put in the generic word "slate"; and because the word "slate" was not in the bill and the words "slates and manufactures of slates," these importations escaped the tariff.

Senator EDGE. The importers of slate are paying at least 15 per cent ad valorem.

Mr. SMITH. But, Senator, that will not help us. The 15 per cent does not amount to anything as a matter of protection to the American slate industry.

Speaking of roofing slate, the price of roofing slate in Vermont for the kind of slate that is being imported from France is $19 a square. With punching of the nail holes it is $20 a square. With freight, we will say, to Philadelphia, it is $21.65, the freight being $1.65.

Senator REED. Does Vermont slate go as far south as Philadelphia?

Mr. SMITH. Oh, yes. The freight to Long Island is practically the same. I myself bought French slate equal in quality to Vermont slate at $14 landed at Brooklyn, as compared with $21.65 that the Vermont slate would cost me.

Senator REED. What was the price of Vermont slate at the top of the boom in 1920?

Mr. SMITH. There was no boom in slate in 1920, Senator.

Senator REED. Well, at the time of the general business boom.

Mr. SMITH. The highest price for slate is the $19 price which is still in existence, but I do not think it came into effect until perhaps 1925.

Senator REED. That is the highest price that has ever been known for slate in this country, is it not?

Mr. SMITH. Yes.

Senator EDGE. You are getting that now?

Mr. SMITH. We are trying to get it. In 1920 the slate business had not recovered from the war period. Slate was made a nonessential during the war period, and that accounts for one of the questions that arose in connection with the other witnesses who appeared, that 1919 was not representative of the American slate business. The American slate business back in 1914 was more than double what it was in 1919, and it has never recovered. In the town of Bangor, where I come from, 55 per cent of the entire producing capacity is closed down, and most of it has been closed down since 1919.

Senator REED. Is that because of competition with other forms of roofing?

Mr. SMITH. Principally; yes.

Senator REED. Asbestos, and that sort of thing?

Mr. SMITH. Yes; asbestos and asphalt shingles.

We have been struggling along, holding about 400,000 to 450,000 squares as the business for the entire country since that time, and we have been able to hold that much on the merit of the material as against asbestos and asphalt shingles. But if foreign slate comes in which is equal in quality to our own, at a price so much below what we can produce it for, I do not see where we are going to come out. We know that our material is holding its own on the basis of about 450,000 squares as against the other competition, but in Lariviere, in the Anjou District in France, the quarries are a great many years old, and they probably can produce what they say they can produce, 80,000,000 pieces or 400,000 squares a year. If they go after this American market in earnest at a price of $7 a square under what Vermont can produce slate for, I do not see how a single company in Vermont can stay in production.

Senator EDGE. Why have the French not done that previously? The French or any other country have been looking for business wherever they could get it.

Mr. SMITH. My answer would be this, that they have a market in France, or have had, and after the war they probably had a greater market on account of the destruction there than they ever had before.

Senator REED. Practically every house in the restored district is roofed with tile.

Mr. SMITH. I do not know about that. They do have a market or have had a market for their slate, not only in France, but they export into England. The same complaint is being made by the Welsh companies in England about French exportation, and presumably they have a market in other parts of Europe. That is the big slate-producing district of the continent.

Senator EDGE. You would have thought, would you not, that right after the war, in 1919 and 1920, when France was without credit and looking for business anywhere they could possibly get it, that France would have had more importations than is actually the case? There have been hardly any imports at all with this market open to them.

Mr. SMITH. I do not think they knew about it, Senator.

Senator EDGE. And with only a 10 per cent duty.

Mr. SMITH. The actual importation of slates from abroad was a thing unheard of until about 1922. In 1922 it began in a small way. Experimental importations of Italian blackboards came in. As I understand it, they do not use any slate blackboards in Europe at all. The slate blackboard is a new business started to take advantage of the market that existed here; and I believe this is the only market for that material that exists in the world. I think this is the only country that uses any slate blackboards to any extent.

Senator EDGE. We have three additional witnesses to hear, and it is half past 4 now.

Mr. SMITH. Mr. Kitto has yielded his portion of the program to me.

Senator EDGE. We have still three more witnesses.

Mr. SMITH. With regard to the Italian blackboards, I will present that portion of the picture right away. On pages 1706 and 1707 of the House hearings you will find technical invoices for American blackboards showing the American price averaged about 39½ cents per square foot f. o. b. quarry. You will find also a letter from Webber & Co. at San Francisco reporting the price at which the Italian blackboards were quoted f. o. b. Genoa, Italy; the price being 14 cents f. o. b. Genoa. The freight rate is 50 shillings, which figures 3 cents per foot at San Francisco. Three cents added to 14 cents is 17 cents a foot as compared with the American price of 39½ cents f. o. b. the quarry to which we have to add the freight rate to San Francisco.

Senator EDGE. Your entire argument and presentation is undoubtedly based upon your fears of the future. Certainly nothing has happened in the past to justify any raise in duty.

Mr. SMITH. It is the future that we are looking forward to.

Senator EDGE. It is your fear of the future?

Mr. SMITH. It is not our fear, exactly; it is because we know these things must happen in the future unless it is remedied, because how can we hold the American market at 39½ cents f. o. b. quarry when the foreign goods are coming in at 17 cents delivered to San Francisco? We simply can not.

That is one angle. The roofing-slate angle I have mentioned more or less already. I myself bought two carloads of these French slates at $14 delivered at Brooklyn as compared with the Vermont price of $21.65 delivered there. How can Vermont hold the market with that difference in cost?

Senator EDGE. How have they held it? The only answer to that has been because the French did not know anything about this market.

Mr. SMITH. They have not been after it until now. Now they are after it.

Senator BARKLEY. What was the cause of their sleepiness on that subject?

Mr. SMITH. I do not know how to account for that.

Senator BARKLEY. They are usually pretty alert about foreign markets, are they not?

Senator EDGE. Of course I do not want to argue with the witness, but as a matter of fact you must know that only two years ago there was a state of impassé between our Government and France because of the so-called embargo of many articles that they could not ship on this side. Is it reasonable to assume that their commercial agent, their representatives at the embassy, and so forth, would totally overlook the possibility of shipping to us?

Mr. SMITH. It is possible, because this industry has been one that has been unaggressive and has not developed much, and has simply, I think, held back and thought that the merit of the goods ought to sell them, and they have not been in the limelight, and it is possible that we have escaped observation for that reason.

Senator REED. Do you not think that the high price of all building materials in this country has attracted attention all over the world?

Mr. SMITH. Probably it has.

I might state further—and this was not in the hearing before the House committee—that I was approached only last week by a building-supplies company in Brooklyn to join with them in taking an agency for this French slate on Long Island, and it will pay me to do it rather than to buy it from Vermont.

Senator REED. Is there much slate imported from Portugal?

Mr. SMITH. Quite a lot; yes.

Senator REED. There is quite an industry around Lisbon.

Mr. SMITH. I do not know just where it is, but it has affected our mill stock.

Senator REED. Some of it has come in here?

Mr. SMITH. It has gone to the Pacific coast.

Senator KING. Do you know how much?

Mr. SMITH. I have some idea. In the month of March, $4,457 worth was shipped into the State of Washington; $793 worth into Massachusetts; a total of $5,250 from Portugal.

Senator KING. How did you learn that that came from Portugal?

Mr. SMITH. This information was from L. J. Mahoney, chief of the customs statistics.

Senator BARKLEY. Where is your plant?

Mr. SMITH. Bangor, Pa.

Senator BARKLEY. In this trade that you enjoyed at Los Angeles and Seattle, how did you ship your product?

Mr. SMITH. Through the canal.

Senator KING. Down the Ohio River and down the Mississippi River?

Mr. SMITH. No; from Philadelphia.

Senator EDGE. Is there any additional information that you really feel that it is necessary for you to put into the record? We do not want to cut you off, but we think that we have probably received about all the information on this subject that is necessary.

Mr. SMITH. Yes; I know you have, Senator.

Senator EDGE. Anything that you have that will throw light on this question, of course, we would like to have. You know where the light has to be thrown.

Mr. SMITH. I wanted to make this remark, that if slate had been properly classified in 1922 it should at least have been given the protection that other building stones were given. Other building stones were given 50 per cent at that time. I do not know why slate was kept out of the building-stone section.

Senator EDGE. Is not that almost an argument against the statement that you have been advancing? There was one building material that was left without protection, and yet no advantage was taken of it by foreign importers.

Mr. SMITH. You might construe it that way.

Senator EDGE. I do not want to construe it any way but what the facts would justify.

Mr. SMITH. I do not think that was the reason. I simply think they lost sight of it or never did see it.

There is another observation that I want to make, and that is this: These figures on imports look small, and relatively they are, but we have to look at them from the standpoint of the amount of American slate displaced by them rather than the amount of dollars for which they were bought. These figures, as I take it, are the foreign purchase figures?

Senator EDGE. The tariff reports.

Mr. SMITH. Yes; the foreign purchase figures.

On electrical slate the foreign purchase price is 20 cents as compared with the American price of 80.

As to roofing I have given the comparison already, and as to blackboards I have given it. It will average about 3 to 1. So that $75,000 or $78,000 really represents $225,000 or $230,000 displacement of American material.

Another observation that I wanted to make was that imports this year are more than double what they were last year.

Senator EDGE. We have every one of those figures. We have the figures for the first three months put into the record a few moments ago.

Mr. SMITH. I have the figures for April here.

Senator EDGE. Put them in.

Mr. SMITH. $10,627. In other words, they are running at the rate of over $10,000 a month now.

Senator KING. It was $28,000 for four months.

Mr. SMITH. January and February were quite low. They did not start any volume until March.

Senator EDGE. Thank you very much, Mr. Smith.

(Mr. Smith submitted the following brief:)

BRIEF OF NATIONAL SLATE ASSOCIATION

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

The National Slate Association comprises practically all the slate quarries in the United States. These numbered in 1920, 157; in 1928, 118; in 1929, 95.

This industry has never before asked for a protective tariff on its products, although some of them have been covered by a purely nominal duty of 15 per cent ad valorem, probably put on for revenue purposes only.

The industry respectfully urges for the reason set forth hereafter the addition of the following paragraph in lieu of paragraph 237, H. R. 2667:

"Slates, slate shingles, and all other slate-roof covering, 1¼ cents per pound; slate blackboards and all slate in form and quality suitable for use as blackboards, 4 cents a pound; all other slate material not including articles wholly or partly manufactured, 3 cents per pound; all other articles in chief value of slate, wholly or partly manufactured, whether elsewhere provided for or not, 8 cents per pound and 40 per centum ad valorem."

ECONOMIC CHANGES IN THE INDUSTRY

(*a*) Pre-war wages, 16 to 20 cents per hour; present wages, 60 to 75 cents per hour.

(*b*) In 1920 there were 157 operating quarries. This had dwindled in 1928 by reason of complete shutdowns, bankruptcies, and other form of business casualties to 118. From January, 1929, to date, 23 additional quarries have shut down completely, and over 1,200 slate workers have been thrown out of employment.

This leaves 95 operating quarries in the United States, a large number of which are running on part time with the imminent prospect of shutting down completely.

(c) Importations of slate prior to the passage of the act of 1922 were negligible and did not interfere with the industry. At about that time, however, the Italian quarries began to manufacture blackboard slate, and the effect of this competition was immediately apparent. France and Norway at about the same time began to export roofing slate to the United States in constantly increasing quantities, and this part of the slate industry has suffered severely from such importations.

INCREASED TARIFF WILL NOT RAISE DOMESTIC CONSUMER'S PRICES

Where a domestic industry is a monopoly either by reason of patent protection or by such close association in the industry as to result in price control, and the volume of imports is substantially as large as the domestic production, then possibly an increase in tariff could be converted by the industry into an increase of the price of the domestic product to the consumer. This, however, is far from being the case in the slate industry. The curtailment of the American market by reason of an introduction of substitutes for slate in so many of its uses causes competition between the different quarries, which has been and will remain exceedingly keen. Further, the price level of the imported slate is so low that even with the additional duty now requested the importer will still be able to sell his product in the market at a price slightly below the present domestic price level. As long as that condition exists there is no possibility of an increased price to the American consumer.

FOREIGN COMPETITION

The comparatively small percentage of actual imports to the total domestic production was probably the reason for the failure of the Ways and Means Committee to grant the request of this industry. In 1927 the imports amounted to $78,000 foreign value against the domestic production of $8,000,000, the latter figure being arrived at by deducting from the total slate production one or two items, including granules, which are not and never have been imported. This figure of $78,000 dropped to $44,000 in 1928 by reason of the general uncertainty in the building business which existed at the end of 1927 and the beginning of 1928. Imports for 1928, therefore, represent real purchases only for the latter half of the year. That this condition was abnormal

is demonstrated by the imports of 1929 which for the first four months have been on a basis of $87,000 for the year 1929, double the total imports of 1928 and a considerable advance over 1927. This figure of $87,000 means the displacement of American slate of a value of $261,000 at least.

NOTE.—In this connection we feel it necessary to call attention to the fact that these figures of imports can not possibly represent all of the slate, which came into the United States during the years covered. We feel that the different classifications under which slate and slate products may have been imported have resulted in the concealment of statistics of imports because of their inclusion in "unenumerated manufactured articles" and that of "earthy or mineral substances" either crude or manufactured. The industry has met in competition in the United States quantities far in excess of $80,000 per annum, and we feel there must have been some loophole in the collection of statistical data. This point of view is considerably amplified when reference is made to the language of the 1922 act, which covers "slates, slate, chimney pieces, mantels, slabs for tables, roofing slates, and all manufactures of slate not specially provided for," which leaves slate productions unprovided for unless they have advanced to the condition of separate articles having a new name, character, and use, and thus becoming manufactures. Proof of this can be found in the decision of the Board of General Appraisers (now Customs Court) dated November 16, 1925, abstract 5550, holding certain slate insulating material free of duty under paragraph 1619 of the act of 1922.

Foreign competition obviously can consist of two separate and distinct phases. The annual imports form only a small disturbing factor when they are considered in comparison with the bona fide offers to sell coupled with the present ability to deliver. It is obvious that the actual importation affects only a certain locality and competes only with the exact domestic article which would have filled the domestic requirement which the importation filled. On the other hand, where foreign manufacturers broadcast their offerings to the American buyers, they become a disturbing influence into every community where such an offer goes, provided, that with the offer is transmitted the evidence that the foreign manufacturer is ready, able, and willing to deliver at the prices quoted.

For some time the domestic industry has been protecting itself against this sort of competition by patriotitc propaganda and by stating to contractors and others that they doubted the ability of the foreign manufacturer to deliver at any such prices as have been quoted.

This doubt, however, can no longer be used as a factor in favor of the domestic industry. During the year 1929 the largest operating French quarry has offered to sell roofing slates to one of the American distributors at prices delivered in the United States approximately 40 per cent below the best American prices and have offered to supply up to 400,000 squares per year, which figure is approximately equal to the 1928 American production and would replace American slate of a present value of $7,200,000. This is one of the oldest and largest operating slate quarries in the world and is fully capable of delivering such a production.

As an example of how these imports affect the market, about 80,000 square feet of imported slate blackboards, which is two-thirds of the total annual consumption in Philadelphia, was sold in 1927 there. On the basis of a landed import price of about 16 cents a square foot, this amounted to about $12,800 of import value. Value of the domestic product would have been approximately $32,000. The effect of this situation in the city of Philadelphia is, of course, to make it practically impossible for an American producer to sell in that territory. He, of course, can not meet this price, as it is less than half of his actual cost of production.

In the present year, 1929, the importations into southern California on blackboard slate have been 50 per cent of the total 1928 consumption in that territory and have been sold to contractors at prices 25 per cent below the best price possible for the domestic industry to quote, which means that the importer by staying just that much under the domestic price has been able to make a profit which we estimate is 100 per cent on his purchase price. With a spread of this amount it is obvious that the importer can consistently undersell the best American price to a point where it is impossible for the domestic quarry to continue to produce. That point has been reached in several localities now.

Wichita, Kans., is the central distributing point for Oklahoma, Kansas, and western Missouri. Fifty per cent of the present consumption of blackboard slate in this territory is filled with imported Italian slate sold at approximately 25 per cent below domestic producers' prices. Here again the importer has a profit of approximately 100 per cent and still undersells the American producer by a very substantial margin. It should be understood in this connection that the average profit of the American producer of blackboard slate during the past five years at prices practically double the imported prices has not exceeded 10 per cent.

Similar conditions prevail to a somewhat lesser degree in Tacoma, San Francisco, and New York.

Every locality in which this condition has existed means a loss of confidence on the part of contractors with the domestic producers. The spread in price is so great that no contractor who knows that he can get actual deliveries of the foreign slate will place orders with domestic producers, and the only reason why the importers have not already taken the bulk of the American market is because of the doubt which the American producers have been able to instill into contractors as to the ability of the importers to deliver.

It is manifestly unjust to discriminate against this industry to the extent Congress has in the past discriminated when duties of 60 per cent are given on granite, 25 cents per cubic foot on travertine, and all stones suitable for monumental or building stone, 50 per cent ad valorem, and slate, which is the oldest building stone, and the one subject to the most competition from synthetic products, is left with a duty of 15 per cent ad valorem, which amounts to not more than one-seventh of the actual difference between foreign and domestic costs of production and which duty was manifestly laid solely for revenue purposes under the act of 1922, in view of the fact that this industry has never before asked for tariff protection.

NOTE.—The figures of building stone, other than granite, show approximately 1 per cent of imports to domestic production. This is exactly the condition that exists on the reported (?) slate importations and domestic production. The competitive condition in the classes of stone are not so far apart that 60 per cent protection be given to granite and 15 per cent be given to slate.

LOWER SALES PRICES OF IMPORTERS

In our brief before the Ways and Means Committee we showed import prices were on the basis of from one-half to one-fifth of the competing domestic prices. The spread is so great that when quotations are made in any community they make the American producers' price look ridiculous. Something must be done to compel the foreign manufacturers to meet these American producers in the United States markets on something near an equal basis or this one of the oldest American industries certainly can not continue to exist. These present foreign prices take no account of the Japanese production which has just begun to be offered in this market, produced by labor which we are informed is paid 8 cents per hour.

The Norwegian, Japanese, Portuguese, French, and Italian slate can be used for all the purposes for which the American slate is used.

Only three days ago one of the leading American producers was approached by distributors of roofing slate who wanted him to join with them in importing French roofing slate and go after the entire American market. The French production is now equal to the combined production of all the American quarries and the price differential would certainly enable such a scheme to be almost immediately successful.

With France having a present capacity of supplying the American market in roofing slate, with Italy and Portugal capable of supplying the American market in blackboard and electrical slate, with added threat and present importations from Norway, Japan, and England, surely if an industry ever needed the help of Congress the slate industry needs it now.

In order to show how the requested rates will apply to the various classes of slate we append the following illustrations:

Blackboard slate: American price, 39½ cents per square foot; foreign price, 14 cents per square foot; difference, 25 cents; 4 cents a pound requested duty times 5 (the number of pounds in a square foot of commercial three-eighths inch thick), equivalent to 20 cents protection.

Roofing slate: American price, $18 per square, or 7.2 cents per square foot (250 superficial square feet to square); foreign price, $9 per square or 3.6 cents per square foot; difference, 3.6 cents; 700 pounds to square, three-sixteenths inch thick, equals 2.8 pounds per square foot; 2.8×1¼ cents duty=3.5 cents protection.

NOTE.—Thicker slate has greater weight, and hence the specific duty gives adequate protection.

Structural and electrical slate: American price, 60–80 cents per square foot; foreign price, 13½ cents per square foot; average difference, 56½ cents; 15 pounds to square foot 1 inch thick, 3 cents a pound, equals 45 cents protection.

For the above reasons, we earnestly urge the adoption of the requested rates which would enable this industry to meet this foreign competition on something like an equal basis.

Respectfully submitted.

National Slate Association, by W. S. Hays, secretary; Rising & Nelson Slate Co., by A. H. Marrow, representing New York, Vermont, and Maine producers, West Paulet, Vt.; North Bangor Slate Co., by Wm. H. Smith, representing Pennsylvania producers and president National Slate Association; Natural Slate Blackboard Co., by Wm. A. Kitto, representing Pennsylvania producers, Pen Argyl, Pa.; Penrhyn Slate Co., by Richard Griffith, representing Vermont producers, Fair Haven, Vt.; Le Sueur Richmond Slate Corporation, by W. A. Le Sueur, representing Virginia producers, Ore Bank, Va.; Bangor Slate Association, by H. M. Van Cleave, secretary; Pennsylvania Slate Institute, by H. Stoddard, president; H. G. Williams Slate Co., by H. G. Williams, president, representing Georgia producers.

STATEMENT OF HUGH G. WILLIAMS, REPRESENTING GEORGIA SLATE INTERESTS

(The witness was duly sworn by Senator Edge.)

Senator EDGE. You represent the George slate industry?

Mr. WILLIAMS. A new industry in Georgia; yes, sir.

Senator EDGE. Tell us anything that will be helpful and that has not already been told us.

Mr. WILLIAMS. There was no slate produced in Georgia heretofore. It has been undeveloped. I am operating in New York and Vermont and am now operating in Georgia. The Georgia people are more than delighted to think that I have gone down there to give employment to farmers when they are not busy with their crops.

We have spent $25,000 in the last six months; and what I sincerely ask is protection so that we can keep on. From my membership in the National Association I learned that this slate is coming in now from Europe, gradually, and not to any great extent; but I think that the proper time to shut the door is before the horse runs out and not when it is too late.

Senator KING. We have in my State, Utah, some very fine slate, but transportation is against us. Do you think that we ought to put a rate so high as to develop that industry in my State to give employment to our people who need it?

Mr. WILLIAMS. For local consumption; yes, sir.

Senator KING. We do not use very much. We do not use it for roofing.

Mr. WILLIAMS. It may pay you to use it, sir.

Senator BARKLEY. When did you start your business in Georgia?

Mr. WILLIAMS. Fairmount.

Senator BARKLEY. I say, when?

Mr. WILLIAMS. A year ago.

Senator BARKLEY. You were willing to go there and invest your money under conditions that existed at that time, involving a 15 per cent tariff?

Mr. WILLIAMS. Yes, sir.

Senator KING. And no tariff on blocks.

Senator BARKLEY. What is the condition that has become so distressing now, that after a year of operation in Georgia you ask for this increased tariff on slate?

Mr. WILLIAMS. The information that I get from solicitors around trying to make connections with foreign slate all the time. That is the information that I get. I know it is a fact.

Senator BARKLEY. Due to an importation of $10,000 a month?

Mr. WILLIAMS. That would just about take care of my production.

Senator BARKLEY. They are bringing in just about as much as you are producing?

Mr. WILLIAMS. Yes, sir.

Senator BARKLEY. Compared with the domestic production of around $5,000,000?

Mr. WILLIAMS. It may be interesting to you to know that we have many quarries in Vermont shut down which is due to lack of business.

Senator BARKLEY. It is not due to lack of business on account of imports?

Mr. WILLIAMS. To a certain extent, sir.

Senator BARKLEY. How can that be? How can the importation of any commodity that only amounts to around $44,000 a year seriously affect $5,000,000 worth of domestic products?

Mr. WILLIAMS. Because they are holding back their orders thinking that they are going to get slate $5 or $7 cheaper than ours.

Senator EDGE. They have been getting it at that for eight years.

Mr. WILLIAMS. The buyers are waiting to see what you folks will do with this tariff, so that they can buy slate.

Senator BARKLEY. Have they been waiting eight years?

Mr. WILLIAMS. No; I do not think so.

Senator BARKLEY. They have been getting it $5 cheaper all that time.

Mr. WILLIAMS. But now the French people have got to the point where they are making slate as the American people want it.

Senator BARKLEY. Where is the French slate quarried?

Mr. WILLIAMS. In north France; I can not tell you exactly where.

Senator KING. How much is coming in from France out of this $28,000?

Mr. WILLIAMS. I have not the figures.

Senator KING. Has any come in from France out of that $28,000?

Mr. WILLIAMS. Yes.

Senator KING. How much?

Mr. WILLIAMS. It is landed at Philadelphia.

Senator KING. Has it not come from Portugal?

Mr. WILLIAMS. Portugal and France. We call it European slate.

Senator KING. That is all.

Senator EDGE. Thank you, Mr. Williams.

STATEMENT OF RICHARD GRIFFITH, HYDEVILLE, VT., REPRESENTING THE SLATE INTERESTS OF VERMONT

(The witness was duly sworn by Senator Edge.)

Senator EDGE. You represent the slate interests of Vermont?

Mr. GRIFFITH. Yes, sir.

Senator EDGE. And you live in Hydeville, Vt.?

Mr. GRIFFITH. Yes.

Senator EDGE. Have you a brief that you desire to present to the committee?

Mr. GRIFFITH. No; I have not. I have just a few notes.

Senator KING. Did you testify before?

Mr. GRIFFITH. No, sir.

Senator KING. Did you file a brief in the House hearings?

Mr. GRIFFITH. I did not. The National Slate Association did in which we joined.

Senator KING. You signed with them, did you not?

Mr. GRIFFITH. Yes.

Senator KING. Have you anything in addition to what you presented at that time?

Mr. GRIFFITH. Yes.

Senator KING. I find here in the hearings a Richard Griffith, and you presented a brief of several pages?

Mr. GRIFFITH. That is right.

Senator EDGE. Any additional information that you care to give the committee we will be glad to have. Bear in mind what has gone before. There is no use in duplicating it.

Mr. GRIFFITH. I concur wholly in what has been said by those who have preceded me.

I wish to say that the relief asked and which is actually needed will not increase the cost to the consumer, as competitive materials and synthetic products cause such keen competition in the market as to make it impossible for the slate industry to advance its price of slate. The slate business is naturally distributed according to the geological formation in different parts of the United States, and towns are built entirely upon this industry. If the conditions as they appear at the present time are continued there is no question but what we have got to go out of business.

The price of blackboard slate, American, is 39½, as compared with a foreign price of 14 cents—25 cents difference.

Senator EDGE. Have you any information not given us by the previous witnesses as to why this competition has suddenly appalled you, why it has not been taken advantage of in the past eight years when conditions have been exactly the same?

Mr. GRIFFITH. Apparently in 1925 and 1926 there was a change in the tariff language that permitted slate to come in free, and it is in the last two or three years that we have felt keenly the slate coming in here.

Senator KING. But slate came in for several years, less in 1928 than in 1927.

Mr. GRIFFITH. Yes; on account of this change in the language. The generic name of slate was left out of the customs report, and from that time on to the present time importations of slate have increased.

Senator EDGE. But that is corrected in the House bill, now.

Mr. GRIFFITH. Yes; that is corrected in the House bill.

The electrical slate business in Vermont, in Maine, and in Pennsylvania represents a very heavy investment, and we are not running full time. Our men have been laid off and we have been shut down and we do not see any future for the business of electrical and structural slate unless we get this tariff relief.

Senator EDGE. We want to protect it—some of us do, at least—and the only question that we are trying to get light upon is whether importations are interfering with you, or whether your lack of business is purely a lack of market at the moment.

Mr. GRIFFITH. No; the importations have got to this point—it is just the same proposition as if a man about your size or bigger comes along and says, "You have got to do so and so"; and you got to do it.

Senator EDGE. I do not know about that; but I accept the compliment.

Mr. GRIFFITH. Or I would, anyway. This business has been built up by the American industry and we have been confronted with the proposition of having outsiders come in here and run into our markets.

Senator EDGE. You are worried more about the future than you have been in the past

Mr. GRIFFITH. Yes, sir. What we are after is a physician; we need a doctor, and we do not want to wait until we have to get an undertaker.

Senator BARKLEY. Are you sure that Congress is the doctor that you are looking for?

Mr. GRIFFITH. Apparently it is.

Senator KING. Why do you not have them quit making so many tiles and using asbestos and other things for roofing which slate heretofore was employed largely for?

Mr. GRIFFITH. I am not in a position to stop anything.

Senator KING. Neither is Congress.

Senator EDGE. Thank you very much.

STATEMENT OF ARTHUR H. MORROW, WEST PAWLET, VT., REPRESENTING ROOFING-SLATE INTERESTS

[Roofing slate]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator EDGE. You represent roofing-slate interests.

Mr. MORROW. Yes, sir.

Senator EDGE. And you are before the committee to discuss the slate paragraph, 237?

Mr. MORROW. Yes, sir. I represent our own company, the Rising & Nelson Slate Co., and the National Slate Association.

Senator EDGE. You have already filed a brief with the House committee, I understand?

Mr. MORROW. I was not here. There was a brief filed.

Senator EDGE. And have you a supplementary brief to file?

Mr. MORROW. I understand there will be one filed.

Senator EDGE. What is your desire before the committee?

Mr. MORROW. I just want to make a short general statement.

Senator EDGE. All right; go ahead.

Senator KING. I should like to state, if I may, that I have a memorandum here that the domestic production in 1927 was $11,380,736, and the imports were only $78,000 and the exports were $80,000. Is that correct?

Mr. MORROW. I could not verify those figures offhand.

Senator KING. It is substantially correct, is it not?

Mr. MORROW. I think those figures are probably substantially correct. I had an approximate production of $8,000,000.

Senator KING. So that the domestic production is one hundred and forty-four times as great as the imports?

Mr. MORROW. I think that is approximately correct.

Senator KING. All right, if you can justify that.

Senator EDGE. Make your statement.

Mr. MORROW. I am representing the Rising & Nelson Slate Co., as I stated, and also the National Slate Association, which comprises nearly all the slate quarries in the United States. These numbered 157 in 1920 and 118 in 1928.

The industry normally employs about 6,000 men, operating entirely in rural communities; but since the hearing before the Ways and Means Committee 23 more quarries have closed down, throwing something over 1,200 men out of work, and most of the others are working on short time.

Please note that this is the first time in the history of the slate industry that any appeal has been made to Congress for tariff relief. There has been a nominal duty of 15 per cent ad valorem, which was probably put on for revenue purposes only. The foreign quarries have been slow in getting started here, partly on account of the active work of American producers; but several of them now have representatives in America, and they are after the business in dead earnest.

Senator EDGE. The House transferred you from the free list and gave you 15 per cent ad valorem duty?

Mr. MORROW. That has been on since 1922.

Senator EDGE. Oh, yes; I am mistaken; I see that. You did have 15 per cent ad valorem. You were taken off the free list in 1922?

Mr. MORROW. No; I think there was a small duty before that.

Senator EDGE. My information is that slate was transferred from the free list in the act of 1922.

Mr. MORROW. I would not say for sure, but I understood there was a small duty before that.

Senator EDGE. What duty are you asking for now?

Mr. MORROW. We are asking on roofing slate a cent and a quarter per pound.

Senator KING. That would be $30 a ton, or $25 a ton.

Senator BARKLEY. What is that, ad valorem?

Senator KING. Yes; what is that, ad valorem?

Mr. MORROW. It would be around 85 per cent—something like that.

Senator KING. What do you sell your slate for per pound?

Mr. MORROW. We do not sell it by the pound.

Senator KING. What is your unit?

Mr. MORROW. The square--100 square feet.

Senator KING. And you want a duty by the pound?

Mr. MORROW. That is what we are asking for, yes; for this reason: Foreign slate is coming in here at the same price in different thicknesses—three-sixteenths, quarter, eighth, and so forth—all coming in at the same price.

Senator EDGE. Proceed with your statement.

Mr. MORROW. One of the largest foreign companies is now trying to negotiate with us for the sale of its product. They tell us their quarry is 900 years old and has a minimum production of over 400,000 squares per annum, which is about the total production of American slate. They have furnished us with samples, which show it to be slate of excellent quality, fully equal to American slate. We are trying to stall them off to see if we are going to get tariff protection, for if no more protection is afforded we will have to go to importing or go out of business. This would mean that our own quarries, now employing nearly 400 men, would have to close down. We are now at the fork of the roads, and if we have to compete with foreign labor we will not be able to continue to operate our quarries. We have offices and yards in a number of the large cities; and for years, aside from our own, we have sold productions from other quarries; but we can not produce or purchase American slate to compete with the foreign quarries.

If we have to scrap our quarries, we will have to make the best of our sales organization; but it does not seem to us that such action should have to be taken in this country.

While imports have not been large, it should not be considered that no protection is necessary, as it will not be possible to pay American wages and compete with foreign wages.

The situation since the hearing before the Ways and Means Committee has become much more acute; and not only is slate coming into this country in much larger quantities, but the low prices are being broadcasted, and the dealers and roofing contractors are holding up their orders with a view of purchasing slate at much lower prices.

The relief we ask is needed now, not after the rest of the quarries are closed down. We are asking for a duty of 1¼ cents per pound.

Senator KING. I find that in 1919 your production was 45,433,700 square feet. That is for roofing slate.

In 1920 your production was 39,623,000 square feet. I am speaking now of roofing slate, first.

In 1921 it was 34,808,500 square feet.
In 1922 it was 47,924,300 square feet.
In 1923 it was 50,758,700 square feet.
In 1924 it was 46,939,300 square feet.
In 1925 it was 49,453,000 square feet.
In 1926 it was 46,590,000 square feet.
In 1927 it was 46,856,000 square feet.

Mr. MORROW. Is that roofing slate?

Senator KING. That is roofing slate; and your mill stock has gone up from 7,000,000 square feet in 1919 to 9,287,680 square feet in 1927; and your slate for other uses has gone up from $1,161,898 in

1919 to $2,911,410 in 1927; and I find that the total value in 1927 is $11,380,736.

I find that the imports of slate roofing, chimney pieces, mantles, slabs, and other slate manufactures for 1928 are only $44,778 worth—about half of what they were in 1926, and very much less than in 1927, when they were $78,909.

Mr. MORROW. Well, Senator, pardon me. We have good reason to believe that a good deal of slate has been coming into this country on which no duty has been collected.

Senator EDGE. How could that happen?

Mr. MORROW. Because of certain rulings. There was a ruling made out in Seattle by which rectangular pieces of slate in substantially the condition in which they come from the quarry, used for electrical switch bases after having been cut to necessary sizes, were held free from duty. Now, that is very similar, practically the same thing as roofing slate.

Senator BARKLEY. How much would that amount to?

Mr. MORROW. Which do you mean?

Senator BARKLEY. That which you say you have a suspicion is coming in without paying duty. How much would that amount to?

Mr. MORROW. I do not know. We have no idea.

Senator REED. You can form some idea by looking at the value of all minerals that came in under that section of the free list.

Mr. MORROW. We do not know what came in under the free list.

Senator REED. The total value of all that came in under paragraph 1619, other than the minerals that are named there—Cornwall stone, feldspar, garnet, and gravel—all other crude minerals not specially provided for total $80,000 in value; so it could not have been a very great amount.

Senator EDGE. I am curious to know why your quarries are closing, with this situation, the information that we have before us. The facts remain, as the Senator from Utah has pointed out, that the imports are negligible. The gross business here has been constantly increasing. There was some little difference between last year and this year. Otherwise, it is increasing; and you export two and a half times as much as is imported. In other words, you overcome the imports by your exports.

Mr. MORROW. There is a little that goes into Canada.

Senator EDGE. But it is all business.

Mr. MORROW. I understand.

Senator EDGE. In other words, it takes care of all your imports, and a considerable balance over. What I should like to know is, why the slate business is bad in the face of that.

Senator REED. Let me add another element—that if the Tariff Commission's figures are correct, the price of roofing slate has risen something like 60 per cent since 1919. It is now 60 per cent higher than it was then.

Senator EDGE. You see, this committee are looking for the facts, and they can not base their judgment on anything but facts.

Mr. MORROW. I could not agree with that on roofing slate.

Senator REED. Here are the figures:

For 1919, the production was 45,433,700 square feet. For 1927 it was 46,856,000 square feet—practically the same, a very slight in-

crease—but the value has increased from $3,085,957 for 1919 to $4,949,940 for 1927. The price is 60 per cent more, and the quantity is very slightly increased. Why should your quarries close down?

Mr. MORROW. I do not know where you could get those figures. I know the price of roofing slate has not gone up like that.

Senator REED. We get them from the Tariff Commission.

Mr. MORROW. It may be; but I have been selling slate long enough to know that.

Senator REED. What is the price per hundred square feet? What is the price of ordinary black roofing slate at the quarry to-day?

Mr. MORROW. Black roofing slate varies according to where it comes from—Virginia, Pennsylvania, or Maine—but most of the slate that is coming in competes with Vermont slate.

Senator REED. What is the price in Virginia?

Mr. MORROW. The Virginia price is about $12.50 a square.

Senator REED. That is 100 square feet?

Mr. MORROW. One hundred square feet.

Senator REED. What was it in the peak of the boom, after the war?

Mr. MORROW. As I recall, it was about the same price.

Senator REED. In 1920?

Mr. MORROW. About the same, as I recall.

Senator EDGE. In partial answer to the Senator's question, the Tariff Information Summary states that in 1926 Pennsylvania and Vermont each produced over $2,000,000 worth of roofing slate out of a total production of slightly more than $5,000,000 in this country.

Mr. MORROW. Of course, the volume of price has gone up, because it is costing so much more to produce it.

Senator KING. I thought you said it was the same.

Mr. MORROW. No; it costs more to produce it.

Senator EDGE. The wage scale is higher?

Mr. MORROW. Where the pre-war wages were 16 to 20 cents per hour, now they are from 65 to 70 cents per hour.

Senator REED. What did you pay at the height of the boom in wages?

Mr. MORROW. Sixty-five to seventy cents.

Senator REED. Just the same as now?

Mr. MORROW. Just the same as now.

Senator BARKLEY. The labor cost is about the same, and the price is about the same?

Mr. MORROW. The price has gone up pretty well along with the labor cost.

Senator EDGE. You have tried to equalize the price with the labor cost so that you could make a fair profit. No one complains about that.

Senator BARKLEY. Both the labor cost and the price now are about what they were during the so-called boom period after the war?

Mr. MORROW. Probably about the same; but the situation is this—that now the slate are coming in here. You look up the first quarter of this year and you will find that the imports are very much higher than they were a year ago.

Senator BARKLEY. How much higher?

Mr. MORROW. The first quarter of this year the imports were $17,557 against $9,575 the first quarter of 1928.

Senator BARKLEY. Four times $17,000 will be about $75,000 for the whole year, at that rate.

Mr. MORROW. If it stays there; but here is the situation: These people are coming over here now. They are flooding this country with their slate, and they are able to produce it——

Senator EDGE. You had higher imports in 1927 and 1926 than that.

Mr. MORROW. I understand; but the building went off there for a time.

Senator EDGE. Yes; I know it did.

Mr. MORROW. And everything under heaven was done to keep this slate from coming over here; but the time has come when you can not keep them from coming any longer. It is just a question of closing down our quarries or getting some relief. We can not compete with the French quarry people in getting out their slate. The ocean rate from over there to New York is about the same as from our quarries in Vermont to New York.

Senator EDGE. There is no doubt that that is true.

Mr. MORROW. And the slate are being brought in here to-day and being sold for just about what we can make them for.

Senator EDGE. The only question that arises in my mind is why they have not taken advantage of it before.

Mr. MORROW. They have been pretty slow in doing it, and we have done everything we could to keep them from doing it.

Senator EDGE. Have you kept your prices down so as to keep them from doing it?

Mr. MORROW. Partly; but we have entertained them over here. They had a man and his wife come over here last winter, and they spent some time with us.

Senator KING. From where?

Mr. MORROW. From France—from Belgium.

Senator KING. You are asking now for an increase of a cent and a quarter a pound?

Mr. MORROW. A cent and a quarter a pound.

Senator KING. That would amount to more than 50 per cent ad valorem, would it not?

Mr. MORROW. Yes, sir.

Senator BARKLEY. Eighty-five per cent ad valorem.

Senator KING. Yes; 85 per cent ad valorem.

Mr. MORROW. To get the prices anything approximately like our American prices.

Senator EDGE. Is there anything more you want to put in the record?

Mr. MORROW. No, sir. Thank you very much.

STATEMENT OF PHILIP M. M. PHELPS, REPRESENTING CONSOLIDATED SLATE CORPORATION OF VERMONT, SLATE MAKERS' UNION NO. 17587 (LOCAL), W. H. PELKEY; CLARK & FLANAGAN (INC.), AND HINCHEY CONSOLIDATED SLATE CORPORATION, FAIR HAVEN, VT.

[Colored roofing]

(The witness was duly sworn by Senator Edge.)

Senator EDGE. You represent the Slate Makers' Union and the Consolidated Slate Corporation? Is that correct?

Mr. PHELPS. I represent the Consolidated Slate Corporation of Vermont; Slate Makers' Union No. 17587 (local); W. H. Pelkey; Clark & Flanagan (Inc.); and Hinchey Consolidated Slate Corporation.

Senator EDGE. Do you propose to file a brief with the committee?

Mr. PHELPS. I have got a brief, Mr. Chairman, but I want to make one or two changes, if I may have the privilege of doing that before I leave Washington.

Senator EDGE. Certainly.

Mr. PHELPS. There are one or two things that I want to call to your attention.

Senator KING. Did you file a brief before the House committee?

Mr. PHELPS. No; I have not testified at any time.

Slate very often is considered as a basic product and it is presumed that slate is slate. That is not exactly true. For instance, here is the territory that I represent [exhibiting a map], where my interests all come from. It is a comparatively small territory. That scale is 9 miles, an inch to the mile. It is 9 miles long and approximately 4 miles wide. Within that small territory are three towns, Castleton, Fairhaven, and Hydeville, all in Rutland County, producing practically all of the unfading colored slate of the United States.

When I use the word "unfading" I do not use it in a happy, careless manner or in a sense of local pride, but it is an established fact that it is unfading.

Senator EDGE. What do you mean by that?

Mr. PHELPS. I mean that a purple roof slate coming from one of these quarries, if it is on your house for 50 years and you may have a break in that roof and have to insert a new slate, that can be inserted and it will be impossible to distinguish the new slate from the old. In other words, it absolutely does not fade.

There are two places where unfading slate can be obtained. One of them is in this section [indicating on map] and one of them is imported.

This smaller one [producing samples] is the imported slate. That is a purple slate. The larger one is our slate, coming from the unfading section of Vermont.

Senator EDGE. I can not see any great difference.

Mr. PHELPS. None whatever.

This one, the smaller one [producing samples], is the imported slate, and the larger one is the unfading slate.

The point that I am getting at is that practically all of the slate that has been imported into this country is absolutely in competition with the slate that comes from this small area in Vermont that is indicated on the map.

Senator EDGE. In other words, the gentlemen who appeared for Pennsylvania and the gentleman who appeared for Georgia, and the owners of many other slate deposits throughout the United States are not interfered with by the importations; they only interfere with this section of Vermont?

Mr. PHELPS. We do not make any blackboards. We have no black slate whatsoever.

Senator EDGE. Just answer my question. Is my statement correct, that the importations practically are confined to the type of slate produced alone in your section?

Mr. PHELPS. Roofing slate.

Senator EDGE. And the importations are in no way in competition with Pennsylvania, Georgia, and other slates?

Mr. PHELPS. Not roofing slates, as I understand it; but there is blackboard slate and structural and electrical slate that is a slate of entirely different character being imported.

In that territory during the year 1928 there were 857 men employed. There were 36 quarries active. The number of squares of roofing slate produced in this area was 48,018 squares. The normal capacity of that territory is 88,300 squares. The mill feet finished in 1928 were 736,375. The normal capacity is 1,398,000 feet, a little less than half the valuation. This last year our quarries up there did not pay interest on their personal property, their machinery, to say nothing about——

Senator EDGE. Was not that because of the stagnation in the domestic market?

Mr. PHELPS. Not at all. I believe it was entirely attributable to the foreign roofing slate which is in free competition with our slate. There is no question about that. We hear it on all sides.

Senator EDGE. You heard these report figures repeated to other witnesses—I am not going to repeat them—showing how negligible the importations are as compared with millions of dollars of production of the domestic slate?

Mr. PHELPS. I did, but the slate that comes from this section is relatively small compared with the total slate production of the United States. So is the imported slate that comes in relatively small, but it affects us. We are the sufferers. Never before—and I was born and brought up in Fairhaven, Vt., and my father before me—never before in the history of the slate business have we had to close down our quarries one by one in the spring of the year.

Senator EDGE. Do you know from your own personal knowledge that they were closed down because of the loss of orders that had been taken from you by foreign importations?

Mr. PHELPS. Indirectly.

Senator EDGE. Do you know of your own knowledge?

Mr. PHELPS. Not of my own knowledge, but as the employers tell me of the circumstances of their coming in contact with the importers.

For instance, I have an affidavit right here from Mr. William H. Pelkey, who has for years furnished the Empire Slate Co. They showed him foreign slate and they said, "We can't buy yours. We can get foreign slate that will meet our demands, and it is just as good and far better than yours."

Senator EDGE. They had formerly been a customer of his?

Mr. PHELPS. Yes.

Senator EDGE. Put that into the record.

(The affidavit referred to is as follows:)

I, William H. Pelkey, of Fair Haven, in the county of Rutland, and State of Vermont, being first duly sworn, do depose, testify and say: That I am a resident of the town of said Fair Haven and was born there and am now 69 years of age; that I am now the owner in fee, of 144 acres more or less, of slate property, and am an active operator, producing millstock, commonly designated as electrical and structural; that a considerable portion of my production consists of electrical and structural slate; that around the middle of January, 1929, I called upon the Empire Switchboard Co. of Brooklyn, N. Y., with the end in view of obtaining orders for electrical slate, which is produced in my quarries; that I had a conversation with the buyer of the Empire Slate Co., and he showed me slate which was imported, which appeared to me to be a dark purple, and which the said buyer informed me was offered to them at a price less than one-half of the price for which I could deliver them; that he further informed me that he was unable to get a sufficient quantity of this imported slate, but so soon as they might be able to standardize the sizes in electrical slate, they would ultimately use for their purposes all of the slate which they could obtain, and provided the foreign countries would furnish them with their required needs.

Further I say not.

Dated in the city of Washington, the District of Columbia, United States of America, this 24th day of June, 1929.

W. H. PELKEY.

UNITED STATES OF AMERICA,
District of Columbia, ss:

At Washington, in said District of Columbia, and said United States of America, on this 24th day of June, 1929, personally appeared before me, William H. Pelkey, and laid proof to the foregoing affidavit by him signed.

CHAS. ECKERT,
Notary Public, District of Columbia.

Senator BARKLEY. What sort of slate was that?

Mr. PHELPS. Electrical slate, purple and green slate, a colored slate.

Senator BARKLEY. What part of this $44,000 worth that came in last year of all slates was made up of this purple electrical slate?

Mr. PHELPS. That I could not answer, Senator.

Senator BARKLEY. Do you know what portion of the domestic production of $5,000,000 a year is electrical slate?

Mr. PHELPS. I understand 55 per cent comes from Italy.

Senator BARKLEY. That is not what I mean. What part or our home production was made up of this slate for electrical purposes?

Mr. PHELPS. I do not know. Pennsylvania makes electrical slate; Maine makes electrical slate. We are not the only ones that make electrical slate.

Senator EDGE. You are talking about the colored roofing slate?

Mr. PHELPS. Yes. The Bureau of Mines mention the very fact that I tried to emphasize——

Senator EDGE. What do they mention?

Mr. PHELPS. They say that the New York-Vermont slate district is so continuous that it is sometimes difficult to determine from the reports of the producers to which State the product should be credited.

The New York State line follows the river. There is no red slate whatsoever, but you can stand in Vermont and take a stone and throw it over into the red quarry, which is 12 miles over from Castleton where there is the largest marble quarry in the world, that of the Vermont Marble Co.

South of there comes the sea-green roofing slate, which is an entirely different product from ours, an entirely different one. They have no mills; they do no millwork, such as electrical or structural work, and we have to depend upon that entirely. The importations that are coming in are in direct conflict with our industry.

Senator BARKLEY. In 1925 we produced in the United States 1,655,810 square feet of electrical slate valued at $1,376,000. In 1926 we produced 1,857,000 square feet valued at $1,537,000. All of the slate that came in, of all kinds, including electrical and every other kind, amounted to only, last year—well, we will take 1925 and 1926—$86,000 worth. Therefore the electrical slate included in that importation must have been almost infinitesimal; but even if every pound of it had been electrical slate it would have been only $86,000 worth as against $1,857,000 worth. How can you contend that that small portion of the imported electrical slate, if it were all electrical slate, could drive $1,857,000 worth of the American slate out of business——

Mr. PHELPS. They do not produce that much.

Senator BARKLEY. The Tariff Commission says so.

Mr. PHELPS. You do not understand me.

Senator BARKLEY. I am speaking of the whole country.

Mr. PHELPS. That is my point. That material was entirely different.

Senator BARKLEY. Do you know what part of this $1,857,000 worth is produced here?

Mr. PHELPS. Last year we produced, of millstock, which included both structural and electrical, 736,375 feet. That would probably average perhaps 70 to 80 cents a foot.

Senator BARKLEY. And the total production was how much?

Mr. PHELPS. Seven hundred and thirty-six thousand three hundred and seventy-five feet.

Senator BARKLEY. That would be $500,000 worth, say?

Mr. PHELPS. Yes.

Senator BARKLEY. So that $500,000 worth produced suffers from competition with a total for last year of $44,000 of all kinds, so that you say you are being driven out of business and contracts are being taken away?

Mr. PHELPS. They are; there is no question about it.

Senator BARKLEY. I can not reconcile those figures with that situation.

Mr. PHELPS. There is a letter from an importer of foreign slate who has his yard in Philadelphia and who is now desirous of establishing another yard in New York City to supply the same kind of slate that we produce in Vermont.

Senator BARKLEY. Surely this little $44,000 worth can not be driving the roofing slate out of business at the same time it is driving electrical slate out of business. The roofing slate representatives said that it was driving them out of business.

Mr. PHELPS. It is driving us. There are 15 units closed in our three little towns. I presume probably there were 500 men employed.

Senator BARKLEY. To what extent does asbestos and other forms compete with your slate?

Mr. PHELPS. I do not believe it will, because substantially all the slate coming from the unfading section is used on expensive buildings such as cathedrals and school buildings and hospitals.

Senator BARKLEY. That is all I want to ask you.

Senator EDGE. If there is anything further that you can give us that will be of help to us we will be glad to have it.

Mr. PHELPS. How long may I have in which to file my brief?

Senator EDGE. Forty-eight hours.

Mr. PHELPS. Thank you.

BRIEF OF THE SLATE WORKERS UNIONS OF GRANVILLE, POULTNEY, AND FAIR HAVEN, VT.

[Roofing slate]

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

HONORABLE GENTLEMEN: On behalf of the members of slate workers unions, chartered about 13 years ago respectively at the towns of Fair Haven and Poultney, of the State of Vermont, and Granville, N. Y., I hereby, as per instructions received by same, convey to you the fact that the present depression in the slate industry has imposed upon us a form of economic hardship such as never existed in our communities during periods of normal national prosperity.

At present our industry, due to the abnormal stock of roofing slates on hand, is operating only at about 50 per cent of its normal capacity, the result of which has already disrupted the industry's working organization by virtue of the great number of skilled workers who have left in search of employment elsewhere. Concious of the fact that our industry is in dire need of relief, such as would at least enable it to survive and yield legitimate returns on capital invested, as well as a fair remuneration for labor performed, the foregoing mentioned locals concurred unanimously in the following resolution which I herewith submit for your consideration:

Whereas the present depressing condition of our industry tends to undermine our economic security and general welfare; and

Whereas the inability of our respective employers to dispose of our product is due in a great measure to the demoralizing effects of the noncompetitive prices at which foreign slates are freely offered at our Atlantic ports; and

Whereas foreign slates in virtue of their specific colors and quality are in direct competition with the exclusive product of Vermont and New York States: thereof, be it

Resolved, First, that an urgent appeal in behalf of the organized workers of this section, be forwarded in a written form to the members of the United States Senate Finance Committee, requesting their most serious consideration of our problems to the end that an adequate tariff duty be imposed upon foreign slates such as would bring about the much needed relief.

Resolved, Secondly, that the Finance Committee be informed that no remedy is humanly available by means of intensifying the process of production insomuch as our efficiency has attained its highest peak with wages for highly skilled workers averaging throughout our section only between 65 and 70 cents per hour and the number of working days per annum due to extreme climatic conditions only 260 at the most dependable quarries.

Thanking you in advance for your consideration, I am, in behalf of the organized workers of New York and Vermont,

OWEN W. JONES, *Business Agent.*

BRIEF OF THE EMPIRE SWITCHBOARD CO., NEW YORK CITY

[Electrical slate]

The Empire Switchboard Co. is a large user of electrical slate, and therefore, this brief in opposition to an increased tariff on slate will be devoted largely

to the discussion of electrical and mill slate. In view of the fact, however, that the brief submitted by the National Slate Association to the Committee on Ways and Means of the House of Representatives discusses an increased tariff on slate generally, it will be necessary in this memorandum to touch upon the other varieties of slate.

Mill slate includes electrical slate, structural and sanitary slate, billiard-table slate, blackboard and other kindred slates that have been put through a manufacturing process in a mill.

The arguments in opposition to the proposed increase of the tariff on slate, which will be hereinafter developed, may be summarized as follows:

(1) That the foreign competition is insignificant and has never equaled 1 per cent of the total value of American-produced slate sold here.

(2) That foreign importations have since 1926 fallen from $86,681 to $44,778, a decline of almost 50 per cent.

(3) That foreign competition has not been unfair, and prices of foreign slates are not far below the price of the American-produced slate.

(4) That in view of the fact that a practical monopoly exists on the slate produced in the United States, it would be extremely dangerous to destroy every possibility of competition and thus leave the American consumer at the mercy of the monopolists.

DOMESTIC COMPETITION

All of the various slates mentioned in the brief submitted by the National Slate Association are produced at practically every one of the quarries. In other words, the same quarry generally produces roofing slate, blackboard slate, electrical slate, etc. Electrical slate is merely selected mill stock from the general run of the quarry, and as such is sold at premium in excess of its true value. Roofing slate and the other cheaper slates are the ordinary product of the quarry.

In order for the manufacturer to run his plant profitably it is necessary for him to dispose of all the products of his quarry in volumes equal to the amounts of each kind normally produced. The statistics contained in the publication of the Department of Commerce, Bureau of Mines, entitled "Data from Mineral Resources of the United States, 1925, 1927," show that the quarries have of late years been unable to do this. This is shown by the data given with reference to roofing slate. In 1908 there were sold by domestic producers 1,333,171 squares of roofing slate. In the years 1924–1927, in spite of an unprecedented increase in building operations throughout the United States, this production fell off two-thirds, so that in 1927 there were sold merely 468,560 squares.

This decrease in the sale of roofing slate has been caused by the use of different products for roofing, such as asbestos, various tar compositions, tile, wood, shingles, and paper compositions.

This inability to dispose of one of the important products of their quarries is one of the most salient reasons for the unprosperous condition of the American manufacturers.

The same condition holds true with reference to electrical slate, where domestic producers of bakelite, asbestos compositions, and various forms of molded insulations are competing successfully with the slate producers.

It is natural that the slate industry in the United States should be in a depressed condition, where it is unable to dispose of many of its important products due to domestic competition.

It is obvious that an increase in the tariff rate on imported slate will not serve in any wise to alleviate these conditions. That foreign competition is not at all responsible for the falling off in the consumption of domestic roofing slate is obvious from the fact that, in spite of a decrease of over 66⅔ per cent in the consumption of domestic roofing slate between 1908 and 1927, the value of the slate consumer has shown a reduction from only $5,186,167 to $4,949,940.[1] From this, it is clear that the domestic manufacturers have been able to triple their prices. If there had been unfair foreign competition in this product during this period, this great increase in prices would have been impossible.

[1] Unless its source is otherwise stated, all data contained in this memorandum was secured from a publication of the Department of Commerce, Bureau of Mine, relating to the mineral resources of the United States, 1927, pt. 1, pp. A180 and A181; 1925, pt. 2, pp. 65–70.

INEFFICIENT MANAGEMENT OF QUARRIES

Poor business methods have also been instrumental in causing the depression in the slate industry. It is notorious that practically none of the manufacturers customarily make any allowance for depreciation or depletion of the natural deposits and that very few have instituted proper systems of accounting. Furthermore, investigation has shown that antiquated quarrying and manufacturing methods are being generally employed.

Such poor financial and manufacturing methods have, of course, had their natural result in the depressed condition of the industry, and the American consumer should not be required to pay to the manufacturers the losses caused by their own inefficiency.

FOREIGN COMPETITION

The cry that the present depressed condition of the slate manufacturers is due to foreign competition is shown to be absurd by merely a cursory examination of the figures showing the extent of this competition. The value of the slate imported for cosumption into the United States in 1927 was $78,909. In view of the fact that the value of all of the slate produced in the United States in the year 1927 amounted to over $11,000,000, it is clear that the imports have amounted to less than 1 per cent of the total value of domestic slate sold here. Surely, competition to that extent can not have been a cause for bringing about the condition of the American manufacturer.

Furthermore, the advocates of the higher tariff have pointed to an alleged increase in importations during the past decade or so of about 2,500 per cent. No mention was made of the fact that there has been a sharp decline in the value of these importations since 1926, when they reached their peak of $86,681. In 1928, according to the figures contained in a bulletin compiled by the Department of Commerce, the value of the total slate imports was $44,778, a decrease of approximately 50 per cent.

Any attempt to show that the importations in the sum of $79,000 represented a displacement under competitive market conditions of $325,000 is based upon a failure to appreciate the true facts. We will show that the price of foreign products sold in the United States, as compared to the price for American slate, is relatively much greater than that stated in the brief of the National Slate Association.

Equally absurd is the contention that the elimination of $78,909 worth of imports would result in the employment of 3,000 additional men.

Furthermore, the very fact that, in spite of domestic competition and in spite of this alleged foreign competition, the American producers have been able not only to maintain their prices, but to increase same greatly, conclusively shows that unfair foreign competition is, in fact, nonexistent. The average price per square foot of mill stock, competition in the sale of which is the main cause of complaint, has increased between the years 1916 and 1927 from 14.4 cents per square foot to 37.9 cents. In 1926, the year in which the value of imported slate was greatest, to wit, $86,681, the average price for mill stock was 40.7 cents. In the face of this great increase in prices, it seems impossible to contend that there has been unfair foreign competition.

The prices obtained by manufacturers for electrical, structural, and sanitary slate and the other mill slates have been generally maintained during the period from 1924 to 1927 and in some cases increased. We annex hereto a schedule of figures (Schedule 1) covering that period, showing the range in the quantity and value of the various slates produced in the United States, which indicates the level of prices during said period.

It is true that there has been a slight decrease in the price of electrical slate from 84.2 cents in 1924 to 75.1 cents in 1927. However, this decrease in prices is easily explained by the development of the domestic competition previously referred to.

NATURE OF FOREIGN COMPETITION

One of the most important facts to be borne in mind with reference to the nature of foreign competition is, first, that the price of the foreign slate is not markedly lower than the price of the domestic article, as claimed by the National Slate Association, and, second, that it is generally recognized that the foreign slate which is lower in price than the domestic article is not suitable to the needs of American business.

This latter fact is illustrated by the case of the Metropolitan Electric Co., of Astoria, Long Island. In 1926 that company contracted with a foreign producer for almost its entire requirements of electrical slate. This slate proved utterly unsatisfactory and, we are informed, occasioned a loss to the Metropolitan Electric Co., which is to-day buying its electrical slate from producers in Vermont.

Another proof of the poor quality of imported mill slate is shown by the fact that blackboard slate must be imported in rough slabs and fabricated here. This, of course, adds considerably to the price of the finished products, and thus quotations on imported blackboard slate are no indicia of the ultimate cost of this slate.

The offers mentioned in the brief submitted by the National Slate Association of prices submitted by a single importer to American consumers are of no value. As previously stated, it is generally recognized that the foreign article is much below the standard required in this country. This is proved by the very fact that, in spite of these alleged offers much below the American range of prices, the importations of the foreign slate during the year 1927 amounted to only $78,909—all of these alleged offers, it should be noted, were made by one importer.

We will now discuss some of the alleged offers specifically set forth in the brief submitted by the National Slate Association. The brief mentions an offer to C. F. Weber & Co., of San Francisco, of electrical slate at the average price of 33 cents per square foot f. o. b. Genoa. It must be borne in mind that this price does not include charges for insurance, ocean transport, present tariff, and allowance for breakage, all of which would materially increase the price to the American port of entry.

We append hereto a price list for foreign electrical slate of the Tompkins-Kiel Marble Co. (Schedule 2.) This price list shows that, after deducting the 50 per cent trade discount, this electrical slate, 1 inch thick, is being offered at from 35 to 65 cents, depending upon the area of the slabs. The smaller slabs mentioned in the price list are not generally used. It will be noticed that the prices for the thicker slate are relatively much higher.

According to the statistics contained in the bulletin issued by the Department of Commerce, Bureau of Mines, the price for domestic electrical slate of all thicknesses was 75.1 cents.

A study of this price list in comparison with the average price for domestic electrical slate shows that there is no wide discrepancy between the prices for the domestic and imported article.

We also annex two copies of bills (Schedules 3 and 4) for electrical slate sold by the Tompkins-Kiel Marble Co. to the Empire Switchboard Co. in 1928, one for electrical slate of 1 inch thickness and the other for electrical slate of 1¼ inch thickness.

The domestic price for structural slate in the year 1927 was 39 cents per square foot, instead of 60 cents, as stated in the brief submitted by the National Slate Association. The said memorandum of the National Slate Association refers to an alleged offer of structural slate at the rate of 15 cents per square foot f. o. b. Genoa. When you add to this price the cost of freight, insurance, and duty amounting to about 7 cents per square foot and a 2 cents per square foot allowance for breakage, plus a reasonable profit for the American dealer, it is clear that there is not the wide discrepancy between the price for the foreign and domestic slate claimed by the National Slate Association.

The reference in the brief of the National Slate Association to the loss by the American producers of the business of the Mission Marble Co., of San Francisco, is unfair. It is generally recognized that domestic slate is very expensive on the Pacific coast, due to the fact that the cost of shipping slate from the producing centers to the western coast is approximately 30 cents per square foot. The slate purchased by the Mission Marble Co. from the foreign producers probably was shipped in rough slabs by ocean freight and the importers were, therefore, able, in this particular instance, to undersell the American producer. However, this is not an example of unfair competition by the importer. The price of the American produce was made prohibitive by circumstances not subject to control; that is, the excessive cost of cross-country rail shipment.

It must also be borne in mind that the foreign producer is at another disadvantage in entering into the American market. Besides the aforesaid difficulty of securing foreign slates of a standard suitable to the needs of American industry, the importer can not accept orders except for delivery two or

three months later. This is necessitated by the fact that after receiving the orders from the American consumer he must then secure the article in the foreign market.

The figures given above with reference to the cost of the foreign slate show that the National Slate Association is most unjust in stating that the imports in the year 1927 in the sum of $78,900 represent a displacement of American slate to the extent of $325,000. A more just figure would be that it represents a displacement of about $100,000, which is still less than 1 per cent of the total value of the domestic slate sold during that period.

EXPORTS

The representations of the National Slate Association have utterly failed to make mention of the exports of American slate, in spite of the fact that these exports are far in excess of importations of foreign slate.

The previously referred to bulletins of the Department of Commerce, Bureau of Mines, shows that in 1924 the value of slate, other than roofing slate, exported from the United States was $300,430, and the value of the exports of roofing slate was $53,117. In 1927 the value of the roofing slate exported from the United States amounted to $80,171. Thus, the total value of the slate exports from the Un'ted States in the year 1926 was in excess of four times the value of the imports. (The full figures for the year 1927 are unavailable.) We annex hereto, marked "Schedule 5," a list showing the value of slate exports from the United States in the years 1924 to 1926 and of roofing slate for the year 1927.

EFFECT OF INCREASED TARIFF

A study of the figures above cited conclusively shows that an increased tariff would not alleviate the difficulty of the American slate producers. Their difficulty is due to the competition of other American produced products and to their own disastrous methods of doing business.

If, on the one hand, an increased tariff would not aid the American manufacturers, it might have a disastrous effect on the American consumers. Foreign competition, or at least a threat of foreign competition, would serve to prevent the great increases of prices that have occurred in the American slate industry during the past decade.

As an example of this increase, we have previously referred to the price of roofing slate, where the price per square has practically tripled since 1908. The price of mill stock has increased from 14.4 cents per square foot in 1916 to 37.9 cents in 1927. The price of blackboard slate has increased during the past 12 years from about 10 to 12 cents per square foot to the present price of 40½ cents per square foot.

This increase in price, it is believed, is due largely to a practical monopoly procured by the Natural Slate Blackboard Co. of Pen Argyl, Pa., and the Structural Slate Co., on blackboard, structural, electrical, and other mill slates. These two last-mentioned companies were formed by an association of producers and act as the sole selling agents for the member quarries. The blackboard company controls in excess of 80 per cent of the blackboard slate produced in the United States and the Structural Slate Co. controls about 60 per cent of the structural, electrical, and other mill slates produced here. The above figures are merely approximations, due to the fact that under their method of organization reports are made by the individual quarries and no exact figures are available as to the combines. Both of these companies are controlled by the same group of quarries, for which they act as selling agents. As previously stated, the unnatural increase in the price of slate sold in the past decade can be traced to the organization of these companies, which took place at or about the same time as the increase began.

We are further informed that these two organizations are now enlarging their field to include roofing as well as mill slates, and that they have made attempts, unsuccessful as yet, to control the output of the Vermont quarries. If the two companies are ultimately successful in their aims, they will have a practical monopoly on American slate production.

If, in the face of these practical monopolies exercised by two firms over the American production of blackboard and structural slate, Congress increased the tariff rates on slate to such an extent as to utterly foreclose foreign competition, American consumers would be left at the mercy of the American slate manufacturers.

CONCLUSION

We think that a consideration by the committee of the facts set forth in this memorandum will show that no good could come of an increase in duty on imported slate and that much harm might result.

Foreign competition, amounting to less than 1 per cent of the total value of the American products, can not materially affect the American industry, especially when the exports from this country are over three times as great in value as the imports. The exports of electrical and structural slate in the year 1926 amounted to $56,042, over two-thirds of the value of the total imports of slate of all kinds into the United States.

It is significant that, in spite of the fact that the National Slate Association, in its memorandum submitted to the Committee on Ways and Means of the House of Representatives, refers to numerous alleged offers on imported electrical slate, there is no reference to actual sales of same. The conclusion from the figures submitted is that foreign competition is negligible and has not been unfair, that it has not caused and can not cause any decrease in the price of the American slate, which already has risen greatly, and that a greatly enhanced duty on slate might work untold hardship on the American consumers.

We respectfully request that this committee, in view of these figures and in view of the fact that American industry would be harmed and not helped by an increase in the tariff, permit paragraph 237 to remain as it now exists with reference to the duty on slate.

Respectfully submitted.

KATZ & SOMMERICH,
Attorneys for Empire Switchboard Co.,
By WARREN F. MARTIN.

DISTRICT OF COLUMBIA,
City of Washington, ss:

On this 21st day of June, 1929, personally appeared before me, Charles E. Alden, a notary public in and for the District of Columbia, Warren F. Martin, the subscriber to the foregoing brief, who made oath that the facts stated therein are true to the best of his knowledge, information, and belief.

[SEAL.] CHAS. E. ALDEN, *Notary Public.*

My commission expires October 13, 1932.

SCHEDULE 1.—*Slate sold by producers in the United States*

[Mineral Resources of the United States, Bureau of Mines, Department of Commerce]

Year	Mill stock	Value	Average price per square foot (computed)
	Square feet		
1916	11,258,000	$1,623,323.00	$0.144
1917	10,663,000	1,799,917.00	.169
1918	7,204,000	1,853,603.00	.257
1919	7,466,000	1,782,793.00	.239
1920	9,910,000	3,147,231.00	.318
1921	8,970,000	2,719,723.00	.303
1922	9,276,800	2,899,195.00	.313
1923	11,109,480	4,159,644.00	.374
1924	10,009,180	3,922,366.00	.391
1925	11,077,860	4,231,477.00	.382
1926	10,278,130	4,191,185.00	.407
1927	9,287,680	3,519,386.00	.379

SCHEDULE 1.—*Slate sold by producers in the United States*—Continued

Year	Quantity	Value	Average price per square foot (computed)
ELECTRICAL	*Square feet*		
1924	1,801,450	$1,518,092.00	$0.842
1925	1,655,810	1,376,948.00	.831
1926	1,857,940	1,537,034.00	.851
1927	1,641,920	1,233,798.00	.751
STRUCTURAL AND SANITARY SLATE			
1924	2,346,050	951,984.00	.405
1925	2,332,700	862,019.00	.37
1926	2,590,340	968,521.00	.381
1927	2,195,870	866,231.00	.39
GRAVE VAULTS AND COVERS			
1924	566,160	142,167.00	.251
1925	523,850	125,582.00	.24
1926	490,060	130,632.00	.27
1927	530,740	140,947.00	.265
BILLIARD TABLE TOPS			
1924	341,200	131,028.00	.38
1925	341,440	140,498.00	.411
1926	367,220	145,457.00	.396
1927	402,700	141,764.00	.35
BLACKBOARDS			
1924	4,069,670	1,151,767.00	.283
1925	5,184,060	1,690,612.00	.326
1926	3,998,800	1,356,405.00	.34
1927	3,735,870	1,116,593.00	.30
TOTAL—ALL SLATE PRODUCTS			
1924	----------	11,776,016.00	----------
1925	----------	12,575,326.00	----------
1926	----------	12,352,767.00	----------
1927	----------	11,380,736.00	----------
ROOFING			
1923	[1] 1,333,171	5,186,167.00	----------
1924	[1] 469,393	4,626,614.00	----------
1925	[1] 494,530	5,084,945.00	----------
1926	[1] 465,900	5,079,087.00	----------
1927	[1] 468,560	4,949,940.00	----------

[1] Squares (100 square feet).

SCHEDULE 2.—*Premier black electrical slate, for panels, switchboards, etc.*

Area in square feet	Price per square foot				
	1 inch	1¼ inches	1½ inches	1¾ inches	2 inches
1 to 5 feet, inclusive	$0.70	$0.90	$1.10	$1.40	$1.70
5 to 10 feet, inclusive	.80	1.00	1.20	1.50	1.80
10 to 16 feet, inclusive	.90	1.10	1.30	1.60	1.90
16 to 22 feet, inclusive	1.00	1.20	1.40	1.70	2.00
22 to 28 feet, inclusive	1.10	1.30	1.50	1.80	2.10
28 to 35 feet, inclusive	1.30	1.50	1.70	2.00	2.30

Please note—

1. All prices crated f. o. b. New York alongside steamer.
2. Discounts subject to change without notice.
3. Terms 2 per cent cash 10 days. Net 30 days.
4. Prices based on slabs cut at right angles, rubbed one face and edges.
5. Home finish, 16 cents per square foot. Minimum charge 50 cents.
6. Beveling, measured across face of bevel:

¼ inch	cents per linear foot	12
⅜ inch	do	16
½ inch	do	20

7. Premier black electrical slate, like all other slates when freshly quarried, contains a certain amount of moisture in crystalline form, which disappears through a natural drying-out process or which can be removed by baking. If used on high voltages, especially direct current, it is recommended that the slate be artificially dried and lacquered to prevent reabsorption of moisture.

Premier black electrical is sold only by Tompkins-Kiel Marble Co., 505 Fifth Avenue, New York—Chicago, San Francisco.

SCHEDULE 3

TOMPKINS-KIEL MARBLE CO.,
New York, N. Y., December 12, 1928.

Terms: 2 per cent 10 days or 30 days net.

Sold to Empire Switchboard Co. (Inc.), Fourth Avenue and Twenty-eighth Street, Brooklyn, N. Y:

Premier clear black electrical slate:

5 pieces, 20 inches by 72 inches by 1¼ inches	50.0	
16 pieces, 20 inches by 48 inches by 1¼ inches	106.8	
8 pieces, 20 inches by 42 inches by 1¼ inches	46.8	
8 pieces, 24 inches by 48 inches by 1¼ inches	64.0	
6 pieces, 24 inches by 42 inches by 1¼ inches	42.0	
6 pieces, 24 inches by 36 inches by 1¼ inches	36.0	
9 pieces, 30 inches by 48 inches by 1¼ inches	90.0	
6 pieces, 30 inches by 42 inches by 1¼ inches	52.6	
6 pieces, 30 inches by 36 inches by 1¼ inches	45.0	
	523.10	
At $0.50 per square foot, f. o. b. dock		$266.42
8 pieces 20 inches by 36 inches by 1¼ inches	40.0	
At $0.45 per square foot f. o. b. dock		18.00
5 pieces 24 inches by 72 inches by 1¼ inches	60.0	
5 pieces 24 inches by 66 inches by 1¼ inches	55.0	
6 pieces 30 inches by 66 inches by 1¼ inches	82.6	
	197.6	
At $0.55 per square foot f. o. b. dock		108.63
Total		393.05

Your order S 8683.

S 10267, S. S. *Aden Maru*

This is to certify that the above is a true and exact copy of our original invoice.

TOMPKINS-KIEL MARBLE CO.,
J. J. MORRISEY, *Secretary.*

Marble shipped at buyer's risk.
Breakage in transit and cartage not allowed.

SCHEDULE 4

TOMPKINS-KIEL MARBLE CO.,
New York, N. Y., December 12, 1928

Terms: 2 per cent 10 days, or 30 days net.
Sold to Empire Switchboard Co. (Inc.), Fourth Avenue and Twenty-eighth Street, Brooklyn, N. Y.:

Premier clear black electrical slate:		
18 pieces 36 inches by 36 inches by 1 inch	162.0	
At $0.40 per square foot f. o. b. dock		$64.80
24 pieces 36 inches by 42 inches by 1 inch	252.0	
15 pieces 36 inches by 48 inches by 1 inch	180.0	
10 pieces 36 inches by 60 inches by 1 inch	150.0	
	582.0	
At $0.50 per square foot f. o. b. dock		261.90
10 pieces 36 inches by 72 inches by 1 inch	180.0	
At $0.50 per square foot f. o. b. dock		90.00
10 pieces 42 inches by 72 inches by 1 inch	140.0	
10 pieces 42 inches by 42 inches by 1 inch	122.6	
10 pieces 60 inches by 42 inches by 1 inch	175.0	
	437.6	
At $0.45 per square foot f. o. b. dock		196.88
Total		613.58

Your order S 8682.

S 10267, S. S. *Aden Maru*

We certify the above to be a true and exact copy of our original invoice.

TOMPKINS-KIEL MARBLE CO.,
J. J. MORRISEY, *Secretary.*

Marble shipped at buyer's risk.
Breakage in transit and cartage not allowed.

SCHEDULE 5

Slate other than roofing slate exported from United States, 1924–1926

Year	Electrical and structural		Blackboards	
	Quantity	Value	Quantity	Value
	Sq. ft.		*Sq. ft.*	
1924	47,870	$44,874	125,180	$33,978
1925	36,640	32,333	149,470	65,[illegible]26
1926	51,490	56,042	125,730	47,20

Total value of slate, other than roofing exported

1924	$253,894
1925	326,150
1926	300,427
1926, roofing	53,117

Roofing slate exported from United States 1918–1927

1918	$65,224	1923	$78,780
1919	55,164	1924	77,422
1920	122,105	1925	54,120
1921	101,630	1926	53,117
1922	97,811	1927	90,172

SUPPLEMENT

TILES

[Par. 202(a)]

BRIEF OF THE ROSSMAN CORPORATION, BEAVER FALLS, PA.

Hon. DAVID A. REED, *Washington, D C.*

DEAR SENATOR: In support of our recent conversation, I am submitting herewith for your information my recommendations regarding the tariff on tile.

In the tariff bill of 1929, H. R. No. 2667, the tile paragraph 202 reads as follows:

"PAR. 202. (a) Tiles, unglazed, glazed, ornamented, hand painted, enameled, vitrified, semivitrified, decorated, encaustic, ceramic mosaic, flint, spar, embossed, gold decorated, grooved or corrugated, and all other earthen tiles and tiling by whatever name known (except pill tiles, but including tiles wholly or in part of cement), all the foregoing valued at not more than 40 cents per square foot, 10 cents per square foot, but not less than 50 nor more than 70 per centum ad valorem; valued at more than 40 cents per square foot, 60 per centum ad valorem.

"(b) Mantels, friezes, and articles of every description or parts thereof, composed wholly or in chief value of earthen tiles or tiling, except pill tiles, 50 per centum ad valorem."

RECOMMENDATION

I recommend changes in paragraph 202, H. R. No. 2667 to read as follows:

"PAR. 202. (a) Tiles, unglazed, glazed, ornamented, hand painted, enameled, vitrified, semivitrified, decorated, encaustic, ceramic mosaic, flint, spar, embossed, gold decorated, grooved or corrugated and all other earthen tiles and tiling, by whatever name known (except pill tiles, but including tiles wholly or in part of cement) 10 cents per square foot, but not less than 60 nor more than 70 per centum ad valorem; trimmers and strips four-tenths cents per square inch.

"(b) Mantels, friezes, and articles of every description or parts thereof, composed wholly or in chief value of earthen tiles or tiling, except pill tiles, 50 per centum ad valorem."

REASONS FOR MY RECOMMENDATION

The tile paragraph 202 in H. R. No. 2667 is unsatisfactory in that it does not afford us a sufficient degree of protection in two particulars, namely:

(*a*) In the minimum ad valorem rate, and

(*b*) In the rate as it applies to trimmers and strips.

Minimum ad valorem rate.—Instead of a minimum duty of 50 per centum, I recommend 60 per centum as the lowest rate, because without this change the addition of the duty to the foreign values would not reduce the differential between domestic and foreign tiles sufficiently to enable the American producer to compete. This is thoroughly substantiated by the comparative tabulations attached hereto.

Trimmers and strips.—In these articles, which are made almost entirely by hand, the American producer meets foreign products manufactured under low wage scales and against which he can offer only those of well-paid American labor. These articles are small accessory units used in "trimming" and embellishing of tiled surfaces, and in a large measure account for the increase in importations since the 1922 Tariff Act became operative. The general rates applicable to all kinds of titles as provided in the House bill do not cover this difference in relative cost, and leave the door wide open for cheap foreign competition. A separate provision is therefore necessary if we are to be afforded reasonable protection, and I recommend a specific duty of four-tenths cent per square inch be added to the first section of the paragraph. Tabulations of prices of the comparable foreign and domestic articles with the "unprotected differentials" are submitted to you in support of this contention.

Eliminate differentiation in value.—By making the change in the minimum ad valorem rate, the division of tiles into two groups, namely, those valued at less than 40 cents per square foot, and those at more than 40 cents per square foot, becomes unnecessary and can be eliminated. This will both simplify and clarify the tariff act.

UNPROTECTED FIFFERENTIAL

In presenting my reasons for the acceptance of the above recommendation, I wish to refer you to the appended tabulations which are based on showing the difference in prices between the domestic and foreign articles as they meet in a common market, namely, New York City. This difference I have chosen to call the "unprotected differential." Tables Nos. 1 and 2 give in detail comparative German and domestic price lists now in effect. Table No. 3 gives comparative prices f. o. b. New York City prior to duty, and sets forth clearly the difference in price which must be absorbed by duty or marketing costs if equitable competition is to be afforded the domestic producer. Table No. 4 is based upon duty payments in accordance with the act of 1922, H. R. No. 2667, and as per recommendations herein contained, plus an assumed allowance of 20 per cent to c. i. f. New York City prices for selling expense and profit.

From these latter tables it is to be noted that even after the recommended changes are incorporated in the tariff act, the application of the new duty rates leaves the foreign producer and importer with substantial advantage in cost and selling price. This is more clearly set forth in the following table summarizing the "unprotected differentials" listed in more detail in Tables Nos. 4 (a) to 4 (h), inclusive:

Summary of unprotected differentials

FOR PLAIN FLAT TILES, PER SQUARE FOOT SUBSTANTIATING DETAILS IN TABLES NOS. 4 (A) (B) (C) (D)

Size	Kind	Act of 1922	Bill of 1929 (H. R. No. 2667)	Our recommendation	Domestic price	Unprotected differential[1]	
						Dollars	Percentage
6 by 6, 6 by 3, and 4¼ by 4¼	White	$0.3028	$0.3228	$0.3228	$0.4173	0.0945	29.3
6 by 6, 6 by 3, and 4¼ by 4¼	Colored	.4821	.4958	.5232	.5773	.0541	10.3
6 by 6, 6 by 3, and 4¼ by 4¼	Black	.4458	.4584	.4836	.5773	.0937	19.4
6 by 6, 6 by 3, and 4¼ by 4¼	Industrial	.2667	.2818	.2818	.4173	.1355	48.1
Average unprotected differential						.0945	23.5

FOR TRIMMERS AND STRIPS, PER 100 PIECES, SUBSTANTIATING DETAILS IN TABLES NOS. 4 (E) (F) (G) (H)

Size	Kind	Act of 1922	Bill of 1929 (H. R. No. 2667)	Our recommendation	Domestic price	Unprotected differential[1]	
						Dollars	Percentage
Various	White	$7.07	$7.34	$11.18	$14.04	2.86	25.5
Various	Colored	11.86	12.54	14.46	14.69	.23	1.6
Various	Black	9.71	10.18	13.01	14.69	1.68	13.0
Various	Industrial	5.91	6.13	10.34	14.69	4.35	42.0
Average unprotected differential						2.28	18.6

[1] The "unprotected differential" remains after changes as recommended are made.

It therefore remains for the domestic producer, after the acceptance by Congress of the proposed change in paragraph 202, to overcome an average differential of $0.0945 per square foot, or 26.8 per cent for plain tile; and $2.28 per 100 pieces, or 18.6 per cent for trimmers and strips.

WAGE SCALES AND PLANT CONDITIONS

Inasmuch as detailed foreign production costs are not obtainable, a comparison of wage scales is given in Table No. 5, for which I personally obtained the facts during an extended investigation in Germany during 1927.

Germany is the source of about 70 per cent of all tile importations, and the working and factory conditions, as well as labor costs, are therefore typical of the competition which the American manufacturers have to meet; they apply equally to other continental European countries engaged in exporting tiles to the United States.

Many of the German factories have been rebuilt, remodelled and reequipped since the war, and on the whole are modern and in excellent condition. I observed that German manufacturers liquidated their indebtedness during the period of currency inflation, and have an advantage of operating with low capitalization.

German plants are now equipped with the same type of machinery, continuous kilns, and labor-saving devices as the American factories. Power presses for making plain tile are in common use and are producing as much and in many cases more tile per production day (longer hours) as are those in the United States, but at a labor cost of one-fifth to one-fourth that of the American producer. In some of the German plants, these presses are operated by women at a daily wage of 40 cents, which is comparable with men's wages in this country of $6 per day. Three girls are therefore employed at each press in different capacities at a composite wage of $1, while in America the same places are filled by one man and two girls at a composite wage of $12.60 per day.

Raw-material costs range from one-fourth to one-third as much as similar material in this country.

It is generally to be concluded that basis production costs are approximately 25 per cent of that of the domestic producer.

INCREASE IN IMPORTATION

Since 1922 when the existing tariff was enacted, importations of tiles have increased at a rate about seven times greater than that for the domestic industry. Average monthly importations in 1929 were 585.6 per cent greater than in 1922, while shipments of the domestic industry during the same period advanced about 81 per cent. In Table No. 6, I am submitting figures for value and quantity of imports compiled from Government statistics.

Sixty-four per cent of all tile imports are concentrated in the metropolitan area of New York, where about 30 per cent of the domestic business is done. Twenty-six per cent of the total imports compete with 11 per cent of the domestic business in California. This concentration of imports in the two principal markets has a depressing influence upon the entire domestic industry.

LETTERS OF QUOTATION

Appended hereto are letters of quotation, to which it is well that I call your attention. Exhibit A relate to correspondence between German manufacturers at the time the German price list No. 7 (A1), January 1, 1928, was under consideration and the underlying reasons for its acceptance. It is evidence of the fact that prices other than those later agreed upon were being made and acceptable to the membership of the Wandplatten Verband. Exhibit B relates to the confirmation of the action of the Wandplatten Verband in reference to the quotations of January 1, 1928, and to continuance of prior practices. Exhibit C is a current quotation naming prices substantially under those of January 1, 1928.

It is clearly evidenced from these letters that the protection requested is more than justified, as the recommendation is based upon the German published prices and not those prices actually being named. These prices are alone responsible for the rapid increase in tile importations (see Table No. 6), thus displacing domestic production, which is and has been for some time substantially under capacity.

If additional information should be necessary to clarify or substantiate my recommendation, or if any of the tabulations should require further explanation, I shall be pleased to furnish whatever facts may help in supplying you with an accurate cross section of the tariff situation as it applies to our industry.

Yours very truly,

ROSSMAN CORPORATION,
F. W. WALKER, *Chairman.*

TABLE NO. 1.—*Special price list No. 7, A–1, of glazed wall tiles for United States of America*

[Valid from Jan. 1, 1929]

[The prices are to be understood in United States of America dollars for 1a export quality, per 100 pieces, net f. o. b. European port of shipment, including maritime packing (cases or crates.) All prices are f. o. b. All articles not mentioned in this list will be charged at the prices of list 7–A. Deliveries of No. 2 quality will be effected with a reduction of 25 per cent off the f. o. b. prices]

Item No.	Size, cm.	Article	No. of the tiles (in front of each number "U. S. A." is required)	Earthenware, white	Earthenware and M. C., colored	Earthenware, and M. C., black	M. C., colorless
1	15 15	Square	1	$3.85	$6.45	$5.90	$3.15
2	15 7	do	2	2.05	3.25	3.00	1.60
3	10 10	do	3	1.90	3.25	3.00	1.60
4	10.8 10.8	do	4	2.05	3.80	3.50	1.80
5	15 5	Bullnose cap, in and out side glazed with all accessories (trim).	5a to 12a, 13a to 19a	3.05	6.80	5.00	2.45
6	10 5	do	5b to 12b, 13b to 19b	2.35	5.25	3.85	1.90
7	10.8 5	do	5c to 12c, 13c to 19c	2.50	5.65	4.15	2.05
8	15 5	Capping with all accessories.		4.35	7.45	7.45	3.55
9	10 5	do		3.35	5.70	5.70	2.75
10	10.8 5	do		3.60	6.20	6.20	2.95
11	15	External and internal angles with all accessories: 20 mm. radius	24 to 27	2.15	4.30	4.30	1.70
12	10	do	20 to 23	2.15	4.30	4.30	1.70
13	10.8	do	28 to 31	2.15	4.30	4.30	1.70
14	15 15	Combination, in and out side glazed with all accessories.	34a to 37a, 42a to 45a	6.50	11.00	9.10	5.20
15	10 10	do	34b to 37b, 42b to 45b	4.35	6.50	6.15	3.50
16	10.8 10.8	do	34c to 37c, 42c to 45c	5.05	7.55	7.15	4.05
17	15 10	do	34d to 37d, 42d to 45d	5.25	8.40	7.50	4.20
18	15 15	Skirting with lip, with all accessories.	32a, 33a, 38a to 41a	7.70	13.15	10.00	6.15
19	10 10	do	32b, 33b, 38b to 41b	3.90	6.65	5.05	3.10
20	10.8 10.8	do	32c, 33c, 38c to 41c	4.55	7.75	5.90	3.60
21	15 10	do	38d to 41d	5.95	10.05	7.70	4.70
22	15 10.8	do	38e to 41e	6.45	10.85	8.30	5.10

Item No.	Size, cm.	Stripes, plain			Relief stripe	
		1-colored	Stenciled		1-colored	Multicolored, hand-painted
			1-colored	Multicolored		
23	15 1 to 15 1.5	$1.10	$1.70	$2.12	$1.80	$2.20
	15 2	1.44	1.93	2.35	2.06	2.45
	15 2.5	1.66	2.14	2.55	2.30	2.66
	15 3.8	2.13	2.58	3.00	2.81	3.30
	15 5	2.56	3.03	3.44	3.33	4.09
24	10 1 to 10 1.5, 10.8 1 to 10.8 1.5	1.10	1.70	2.12	1.80	2.06
	10 2 and 10.8 2	1.44	1.93	2.35	2.06	2.33
	10 2.5 and 10.8 2.5	1.66	2.14	2.55	2.30	2.64
	10 3.8 and 10.8 3.8	2.13	2.58	3.00	2.81	3.33
	10 5 and 10.8 5	2.56	3.03	3.44	3.33	3.93

TABLE No. 1—a.—*Special price list No. 7 A1 of glazed wall tiles for United States of America*

[Based upon domestic practice plus freight f. o. b. port of entry]

[The prices are to be understood in United States of America dollar for A1 export quality per unit—plain tiles, dollars per square foot; trim tiles, dollars per 100 pieces; strip tiles, dollars per 100 pieces—net, f. o. b. European port of shipment, including maritime packing (cases or crates), plus insurance, freight, etc., to port of entry United States of America]

Item	Size	Article	White tile	Colored tile	Black tile	Colorless tile
1	6 by 6	Plain, square foot	$0.179	$0.283	$0.261	$0.151
2	6 by 3	do, do	.189	.285	.265	.153
3	4 by 4	do, do	.196	.3175	.295	.169
4	4¼ by 4¼	do, do	.189	.329	.305	.169
5	6 by 2	Angles and runners, pieces	3.26	7.01	5.21	2.66
6	4 by 2	do, do	2.50	5.40	4.00	2.05
7	4¼ by 2	do, do	2.65	5.80	4.30	2.20
8	6 by 2	Stretcher, do	4.56	7.66	7.66	3.76
9	4 by 2	do, do	3.49	5.85	5.85	2.90
10	4¼ by 2	do, do	3.75	6.35	6.35	3.10
11	6 inches long	¾ inch radius quarter round, do	2.25	4.40	4.40	1.80
12	4 inches long	do, do	2.22	4.37	4.37	1.77
13	4¼ inches long	do, do	2.22	4.37	4.37	1.77
14	6 by 6	Base, do	7.12	11.62	9.72	5.82
15	4 by 4	Combination and angles, do	4.63	6.78	6.43	3.78
16	4¼ by 4¼	do, do	5.36	7.86	7.46	4.36
17	6 by 4	do, do	5.67	8.82	7.92	4.62
18	6 by 6	Sanitary base, do	8.32	13.77	10.62	6.77
19	4 by 4	do, do	4.21	6.96	5.36	3.41
20	4¼ by 4¼	do, do	4.86	8.06	6.21	3.91
21	6 by 4	do, do	6.37	10.47	8.12	5.12
22	6 by 4¼	do, do	6.87	11.27	8.72	5.52

Item	Size	Strips plain			Relief strips	
		1-colored	Stenciled		1-colored	Multi-colored, hand painted
			1-colored	Multi-colored		
23	6 by ¾ to 6 by ⅝	$1.16	$1.76	$2.18	$1.86	$2.26
	6 by ¾	1.52	2.01	2.43	2.14	2.53
	6 by 1	1.76	2.24	2.65	2.40	2.76
	6 by 1½	2.29	2.74	3.16	2.97	3.66
	6 by 2	2.77	3.24	3.65	3.54	4.21
24	4 by ⅜ to 4 by ⅝	1.14	1.74	2.16	1.84	2.12
	4¼ by ⅜ to 4¼ by ⅝	1.14	1.74	2.16	1.84	2.12
	4 by ¾ to 4¼ by ¾	1.50	1.99	2.41	2.12	2.39
	4 by 1 to 4¼ by 1	1.78	2.21	2.62	2.37	2.61
	4 by 1½ to 4¼ by 1½	2.23	2.68	3.10	2.91	3.48
	4 by 2 to 4¼ by 2	2.71	3.18	3.49	3.48	4.08

TABLE No. 2.—*Domestic price list f. o. b. New York City*

Item	Size	Article	White tile	Colored tile	Black tile	Industrial (colorless) tile
1	6 by 6	Plain, square foot	$0.444	$0.594	$0.594	$0.444
2	6 by 3	do, do	.389	.569	.569	.389
3	4 by 4	do, do				
4	4¼ by 4¼	do, do	.419	.569	.569	.419
5	6 by 2	Angles and runners, piece	10.90	11.50	11.50	11.50
6	4 by 2	do, do				
7	4¼ by 2	do, do	10.90	11.50	11.50	11.50
8	6 by 2	Stretcher, do	12.60	13.30	13.30	13.30
9	4 by 2	do, do				
10	4¼ by 2	do, do	12.60	13.30	13.30	13.30
11	6 inches long [1]	¾-inch radius quarter round, do	5.80	6.10	6.10	6.10
12	4 inches long [1]	do, do				
13	4¼ inches long [1]	do, do	5.80	6.10	6.10	6.10
14	6 by 6	Base, do	17.70	18.70	18.70	18.70
15	4 by 4	Combination and angles, do				
16	4¼ by 4¼	do, do	12.60	13.30	13.30	13.30
17	6 by 4	do, do	14.30	15.10	15.10	15.10
18	6 by 6	Sanitary base, do	24.60	25.90	25.90	25.90
19	4 by 4	do, do	21.10	22.30	22.30	22.30
20	4¼ by 4¼	do, do				
21	6 by 4	do, do				
22	6 by 4¼	do, do	21.10	22.30	22.30	22.30

TABLE No. 2.—*Domestic price list f. o. b. New York City*—Continued

Item	Size	Strips plain			Relief strips	
		1-colored	Stenciled		1-colored	Multi-colored, hand painted
			1-colored	Multi-colored		
23	6 by 3/16 to 6 by 5/16	$3.06	$4.06	$4.06	$3.06	$12.06
	6 by 3/4	4.07	5.07	5.07	4.07	.....
	6 by 1	4.08	5.08	5.08	4.08	16.08
	6 by 1 1/2	3.56	.....	.....	4.49	.....
	6 by 2	4.74	.....	.....	5.09	.....
24	4 by 3/16 to 4 by 5/16	3.05	4.05	4.05	3.05	.....
	4 1/4 by 3/16 to 4 1/4 by 5/16	3.05	4.05	4.05	3.05	.....
	4 by 3/4 to 4 1/4 by 3/4	4.06	5.06	5.06	4.06	.....
	4 by 1 to 4 1/4 by 1	4.07	5.07	5.07	4.07	.....
	4 by 1 1/2 to 4 1/4 by 1 1/2	3.56	.....	.....	.....	.....
	4 by 2 to 4 1/4 by 2	4.74	.....	.....	.....	.....

TABLE No. 3.—*Table of comparative price lists f. o. b. New York City prior to duty*

(a) WHITE WALL TILE—PLAIN AND TRIM

Item	Size	Article	German prices	American prices	Cost differential	
						Per cent
1	6 by 6	Plain, square foot	$0.179	$0.444	$0.265	148.0
2	6 by 3	do, do	.189	.389	.20	105.8
3	4 by 4	do, do	.196	.....	.....	.....
4	4 1/4 by 4 1/4	do, do	.189	.419	.23	121.7
		Average cost differential	.....	.....	.232	124.8
5	6 by 2, trim	Angles and runners, pieces	3.26	10.90	7.64	234.4
6	4 by 2, trim	do, do	2.50	.....	.....	.....
7	4 1/4 by 2, trim	do, do	2.65	10.90	8.25	311.3
8	6 by 2, trim	Stretcher, do	4.56	12.60	8.04	176.3
9	4 by 2, trim	do, do	3.49	.....	.....	.....
10	4 1/4 by 2, trim	do, do	3.75	12.60	8.85	236.0
11	6 inches long, trim.	3/4-inch radius, quarter round, do	2.25	5.80	3.55	157.8
12	4 inches long, trim.	do, do	2.22	.....	.....	.....
13	4 1/4 inches long, trim.	do, do	2.22	5.80	3.58	161.3
14	6 by 6, trim	Base, do	7.12	17.70	10.58	148.6
15	4 by 4, trim	Combination and angles, do	4.63	.....	.....	.....
16	4 1/4 by 4 1/4, trim	do, do	5.36	12.60	7.24	135.1
17	6 by 4, trim	do, do	5.67	14.30	8.63	152.2
18	6 by 8, trim	Sanitary base, do	8.32	24.50	16.18	194.5
19	4 by 4, trim	do, do	4.21	21.10	16.89	401.2
20	4 1/4 by 4 1/4, trim	do, do	4.86	.....	.....	.....
21	6 by 4, trim	do, do	6.37	21.10	14.73	231.2
22	6 by 4 1/4, trim	do, do	6.87	.....	.....	.....
		Average cost differential	.....	.....	9.52	204.8
		Strips:				
23		6 by 3/16 to 6 by 5/16	1.16	3.06	1.90	163.8
		6 by 3/4	1.52	4.07	2.55	167.8
		6 by 1	1.76	4.08	2.32	131.8
		6 by 1 1/2	2.29	3.56	1.27	55.5
		6 by 2	2.77	4.74	1.97	71.1
24		4 by 3/16 to 4 by 5/16, also	1.14	3.05	1.91	167.5
		4 1/4 by 3/16 to 4 1/4 by 5/16	1.14	3.05	1.91	167.5
		4 by 3/4 to 4 1/4 by 3/4	1.50	4.06	2.56	170.7
		4 by 1 to 4 1/4 by 1	1.73	4.07	2.34	135.3
		4 by 1 1/2 to 4 1/4 by 1 1/2	2.23	3.56	1.33	59.6
		4 by 2 to 4 1/4 by 2	2.71	4.74	2.03	74.9
		Average cost differential	.....	.....	2.01	110.7

TABLE No. 3.—*Table of comparative price lists f. o. b. New York City prior to duty*—Continued

(B) COLORED WALL TILE—PLAIN AND TRIM

Item	Size	Article	German prices	American prices	Cost differential	
						Per cent
1	6 by 6	Plain, square foot	$0.283	$0.594	$0.311	109.9
2	6 by 3	do, do	.285	.569	.284	99.6
3	4 by 4	do, do	.3175			
4	4¼ by 4¼	do, do	.329	.569	.240	72.9
		Average cost differential			.278	93.1
5	6 by 2 trim	Angles and runners, pieces	7.01	11.50	4.49	64.1
6	4 by 2 trim	do, do	5.40			
7	4¼ by 2 trim	do, do	5.80	11.50	5.70	98.3
8	6 by 2 trim	Stretcher, do	7.66	13.30	5.64	73.6
9	4 by 2 trim	do, do	5.85			
10	4¼ by 2 trim	do, do	6.35	13.30	6.95	109.4
11	6 inches long trim	¾-inch radiator, quarter round, do	4.40	6.10	1.70	38.6
12	4 inches long trim	do, do	4.37			
13	4¼ inches long trim	do, do	4.37	6.10	1.73	39.6
14	6 by 6 trim	Base, do	11.62	18.70	7.08	60.9
5	4 by 4 trim	Combination and angles, do	6.78			
16	4¼ by 4¼ trim	do, do	7.86	13.30	5.44	69.2
17	6 by 4 trim	do, do	8.82	15.10	6.28	71.2
18	6 by 6 trim	Sanitary base, do	13.77	25.90	12.13	88.1
19	4 by 4 trim	do, do	6.98	22.30	15.34	220.4
20	4¼ by 4¼ trim	do, do	8.06			
21	6 by 4 trim	do, do	10.47	22.30	11.83	113.0
22	6 by 4¼ trim	do, do	11.27			
		Average cost differential			7.03	88.7
		Strips:				
23		6 by ⅛ to 6 by ⅝	1.16	3.06	1.90	163.8
		6 by ¾	1.52	4.07	2.55	167.8
		6 by 1	1.76	4.08	2.32	131.8
		6 by 1½	2.29	3.56	1.27	55.5
		6 by 2	2.77	4.74	1.97	71.1
24		4 by ⅛ to 4 by ⅝, also	1.14	3.05	1.91	167.5
		4¼ by ⅛ to 4¼ by ⅝	1.14	3.05	1.91	167.5
		4 by ¾ 4¼ by ¾	1.50	4.06	2.56	170.7
		4 by 1 to 4¼ by 1	1.73	4.07	2.34	135.3
		4 by 1½ to 4¼ by 1½	2.23	3.56	1.33	59.6
		4 by 2 to 4¼ by 2	2.71	4.74	2.03	74.9
		Average cost differential			2.01	110.7

(C) BLACK WALL TILE—PLAIN AND TRIM

1	6 by 6	Plain, square foot	$0.261	$0.594	$0.333	127.6
2	6 by 3	do, do	.265	.569	.304	114.7
3	4 by 4	do, do	.295			
4	4¼ by 4¼	do, do	.305	.569	.264	86.6
		Average cost differential			.300	108.4
5	6 by 2 trim	Angles and runners, pieces	5.21	11.50	6.29	120.7
6	4 by 2 trim	do, do	4.00			
7	4¼ by 2 trim	do, do	4.30	11.50	7.20	167.4
8	6 by 2 trim	Stretcher, do	7.66	13.30	5.64	73.6
9	4 by 2	do, do	5.85			
10	4¼ by 2	do, do	6.35	13.30	6.95	109.4
11	6 inches long	¾-inch radius, quarter round, do	4.40	6.10	1.70	38.6
12	4 inches long	¾-inch radius, quarter round, do	4.37			
13	4 inches long	¾-inch radius, quarter round, do	4.37	6.10	1.73	39.6
14	6 by 6 trim	Base, do	9.72	18.70	8.98	92.4
15	4 by 4 trim	Combination and angles, do	6.43			
16	4¼ by 4¼ trim	do, do	7.46	13.30	5.84	78.3
17	6 by 4 trim	do, do	7.92	15.10	7.18	90.7
18	6 by 6 trim	Sanitary base, do	10.62	25.90	15.28	143.9
19	4 by 4 trim	do, do	5.36	22.30	16.94	316.0
20	4¼ by 4¼ trim	do, do	6.21			
21	6 by 4	do, do	8.12	22.30	14.18	174.6
22	6 by 4¼ trim	do, do	8.72			
		Average cost differential			8.16	120.1

TABLE No. 3.—*Table of comparative price lists f. o. b. New York City prior to duty*—Continued

(C) BLACK WALL TILE—PLAIN AND TRIM—Continued

Item	Size	Article	German prices	American prices	Cost differential	
						Per cent
23		Strips:				
		6 by 3/8 to 6 by 5/8	1.16	3.06	1.90	163.8
		6 by 5/8	1.52	4.07	2.55	167.8
		6 by 1	1.76	4.08	2.32	131.8
		6 by 1 1/2	2.29	3.56	1.27	55.5
		6 by 2	2.77	4.74	1.97	71.1
24		4 by 3/8 to 4 by 5/8, also	1.14	3.05	1.91	167.5
		4 1/4 by 3/8 to 4 1/4 by 5/8	1.14	3.05	1.91	167.5
		4 by 5/8, 4 1/4 by 5/8	1.50	4.06	2.56	170.7
		4 by 1, 4 1/4 by 1	1.73	4.07	2.34	135.3
		4 by 1 1/2, 4 1/4 by 1 1/2	2.23	3.56	1.33	59.6
		4 by 2, 4 1/4 by 2	2.71	4.74	2.03	74.9
		Average cost differential			2.01	110.7

(D) INDUSTRIAL (COLORLESS) WALL TILE—PLAIN AND TRIM

1	6 by 6	Plain, square foot	$0.151	$0.444	$0.293	194.0
2	6 by 3	do	.153	.389	.236	154.2
3	4 by 4	do	.169			
4	4 1/4 by 4 1/4	do	.169	.419	.250	147.9
		Average cost differential			.260	164.7
5	6 by 2 trim	Angles and runners, pieces	2.66	11.50	8.84	332.3
6	4 by 2 trim	do	2.05			
7	4 1/4 by 2 trim	do	2.20	11.50	9.30	422.7
8	6 by 2 trim	Stretcher, do	3.76	13.30	9.54	253.7
9	4 by 2 trim	do	2.90			
10	4 1/4 by 2 trim	do	3.10	13.30	10.20	329.0
11	6 inches long trim	3/4-inch radius quarter round, do	1.80	6.10	4.30	238.9
12	4 inches long trim	do	1.77			
13	4 1/4 inches long trim	do	1.77	6.10	4.33	244.6
14	6 by 6 trim	Base, do	5.82	18.70	12.88	221.3
15	4 by 4 trim	Combination and angles, do	3.78			
16	4 1/4 by 4 1/4 trim	do	4.36	13.30	8.94	205.0
17	6 by 4 trim	do	4.62	15.10	10.48	226.8
18	6 by 6 trim	Sanitary base, do	6.77	25.90	19.13	282.8
19	4 by 4 trim	do	3.41	22.30	18.89	554.0
20	4 1/4 by 4 1/4 trim	do	3.91			
21	6 by 4 trim	do	5.12	22.30	17.18	335.5
22	6 by 4 1/4 trim	do	5.52			
		Average cost differential			11.17	295.2
23		Strips:				
		6 by 3/8 to 6 by 5/8	1.16	3.06	1.90	163.8
		6 by 5/8	1.52	4.07	2.55	167.8
		6 by 1	1.76	4.08	2.32	131.8
		6 by 1 1/2	2.29	3.56	1.27	55.5
		6 by 2	2.77	4.74	1.97	71.1
24		4 by 3/8 to 4 by 5/8, also	1.14	3.05	1.91	167.5
		4 1/4 by 3/8 to 4 1/4 by 5/8	1.14	3.05	1.91	167.5
		4 1/4 to 4 1/4 by 5/8	1.50	4.06	2.56	170.7
		4 by 1 to 4 1/4 by 1	1.73	4.07	2.34	135.3
		4 by 1 1/2 to 4 1/4 by 1 1/2	2.23	3.56	1.33	59.6
		4 by 2 to 4 1/4 by 2	2.71	4.74	2.03	74.9
		Average cost differential			2.01	110.7

TABLE No. 4.—*Table of comparative price lists f. o. b. New York City, duty paid*

(A) WHITE WALL TILE—PLAIN

[Per square foot]

Item	Size	Cost f. o. b., port of shipment	Ocean freight, insurance, etc.	c. i. f. New York City	Duty	c. i. f. New York City, duty paid	c. i. f., New York City, duty paid, plus 20 per cent of c. i. f. New York City for selling expense and profit	Domestic selling price	Unprotected differential	
									Dollars	Percentage
	Tariff act of 1922—Par. 202:									
1	6 by 6	$0.154	$0.025	$0.179	$0.08	$0.259	$0.2948	$0.444	0.1492	50.6
2	6 by 3	.164	.025	.189	.08	.269	.3068	.389	.0622	26.8
4	4¼ by 4¼	.164	.025	.189	.08	.269	.3068	.419	.1122	36.6
	Average unprotected differential								.1145	37.8
	Tariff bill of 1929—Par. 202—H. R. 2667:									
1	6 by 6	.154	.025	.179	.10	.279	.3148	.444	.1292	41.0
2	6 by 3	.164	.025	.189	.10	.289	.3268	.389	.0622	19.0
4	4¼ by 4¼	.164	.025	.189	.10	.289	.3268	.419	.0922	28.2
	Average unprotected—differential								.0945	29.3
	Recommended par. 202:									
1	6 by 6	.154	.025	.179	.10	.279	.3148	.444	.1292	41.0
2	6 by 3	.164	.025	.189	.10	.289	.3268	.389	.0622	19.0
4	4 by 4¼	.164	.025	.189	.10	.289	.3268	.419	.0922	29.2
	Average unprotected—differential								.0945	29.3

(B) COLORED WALL TILE—PLAIN

[Per square foot]

	Tariff act of 1922—Par. 202:									
1	6 by 6	$0.258	$0.025	$0.283	$0.1161	$0.3991	$0.4557	$0.594	0.1383	30.3
2	6 by 3	.260	.025	.285	.1170	.4020	.4590	.569	.11	24.0
4	4¼ by 4¼	.304	.025	.329	.1368	.4658	.5316	.569	.0374	7.0
	Average unprotected differential								.0952	19.8
	Tariff bill of 1929—Par. 202—H. R. 2667:									
1	6 by 6	.258	.025	.283	.129	.412	.4686	.594	.1254	26.8
2	6 by 3	.260	.025	.285	.13	.415	.4720	.569	.097	20.6
4	4¼ by 4¼	.304	.025	.329	.152	.481	.5468	.569	.0222	4.1
	Average unprotected differential								.0815	16.4
	Recommended Par. 202:									
1	6 by 6	.258	.025	.283	.1548	.4378	.4944	.594	.0996	20.1
2	6 by 3	.260	.025	.285	.1560	.4410	.4980	.569	.071	14.3
4	4¼ by 4¼	.304	.025	.329	.1824	.5114	.5772	.569	−.0082	−1.4
	Average unprotected differential								.0541	10.3

TABLE No. 4.—*Table of comparative price list f. o. b. New York City, duty paid*—Continued

(C) BLACK WALL TILE—PLAIN

[Per square foot]

Item	Size	Cost f. o. b. port of shipment	Ocean freight, insurance, etc.	c. i. f. New York City	Duty	c. i. f. New York City, duty paid	c. i. f., New York City, duty paid, plus 20 per cent of c. i. f. New York City for selling expense and profit	Domestic selling price	Unprotected differential	
									Dollars	Percentage
	Tariff act of 1922—par. 202:									
1	6 by 6	$0.236	$0.025	$0.261	$0.1062	$0.3672	$0.4194	$0.594	0.1746	41.6
2	6 by 3	.24	.025	.265	.1080	.3730	.4260	.569	.143	33.6
4	4¼ by 4¼	.28	.025	.305	.1260	.4310	.4920	.569	.077	15.7
	Average unprotected differential								.1315	29.5
	Tariff bill of 1929—par. 202—H. R. 2667:									
1	6 by 6	.236	.025	.261	.1180	.379	.4312	.594	.1628	37.8
2	6 by 3	.24	.025	.265	.1200	.385	.4380	.569	.131	29.9
4	4¼ by 4¼	.28	.025	.305	.1400	.445	.5060	.569	.063	12.5
	Average unprotected differential								.1189	25.9
	Recommended—par. 202.									
1	6 by 6	.236	.025	.261	.1416	.4026	.4548	.594	.1392	30.6
2	6 by 3	.24	.025	.265	.144	.4090	.4620	.569	.107	23.2
4	4¼ by 4¼	.28	.025	.305	.168	.4730	.5340	.569	.035	6.6
	Average unprotected differential								.0937	19.4

(D) INDUSTRIAL (COLORLESS) WALL TILE—PLAIN

[Per square foot]

	Tariff act of 1922—Par. 202:									
1	6 by 6	$0.126	$0.025	$0.151	$0.0756	$0.2266	$0.2568	$0.444	0.1872	72.9
2	6 by 3	.128	.025	.153	.0768	.2298	.2604	.389	.1286	49.4
4	4¼ by 4¼	.144	.025	.169	.08	.2490	.2828	.419	.1362	48.2
	Average unprotected differential								.1507	56.5
	Tariff bill of 1929—Par. 202—H. R. 2667:									
1	6 by 6	.126	.025	.151	.0882	.2392	.2694	.444	.1746	64.8
2	6 by 3	.128	.025	.153	.0896	.2426	.2732	.389	.1158	42.4
4	4¼ by 4¼	.144	.025	.169	.10	.269	.3028	.419	.1162	38.4
	Average unprotected differential								.1355	48.1
	Recommended par. 202:									
1	6 by 6	.126	.025	.151	.0882	.2392	.2694	.444	.1746	64.8
2	6 by 3	.128	.025	.153	.0896	.2426	.2732	.389	.1158	42.4
4	4 by 4¼	.144	.025	.169	.10	.269	.3028	.419	.1162	38.4
	Average unprotected differential								.1355	48.1

TABLE No. 4.—*Table of comparative price list f. o. b. New York City, duty paid*—Continued.

(E) WHITE WALL TILE—TRIM

[Per 100 pieces]

Item	Size	Cost f. o. b., port of shipment	Ocean freight, insurance, etc.	c. i. f. New York City	Duty	c. i. f. New York City, duty paid	c. i. f., New York City, duty paid, plus 20 per cent of c. i. f. New York City for selling expense and profit	Domestic selling price	Unprotected differential	
									Dollars	Percentage
	Tariff act of 1922—Par. 202:									
5	6 by 2	$3.05	$0.21	$3.26	$1.37	$4.63	$5.28	$10.90	$5.62	106.4
8	6 by 2	4.35	.21	4.56	2.17	6.73	7.64	12.60	4.96	64.9
18	6 by 6	7.70	.62	8.32	3.46	11.78	13.44	24.50	11.06	82.3
21	6 by 4	5.95	.41	6.36	2.68	9.04	10.31	21.10	10.79	104.7
23	Plain	1.10	.06	1.16	.55	1.71	1.94	3.06	1.12	57.7
28	Relief	2.20	.06	2.26	1.10	3.36	3.81	12.06	8.25	216.5
	Average unprotected differential								6.97	98.5
	Tariff bill of 1929—Par. 202—H. R. 2667:									
5	6 by 2	3.05	.21	3.26	1.52	4.78	5.43	10.90	5.47	100.7
8	6 by 2	4.35	.21	4.56	2.61	7.17	8.08	12.60	4.52	55.9
18	6 by 6	7.70	.62	8.32	3.85	12.17	13.83	24.50	10.67	77.2
21	6 by 4	5.95	.41	6.36	2.96	9.32	10.59	21.10	10.51	99.2
23	Plain	1.10	.06	1.16	.66	1.82	2.05	3.06	1.01	49.3
28	Relief	2.20	.06	2.26	1.32	3.58	4.03	12.06	8.03	199.3
	Average unprotected differential								6.70	91.4
	Recommended par. 202:									
5	6 by 2	3.05	.21	3.26	4.80	8.06	8.71	10.90	2.19	25.1
8	6 by 2	4.35	.21	4.56	4.80	9.36	10.27	12.60	2.33	22.7
18	6 by 6	7.70	.62	8.32	14.40	22.72	24.38	24.50	.12	.5
21	6 by 4	5.95	.41	6.36	9.60	15.96	17.23	21.10	3.87	22.5
23	Plain	1.10	.06	1.16	1.20	2.36	2.59	3.06	.47	18.1
28	Relief	2.20	.06	2.26	1.20	3.46	3.91	12.06	8.15	208.4
	Average unprotected differential								2.86	25.5

(F) COLORED WALL TILE—TRIM

[Per 100 pieces]

	Tariff act of 1922—Par. 202:									
5	6 by 2	$6.80	$$0.21	$7.01	$3.40	$10.41	$11.81	$11.50	−0.31	−2.6
8	6 by 2	7.45	.21	7.66	3.72	11.38	12.91	13.30	.39	3.0
18	6 by 6	13.15	.62	13.77	6.57	20.34	23.09	25.90	2.81	12.2
21	6 by 4	10.05	.41	10.46	5.02	15.48	17.57	22.30	4.73	26.9
23	Plain	1.10	.06	1.16	.55	1.71	1.94	3.06	1.12	57.7
28	Relief	2.20	.06	2.26	1.10	3.36	3.81	12.06	8.25	216.5
	Average unprotected differential								2.83	23.9
	Tariff bill of 1929—Par. 202—H. R. 2667:									
5	6 by 2	6.80	.21	7.01	4.08	11.09	12.49	11.50	−.99	−7.9
8	6 by 2	7.45	.21	7.66	4.47	12.13	13.66	13.30	−.36	−2.6
18	6 by 6	13.15	.62	13.77	7.89	21.66	24.41	25.90	1.49	6.1
21	6 by 4	10.05	.41	10.46	6.03	16.49	18.57	22.30	3.73	20.1
23	Plain	1.10	.06	1.16	.66	1.82	2.05	3.06	1.01	49.3
28	Relief	2.20	.06	2.26	1.32	3.58	4.03	12.06	8.03	199.3
	Average unprotected differential								2.15	17.2
	Recommended par. 202:									
5	6 by 2	6.80	.21	7.01	4.80	11.81	13.21	11.50	−1.71	−12.9
8	6 by 2	7.45	.21	7.66	4.80	12.46	13.99	13.30	−.69	−4.9
18	6 by 6	13.15	.62	13.77	14.40	28.07	30.92	25.90	−5.02	−16.2
21	6 by 4	10.05	.41	10.46	9.60	20.06	22.15	22.30	.15	.7
23	Plain	1.10	.06	1.16	1.20	2.36	2.59	3.06	.47	18.1
28	Relief	2.20	.06	2.26	1.20	3.46	3.91	12.06	8.15	208.4
	Average unprotected differential								.23	1.6

TABLE No. 4—*Table of comparative price list f. o. b. New York City, duty paid*—Continued

(G) BLACK WALL TILE—TRIM

(Per 100 pieces)

Item	Size	Cost f. o. b., port of shipment	Ocean freight, insurance, etc.	c. i. f. New York City	Duty	c. i. f. New York City, duty paid	c. i. f., New York City, duty paid, plus 20 per cent of c. i. f. New York City for selling expense and profit	Domestic selling price	Unprotected differential	
									Dollars	Percentage
	Tariff act of 1922—Par. 202:									
5	6 by 2	$5.00	$0.21	$5.21	$2.50	$7.71	$8.75	$11.50	$2.75	31.4
8	6 by 2	7.45	.21	7.66	3.72	11.38	12.91	13.30	.39	3.0
18	6 by 6	10.00	.62	10.62	4.50	15.12	17.24	25.90	8.66	50.2
21	6 by 4	7.70	.41	8.11	3.83	11.96	13.58	22.30	8.72	64.2
22	Plain	1.10	.06	1.16	.55	1.71	1.94	3.06	1.12	57.7
23	Relief	2.20	.06	2.26	1.10	3.36	3.81	12.06	8.25	216.5
	Average unprotected differential:								4.98	51.3
	Tariff bill of 1929—Par. 202—H. R 2667:									
5	6 by 2	5.00	.21	5.21	3.00	8.21	9.25	11.50	2.25	24.3
8	6 by 2	7.45	.21	7.66	4.47	12.13	13.66	13.30	−.36	−2.6
18	6 by 6	10.00	.62	10.62	5.00	15.62	17.74	25.90	8.16	44.6
21	6 by 4	7.70	.41	8.11	4.62	12.73	14.35	22.30	7.95	55.4
22	Plain	1.10	.06	1.16	.66	1.82	2.05	3.06	1.01	49.3
23	Relief	2.20	.06	2.26	1.32	3.58	4.03	12.06	8.03	199.3
	Average unprotected differential								4.51	44.3
	Recommended par. 202:									
5	6 by 2	5.00	.21	5.21	4.80	10.01	11.05	11.50	.45	4.1
8	6 by 2	7.45	.21	7.66	4.80	12.46	13.99	13.30	−.69	−4.9
18	6 by 6	10.00	.62	10.62	14.40	25.02	27.14	25.90	−1.24	−4.6
21	6 by 4	7.70	.41	8.11	9.60	17.71	19.33	22.30	2.97	15.4
22	Plain	1.10	.06	1.16	1.20	2.36	2.59	3.06	.47	18.1
23	Relief	2.20	.06	2.26	1.20	3.46	3.91	12.06	8.15	208.4
	Average unprotected differential								1.68	13.0

(H) INDUSTRIAL (COLORLESS) WALL TILE—TRIM

[Per 100 pieces]

	Tariff act of 1922—Par. 202:									
5	6 by 2	$2.45	$0.21	$2.66	$1.10	$3.76	$4.29	$11.50	$7.21	168.1
8	6 by 2	3.55	.21	3.76	1.77	5.53	6.28	13.30	7.02	111.8
18	6 by 6	6.15	.62	6.77	2.76	9.53	10.88	25.90	15.02	138.1
21	6 by 4	4.70	.41	5.11	2.11	7.22	8.24	22.30	14.06	170.6
22	Plain	1.10	.06	1.16	.55	1.71	1.94	3.06	1.12	57.7
23	Relief	2.20	.06	2.26	1.10	3.36	3.81	12.06	8.25	216.5
	Average unprotected differential								8.78	143.6
	Tariff bill of 1929—Par. 202—H. R. 2667:									
5	6 by 2	2.45	.21	2.66	1.22	3.88	4.41	11.50	7.09	160.8
8	6 by 2	3.55	.21	3.76	2.13	5.89	6.64	13.30	6.66	100.3
18	6 by 6	6.15	.62	6.77	3.07	9.84	11.19	25.90	14.71	131.5
21	6 by 4	4.70	.41	5.11	2.35	7.46	8.48	22.30	13.82	163.0
22	Plain	1.10	.06	1.16	.66	1.82	2.05	3.06	1.01	49.5
23	Relief	2.20	.06	2.26	1.32	3.58	4.03	12.06	8.03	199.3
	Average unprotected differential								8.55	130.6
	Recommended par. 202:									
5	6 by 2	2.45	.21	2.66	4.80	7.46	7.99	11.50	3.51	43.9
8	6 by 2	3.55	.21	3.76	4.80	8.56	9.31	13.30	3.99	42.9
18	6 by 6	6.15	.62	6.77	14.40	21.17	22.52	25.90	3.38	15.0
21	6 by 4	4.70	.41	5.11	9.60	14.71	15.73	22.30	6.57	41.8
22	Plain	1.10	.06	1.16	1.20	2.36	2.59	3.06	.47	18.1
23	Relief	2.20	.06	2.26	1.20	3.46	3.91	12.06	8.15	208.4
	Average unprotected differential								4.35	42.0

TABLE NO 5.—*Schedule of wages paid in Germany and the United States*

Kind of work	Germany, per hour		United States per hour, dollars	Wage differential	
	Pfennigs	Dollars		Dollars	Percentage
Men:					
Placers	82	0.197	0.960	0.763	387.3
Sliproom	75	.180	.660	.480	266.7
Pressers	76	.182	.770	.588	323.1
General	54	.130	.510	.380	292.3
Average	67	.160	.600	.440	275.0
Girls:					
Placers [1]	52	.125			
Pressers [1]	47	.112			
General	20	.048	.300	.252	525.0
Average	41.5	.100	.325	.225	225.0

[1] Heavy work; done by men in the United States.

TABLE NO. 6.—*Tile importations, 1920–1929*

Year	Value	Percentage of increase or decrease over previous year	Square feet	Percentage of increase or decrease over previous year	Value per unit
1920	$80,645		510,819		0.158
1921	173,397	115.0	833,650	63.2	.208
1922	248,581	43.4	1,404,885	68.5	.177
1923	487,532	96.1	2,485,809	76.9	.196
1924	380,784	−21.9	2,022,014	−18.7	.188
1925	520,378	36.6	3,354,175	65.9	.155
1926	1,069,756	105.6	6,209,230	85.1	.172
1927	1,077,424	.7	5,254,871	−15.3	.205
1928	1,341,393	24.5	6,132,924	16.7	.218
1922 to 1928		439.6		336.5	
First 4 months:					
1928	337,667		1,453,009		.232
1929	568,082	68.2	2,381,735	63.9	.239

MONTHLY AVERAGE, 1922 AND 1929

Year	Value	Percentage of increase	Square feet	Percentage of increase	Value per unit
1922	$20,715		117,074		0.177
1929	142,021	585.6	595,434	408.6	.239

EXHIBIT A

QUOTATIONS

From correspondence between German manufacturers, secured during 1927 at the time the making of definite exports prices to the United States was under consideration as in special price list No. 7 A1 of January 1, 1928:

"At the present time we have a representative overseas who reports what a 'Tonhuwabohu' exists on the American wall tile market regarding prices. He also told us that the time was not far away when the United States Government customs authority would take energetic steps against the dumping of the German wall tile factories. You will have to agree with us that something has to be done before such steps are taken by the United States Government.

"Be it only in the beginning to set factory (invoices) prices, uniform for the products which go overseas, the greatest danger will have been averted for the present. This is the most important thing to be done.

"We say expressly that our proposal does not mean to again set definite prices for the United States but our proposal wants only a uniform setting of invoices. The granting of a commission in any amount or other confidential agreements is up to the individual factory.

"We ask you to please advise us if you accept our proposal in all its parts. We have no particular interests for ourselves in it; we are moved to this step by no other reasons but the danger that an early high protective import duty may spoil the business with the United States for all of us.

"In consideration of your reasons we declare ourselves willing to agree for the future on the following prices; however, without binding obligation: [1] Square white 6 by 6, 1 quality, per 100 pieces, $3.50; square white 6 by 3, 1 quality, per 100 pieces, $1.75."

NOTE.—In the third paragraph the factory is privileged to grant commissions or make confidential agreements which will make lower prices than shown in special price list No. 7 A1 of January 1, 1928.

Refer to Exhibit B.

EXHIBIT B

WALTER VOLLMANN,
Sebnitz, Sachsen, January 4, 1928.

ROSSMAN CORPORATION,
160 East Fifty-sixth Street, New York City.

GENTLEMEN: I beg to confirm receipt of your favor of December 23 which had my full attention. As I had not heard anything from you I asked Mr. Golden to pay you a visit. In the meanwhile I received your above-confirmed letter and your explanations.

I want to thank you for your good intentions toward me and I certainly hope that the building business will soon open up so to enable you to confirm additional orders. My manufacturers are now on the go and I would like very much to keep their good will as I am getting from them quotations and discounts which are below anything else in the market. The Wandplatten Verband is already aware of it and they are after me to compel me to quote and bill you the official prices of their list. They give as the reason for their demand the fact that when all the exporters stick to the official price list the United States custom authorities will drop the 10 per cent advance in duties which went recently into effect. I therefore would like to know from you whether it is not advisable that I adhere to their demand in my consular invoice, in making it out according to their list and that I draw on you, as the drafts are traveling separately, only for the real prices less the discount, both have to be kept secret anyway. You always would see from a special statement how the drafts are arrived at. This system would be absolutely correct in regard to the United States custom authorities and the Wandplatten Verband can not stir any trouble and furthermore the additional 10 per cent duty will be probably eliminated.

I am working now on the new samples line which will leave within a very short time. Kindly forward me from your side some pattern in which you are interested to give me an idea in what direction I should work. As I have also a purchasing office in Milano, Italy, and in Niedereinsiedel, Czechoslovakia, and as I am going frequently to France and Belgium, speaking all the necessary languages, I certainly could take care for you in these countries of whatever commission you should intrust me with. Please call on me whenever you have anything to be attended to and it will always be my utmost endeavor to serve right.

Sincerely yours,

WALTER VOLLMANN.

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[1] Prices here named 9.1 per cent and 14.7 per cent less than that agreed upon in special price list No. 7 A1. See Table No. 1.

EXHIBIT C

HANDELSONDERNEMING MADENI,
Maastricht, Holland, May 7, 1929.

Messrs. ROSSMAN CORPORATION,
160 East Fifty-sixth Street, New York, N. Y.

DEAR SIRS: We are in receipt of your favor of the 23d ultimo, contents of which engaged our most careful attention, and are very pleased to learn that you are largely interested in tiles.

As you will have seen from our pamphlets, we are in a position to quote for all kinds of tiles, which are in good demand in your market, and we may say that we are already since several years supplying all kinds of tiles to the most important English and German exporters for export to all parts of the world, of which trade we make a specialty; doubtless we will also be in a position to submit your esteemed firm prices which will be very attractive, and in order to enable us to submit you our most suitable offers we should be greatly obliged if you could let us have specified inquiries for the different kinds of tiles which you are regularly importing from the Continent, when we shall be only too pleased to submit you our fully detailed proforma-invoice with utmost prices.

The white glazed wall tiles of which we are supplying annually several millions for export to nearly all markets are our white glazed "Mmmholland" tiles which we can offer at present at the following prices, viz.:

	First quality	Second quality
White glazed tiles 6 by 6 by 3/8 inches	13/6 sh.	12/1 sh.
Price per square feet in dollars	0. 1296	0. 1136

These prices are to be understood for delivery f. o. b. Rotterdam, inclusive packing and cost of crates each containing 250 pieces (Dim. 60x58x43 c/m. gr. w. 114 kos.) for payment net in pound sterling against documents at this side, i. e., by opening an irrevocable credit in our favor with our London bankers, the Equitable Trust Co., of New York, 10, Moorgate, London, E. C. 2. For this way of payment we allow a discount of 2 per cent.

Above prices are only valid for quantities of at least 15,000 tiles, shipped on one B/L; for larger quantities special lower prices are quoted.

We should be pleased to learn that our offer is indeed sufficiently attractive for your good selves, when we will immediately send you samples.

As, however, will be known to you it is nearly impossible to get an exact idea of the outturn of a lot when seeing one or even 10 samples, but you must see the tiles in bulk; we can assure you that we are supplying our tiles in steadily increasing quantities for export to all parts of the world, and our clients are always very pleased with quality; the fact that our tiles are supplied in very large quantities for the English home trade speaks in our opinion sufficiently so for quality as for prices of our tiles.

In our opinion the best thing to do would be to take a trial with a lot of, say, 15,000 tiles; we feel sure that such a trial consignment will give you satisfaction in every respect, and that a trial shipment will be the key to a regular large business between us in this line.

For your guidance please note that we can accept orders for execution in the following proposition, viz: 65 per cent in first quality, along with 35 per cent in second quality.

Moreover we are from time to time in a position to supply second quality only; i. e., without ordering for first quality at the same time.

We trust to receive some favorable news from your good selves by turn of mail and in the meantime, we are, dear sirs,

Yours faithfully,

HANDELSONDERNEMING MADENI.

QUARRIES

[Par. 202(a)]

LETTER FROM THE UNITED STATES QUARRY TILE CO., EAST SPARTA, OHIO

JULY 23, 1929.

Hon. SIMEON D. FESS,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: Because of your consistent interest in the industries of Ohio, I take the liberty of soliciting your support in a matter relating to the wording of paragraph 202 covering tiles of schedule 2, subject: Earths, Earthenware, and Glassware.

Senator Walter E. Edge, of New Jersey, is the chairman of the subcommittee having under its consideration this schedule and subject. I would be grateful if you could bring this letter to his attention.

Ohio is one of the leading States of the Union in the manufacture of tile, including so-called "Quarry tiles." The House eliminated a separate reference and rates on "so-called quarries or quarry tiles, red or brown, and measuring seven-eighths of an inch or over in thickness." This has been an important gain for our industry because imported quarry tile come in direct competition with all other kinds of tile, and there should be no such distinction.

At the hearing of the Senate subcommittee a quarry importer appeared and submitted testimony which might very easily confuse the issue, because it is made to appear that the imported quarries are sold at a higher price than the comparable domestic article. We are naturally greatly concerned that this might lead to a reinstatement of a separate clause covering quarry tiles, and thus put us in the same disadvantageous position which we now hold.

The basis upon which our request for elimination of this separate quarry provision was granted is stated in the brief submitted by the domestic industry to the Ways and Means Committee, our contention briefly being that quarry tiles compete directly with every other kind of tiles, irrespective of designation, not merely with domestic quarries, but with every type of unglazed tiles. The term "quarry" is merely a trade name, the same as "encaustic" or "flint." Quarries are as much tiles as any other kind, they are produced from the same materials by the same processes and are used for identically the same purposes.

Quarries are made by the "plastic" process. They come into competition with all other tiles made by this process whether or not the domestic article happens to be designated by the term "quarries." A number of domestic quarry products are marketed as "tiles." There is no property or characteristic which sets quarries apart from other plastic-made tiles. Ingredients, color, pugging, wire cutting, and repressing are characteristics of process which apply equally to plastic-made tiles sold under other names. Imported or Welsh quarries therefore come into competition with such domestic types of tiles as "touraine" quarries, "ironstone," unglazed faience, and similar plastic products which sell at 50 cents and more per square foot, f. o. b. factory, as much as with many products which are sold under special names at 35 and 40 cents per square foot.

The importers' contention that they are heavy slabs of burned clay resembling face brick is far-fetched.

Quarry tiles are marketed through the same channels and bought by the same people that buy and sell other kinds of tiles, there is no difference whatsoever and we see no reason why this particular type should be sought out for a discriminatory stipulation.

Importers, testimony is misleading with regard to comparable prices, the contention being that a 6 by 6 imported quarry tile would cost 25 cents f. o. b. New York City, while in reality this article is landed in New York, inclusive of packing and transportation at 11.5 cents per foot, exclusive of duty. The directly comparable domestic article f. o. b. New York City is 26 cents per square foot and not 17, 15, and 10 as contended by importers. In making this price comparison in their testimony before the Senate subcommittee the importers included every conceivable item of expense in arriving at the prices of the imported article, and compared this with the bare factory price of the domestic

article. This expedient is bound to mislead the committee and ought to be brought to its attention. The following is a statement of facts:

Foreign price, net at works (Ruabon, Wales)-----shillings per 1,000--	70/-
Packing-----do----	23/6
Delivery to Liverpool-----do----	5/-
Net packed-----do----	98/6
In United States currency and units of quantity:	
Factory price at Ruabon-----per square foot--	$0. 0679
Packing-----do----	. 0228
Foreign value-----	. 0907
Freight to Liverpool-----	. 0048
Ocean freight and insurance to New York-----	. 0225
F. o. b. New York, exclusive of duty-----	. 1180
Domestic price, f. o. b. New York City-----	. 26
Foreign price, f. o. b. New York City-----	. 118
Net difference-----	. 142
(Or 120 per cent on foreign price.)	
Foreign price, including duty:	
(a) Act of 1922, $0.03-----	. 148
(Leaves $0.112 or 95 per cent unprotected.)	
(b) House bill H. R. 2667, 70 per cent ad valorem, $0.063-----	. 171
(Leaves $0.089 or 75 per cent unprotected.)	

May we have your assurance that these facts will be presented to Senator Edge and put in the record?

Should you require any further information I should appreciate it if you would advise me.

Yours very truly,

UNITED STATES QUARRY TILE CO.,
By D. A. CABLE, *President.*

CRUSHED LIMESTONE

[Par. 203]

BRIEF OF THE NATIONAL CRUSHED STONE ASSOCIATION

Hon. REED SMOOT,
Chairman Senate Committee on Finance,
Senate Office Building, Washington, D. C.

SIR: This brief is filed by the National Crushed Stone Association, the main office of which is located in the Merchandise Building, Fourteenth and S Streets, Washington, D. C., and suggests the retention of the duty of 5 cents per 100 pounds now imposed upon crushed limestone in paragraph 203 of the pending House bill. This paragraph is identical with paragraph 203 of the tariff act of 1922.

The National Crushed Stone Association also recommends that the same rate of duty, to wit, 5 cents per 100 pounds, be imposed on crushed trap rock, crushed granite and on sand and gravel, which are competitive products and therefore should be accorded the same tariff protection.

The National Crushed Stone Association represents a basic industry having an annual production of approximately 94,000,000 short tons of stone quarried and manufactured, utilizing an approximate investment of $250,000,000. The annual payroll is between $10,000,000 and $12,000,000. The association has been in active operation for 11 years and it includes within its membership 178 operating companies.

The present officers of the association are as follows:

President: W. F. Wise, 404 Santa Fe Building, Dallas, Tex.
Treasurer: F. T. Gucker, 315 Swede Street, Norristown, Pa.
Secretary: J. R. Boyd, Merchandise Building, Washington, D. C.

Regional vice presidents: A. S. Lane, John S. Lane & Son. (Inc.), Meriden, Conn.; Allen Patterson, National Lime & Stone Co., Findlay, Ohio; T. I. Weston, Weston & Brooker Co., Columbia, S. C.; Harry Landa, Landa Rock Products Co., New Braunfels, Tex.; W. R. Sanborn, Lehigh Stone Co., Kankakee, Ill.; A. R. Wilson, Granite Rock Co., Watsonville, Calif.; C. M. Doolittle, Canada Crushed Stone Corporation, Hamilton, (Ontario), Canada.

STATISTICS OF THE CRUSHED STONE PRODUCTION

The production of crushed stone in this country in 1927, according to the United States Bureau of Mines, Department of Commerce, amounted to 94,948,770 short tons, valued at $97.474 267, which was an increase of 15 per cent in quantity as compared with the production for 1926. Crushed stone for concrete and road work (78,544,210 tons, valued at $84,177,237) increased 17 per cent in quantity, and crushed stone reported as used for railroad ballast (16,404,560 tons, valued at $13,297,030) increased 5 per cent.

One-half of total production is in Great Lakes Basin.

The statistics of the United States Bureau of Mines show that practically 50 per cent of the annual production of crushed stone centers in the states bordering on the Great Lakes Basin. The production of these states for the year 1927 is as follows:

State	Short tons	Value	State	Short tons	Value
New York	8,945,410	$11,470,964	Wisconsin	2,478,510	$2,469,652
Pennsylvania	7,295,820	9,251,432	Michigan	1,832,700	1,235,522
Ohio	11,323,640	9,907,284	Minnesota	552,790	719,452
Indiana	4,195,280	4,438,846			
Illinois	7,643,700	6,006,004		44,267,850	45,499,156

NOTE.—The above data is from the U. S. Bureau of Mines.

An examination of this table shows that the Canadian producers have practically unrestricted access to the States which have the greatest production and therefore the greatest consuming power.

It will be noted that Ohio in 1927 produced and consumed 11,323,640 short tons of crushed stone, valued at $9,907,284. This State is the largest producer and consumer of crushed stone in the United States, New York ranking second with 8,945,410 short tons, valued at $11,470,964.

The Canadian producer enters the most valuable portion of the American market on a low water transportation rate. Under normal conditions these water rates are considerably lower than the rail rates used by the American producer, and the economic disparity is further accentuated by the practice of certain Lake carriers in using crushed stone as a ballasting cargo. There is a heavy movement of crushed stone from Lake Superior to Ohio ports which is used as a return cargo by vessels carrying coal to Duluth and upper Lake ports. As a necessary result, the rates on crushed stone are extremely low and fluctuate violently. They are not subject to the control of the Interstate Commerce Commission, as are the rail transportation rates under which the American producer must haul his products.

USES OF CRUSHED STONE

The principal uses of crushed stone are as follows:

1. Highway construction.
2. Railroad ballast.
3. Building construction.

There are two kinds of highway construction:

1. Concrete.
2. Bituminous and nonbituminous types.

PRESENT DUTY ON CRUSHED LIMESTONE

Paragraph 203, of Schedule 2, of the tariff act of 1922, is as follows:

"PAR. 203. Limestone (not suitable for use as monumental or building stone), crude, or crushed but not pulverized, 5 cents per one hundred pounds; lime, not

specially provided for, 10 cents per one hundred pounds, including the weight of the container; hydrated lime, 12 cents per one hundred pounds, including the weight of the container."

The paragraph above is incorporated without change in the pending House bill.

In recommending the retention of the duty on crushed limestone in accordance with the above provision, the National Crushed Stone Association wishes to emphasize the present need for protection by the American producers of crushed limestone operating in the Great Lakes Basin. There is danger of destructive competition from Canadian producers who enjoy the advantages of cheaper land values, cheaper and yet efficient labor, and lower transportation costs based on a water haul. Crushed stone is also used as ballast in Great Lakes vessels operating between the lower lake ports and Lake Superior, which permits the dumping of Canadian crushed stone into the United States at considerably less than the domestic cost of production.

CRUSHED STONE IS A MANUFACTURED COMMODITY

Under the present practice of the crushed stone industry, these materials, as far as the tariff aspect is concerned, are manufactured products. They are not used as they are found in nature, but must be advanced in value and condition from the crude state before they can be utilized as commercial products.

Stone must be quarried from the earth, by stripping, drilling, and blasting or mining. It is next crushed, sometimes washed, screened, and recombined in certain proportions to meet exact specifications established by the consumers. These processes, which require a large investment in plant and equipment, as well as a large expenditure for labor and overhead, justify the imposition of a rate of duty necessary to equalize the cost of production here and in Canada. The association has no objection to the importation of crude material in its natural state under the free list. However, crushed stone, in the present advanced state of the industry, requires several additional processes which make it a manufactured article. In the case of limestone, the tariff act of 1922 provides a crushers' differential of 5 cents per 100 pounds, and the same rate should be applied to these competitive products.

AMERICAN MARKETS AFFECTED BY CANADIAN COMPETITION

The American markets largely affected by Canadian competition are Chicago, Milwaukee, Port Huron, Duluth, Detroit, Toledo, Cleveland, Erie, and Buffalo.

There are two classes of limestone operations in the United States which are dependent upon these markets. One is the strictly commercial operation in which the bulk of the output is sold for commercial use. The other is primarily lime or chemical stone, and odd sizes not accepted for chemical use. Operations at Alpena, Rockport, and Calcite, Mich., and Marblehead and Kelley Island, Ohio, supply practically all of the crushed stone use for chemical purposes, such as cement and blast and open-hearth flux used at all of the Lake ports. There is an annual production of about 5,000,000 short tons at these plants, for which a market must be found for by-product tonnage in an approximate amount of 1,000,000 short tons annually, used in highway construction, building construction, for railway ballast and agricultural limestone. Without the permanent maintenance of these markets, the price of chemical base material must necessarily be higher, which would no doubt be reflected in the cost of pig iron.

Commercial limestone operations dependent upon the Great Lakes markets produce annually approximately 9,500,000 short tons, which is sold for use in road, highway and street construction, for railway ballast, and for building construction and all other uses except as a raw material base for chemical production.

COMPETITIVE COMMODITIES SHOULD RECEIVE THE SAME DUTY

The same rate of 5 cents per 100 pounds should be imposed on crushed trap rock and crushed granite and on sand and gravel. They are products which are competitive with crushed limestone and should be accorded the same tariff protection.

Quartzite, however, should not be placed on the dutiable list. It is chiefly used for electro-chemical purposes and it does not enter into competition with crushed limestone, crushed granite, cru ·d trap rock or sand and gravel.

CONCLUSION

For the foregoing reasons, the National Crushed Stone Association submits the following specific recommendations:

1. That the present duty of 5 cents per 100 pounds on crushed limestone now provided in paragraph 203 of the tariff act of 1922, be retained.
2. That the same rate of duty—to wit, 5 cents per 100 pounds—be imposed on crushed trap rock, crushed granite and on sand and gravel which are on the free list.
3. That quartzite be retained on the free list.

Respectfully submitted.

THE NATIONAL CRUSHED STONE ASSOCIATION,
By: A. R. BOYD, *Secretary.*

CEMENT

[Par. 205 (b)]

BRIEF OF E. R. HOLLANDER, REPRESENTING THE FERROCRETE IMPORT CO. (INC.), NEW YORK CITY

Owing to the short time available for my testimony in Washington the committee invited me to submit in writing any additional information which I believed would serve to inform them more fully and furnish additional facts which the importers desired to present.

Imports since 1922 (year of adoption of last tariff bill).—Imports have not exceeded 2,250,000 barrels per year, less than 1½ per cent of the consumption, except in 1925 and 1926, when the boom in Florida existed and embargoes were placed upon rail freight, with the result that dealers and contractors bought considerable quantities of imported cement to meet the crisis and American producers, unable to make rail deliveries themselves, purchased in Canada and shipped many cargoes of cement to Florida, thereby increasing the imports.

In answer to a question by Senator Edge, during the taking of testimony, it is not a fact that imported cement enjoys the same freight rates on American railroads as do the product of American mills. This is due to the fact that "commodity rates" are granted from any rail point where cement is produced, and this rate is little more than one-third and never one-half of the regular rate for the merchandise. For example, it would cost $1.80 per barrel in carload lots to ship cement from New York to Chicago, whereas the rate from the eastern Pennsylvania district to the same destination would be about 70 cents.

In 1927 about 56,550,600 barrels were shipped from the eastern district, comprising Maryland, eastern Pennsylvania, New Jersey, and New York States. Imported into ports of this district: New York, 39,423 barrels; Boston, 481,541 barrels; Philadelphia, 305,920 barrels; a total of 826,884 barrels for 1927. As compared with the domestic mill shipments in the same section, 56,550,600 barrels, the imports equal 1.4 per cent. Domestic shipments into New York State in 1928 were about 14,000,000 barrels, imports into New York in 1928 about 135,000 barrels, making a percentage of 1⅕ per cent.

Information of a much more pertinent nature could be furnished your committee by the heads of any of the successful and well-managed companies such as Lehigh Portland Cement Co., Atlas Portland Cement Co., International Portland Cement Co., and the Alpha Portland Cement Co., rather than from the head of one of the less prosperous merged companies. These four produce annually about 33 per cent of the total American production and the financial statements of these companies have been submitted to you in our brief and demonstrate conclusively the splendid profits made by them all.

We contend that overcapitalized and merged companies, such as Pennsylvania-Dixie Portland Cement Corporation and the North American Cement Corporation, owe the poor showings they have made mainly to the issuance of enormous blocks of watered stocks, upon which the original mill units, formerly highly prosperous, have been expected to continue the payment of former dividend rates, which, of course, could not be accomplished except through the continuance of rising prices for the commodity. It is mainly because of the presence of a small percentage (1¼ per cent) of imported cement that the American producers are unable to continue indefinitely their policies of continuously advancing prices,

which has been their practice since just prior to the war when the domestic mills delivered cement in New York at about $1.28 per barrel f. o. b. cars, as compared with the prices in New York to-day under the same conditions, $2.43 per barrel f. o. b. cars, or nearly 100 per cent advance in selling price.

Contrary to the statement of Mr. Kelley, president of the North American Cement Corporation, in his testimony, the prices of cement in New York were not "reduced to curb the imports," as the annual imports at the time of the last reduction January, 1927, were less than 80,000 barrels, and the consumption in New York was in excess of 12,000,000 barrels.

For many years the Whitehall Cement Co. (American) has sold in the New York market at about 17 cents below the price of all other American mills, and their financial statement printed in our brief exposes the large profits they have made. Its sale, I am informed, is about 400,000 barrels in New York, whereas the imports in New York for the year preceding the reduction of January 18, 1927, viz, 1926, was only about 74,402 barrels.

I am attaching hereto extracts (Exhibit 4) showing the status of stock issues of the Pennsylvania-Dixie Cement Corporation and the North American Cement Corporation, taken from their own printed statements, made to the New York Stock Exchange at the time they applied to have their stocks listed. Also a leaflet issued by the National City Co. at the time they offered for sale the new securities of the Pennsylvania-Dixie Cement Corporation.

In addition to the above I am inclosing for reference by your committee the above-mentioned authorities. (Exhibit 2 filed with the committee.)

The domestic cement companies are continuously issuing propaganda and false statements, intended to create widespread antagonism to imported cement of the highest grades and standing. In 1928 the International Cement Co. ascribed the partial shutting down of their mill in Nazareth, Pa., to the competition of foreign cement and issued thousands of reproductions of an inspired news item, a copy of which is herewith attached. The truth is that the mill in question materially reduced its production at that time to permit of the installation of new and modern equipment and it seemed a good time to take advantage of the situation by turning it into a new weapon against the import of cement.

Another very good reason why the unit of the North American Cement Corporation, which is best situated geographically to serve the New York market, is unable to ship greater quantities of its cement into this market is because of the dark color of the cement produced in its Hudson River mill.

Similar statements made regarding the Lawrence mill in Maine I have answered in my testimony before your committee and submitted a letter from that company's sales department, broadcasting its prosperity, and absolutely contradicting any evidence that their mill, although a new one, is handicapped by cement imports. The propaganda of the domestic mills is neither sincere, honest nor issued in good faith.

Your committee asked for information regarding the fixing of prices by the American industry, and on this subject I can say that it is a fact that the prices of cement from 17 or 18 mills serving the New York market are absolutely and concurrently the same. When a new quotation is made for one mill the same price applies to all, and I am submitting herewith, attached as evidence, letters from the leading cement producers giving their quotations for New York prior to January 18, 1927, marked "Exhibit A," which are uniformly $2.55 per barrel, and those submitted as applying after January 18, 1927, marked "Exhibit B," which are uniformly $2.43 per barrel, the price still prevailing. These prices are subject to 10 cents cash discount and 10 cents dealer's discount and less 40 cents per barrel for cloth sacks returned. (Exhibits A and B filed with committee.)

The same uniformity of price that applies in the greater New York territory applies also to other cities, such as Philadelphia, Baltimore, New Orleans, Chicago, etc.

As evidence that the domestic mills, although fixing uniform prices, pay varying charges for transportation from their mills to a given market, such as New York, whether by rail or water, I am attaching herewith freight transportation rates from four railroad companies and two lighterage companies.

Briefly, the industry is far from needing Government aid in the form of a protective tariff on cement, as clearly shown by the statements we have submitted of the more important companies in the country; and it will be uniformly found that such companies as are not paying dividends would still have the disadvantage of competing against the well-managed, soundly organized, and aggressive companies in their own neighborhood.

The only sincere reason the domestic industry can have in demanding a duty on cement is to create an embargo on its import and a monopoly for themselves

that will permit unbridled increases in prices at the expense of the consumer. The tariff proposed by the House would mean an additional burden on the consumer of about $56,000,000 annually. Such countries as are required under present law to pay countervailing duties on cement varying from 6 cents per barrel to 26 cents have been entirely excluded.

FERROCRETE IMPORT CO. (INC.),
E. R. HOLLANDER.

EXHIBIT 1

NORTH AMERICAN CEMENT CORPORATION

[Incorporated Aug. 15, 1925, under the laws of Delaware. As of Sept. 1, 1925, acquired business and properties of Security Lime & Cement Co. and the Helderberg Cement Co.]

Reported productive capacity:		
Security Lime & Cement Co	barrels	2, 100, 000
Helderberg Cement Co	do	600, 000
Total	do	2, 700, 000
Comparative property valuations in dollars per barrel capacity:		
North American Cement Corporation		$3. 41
Helderberg Cement Co. and Security Lime & Cement Co		1. 25
Increase under consolidation (per barrel)		2. 16
North American Cement Corporation, land, buildings, equipment		9, 213, 771. 00
Security & Helderberg Companies, land, buildings, equipment		3, 378, 969. 80
Increase under consolidation		5, 834, 801. 20

Published statements showing increased property valuations and capitalization

Assets:	North American Cement Corporation Sept. 1, 1925	Security Co. Helderberg Co. Aug. 31, 1925
Total current assets	$2, 400, 121. 22	$2, 338, 535. 67
Miscellaneous	6, 500. 00	36, 626. 00
Properties, includes lands, buildings, machinery, etc	9, 213, 771. 00	3, 378, 969. 80
Additions	18, 049. 41	----------
Prepaid expenses and deferred charges	787, 544. 29	----------
Total assets	12, 425, 985. 92	5, 654, 131. 47
Liabilities and capital:		
Total current liabilities	335, 938. 42	337, 888. 42
Reserves	51, 147. 15	51, 147. 15
Bonded indebtedness: Sinking fund debentures, 6½ per cent	6, 000, 000. 00	[1] 234, 000. 00
Capital and surplus:		
Preferred stock	3, 500, 000. 00	950, 000. 00
Common stock	1, 000, 000. 00	2, 241, 000. 00
Surplus (initial)	1, 538, 900. 35	1, 940, 095. 90
Total liabilities and capital	12, 425, 985. 92	5, 564, 131. 47

[1] 5 per cent.

PENNSYLVANIA-DIXIE CEMENT CORPORATION

[Incorporated Sept. 16, 1926, under the laws of Delaware. Acquired the plants, other assets, and assumed the liabilities of Dexter Portland Cement Co., Clinchfield Portland Cement Co., Dixie Portland Cement Co., Pennsylvania Cement Co. Reported productive capacity of all these plants, 10,000,000 barrels].

Comparative property valuation, in dollars, per barrel capacity:	
Pennsylvania-Dixie Cement Corporation	$2.60
Predecessor companies (noted above)	1.31
Increase under consolidation (per barrel)	1.29
Pennsylvania-Dixie Cement Corporation land, buildings, equipment	26,053,446.00
Predecessor companies (noted above) land, buildings, equipment	13,150,207.39
Increase under consolidation	12,903,238.61

Published statements showing increased property valuations and capitalization

	Pennsylvania-Dixie Cement Corporation, July 31, 1926	Predecessor companies (noted above) July 31, 1926
Assets:		
Total current assets (includes miscellaneous)	$7,799,357.00	$7,179,533.53
Properties, includes land, buildings, and equipment	26,053,446.00	13,150,207.39
Total assets	33,852,803.00	20,329,740.92
Liabilities and capital, total current liabilities (includes reserves)	1,605,101.00	1,997,823.87
Bonded indebtedness, first mortgage bonds	13,000,000.00	2,200,000.00
Capital and surplus:		
Preferred stock	13,000,000.00	1,951,300.00
Common stock	4,000,000.00	7,431,233.46
Surplus	2,247,702.00	6,749,383.59
Total liabilities and capital	33,852,803.00	20,329,740.92

PORCELAIN BOTTLE STOPPERS

[Par. 212]

BRIEF OF THE GEM STOPPER CO., PHILADELPHIA, PA.

FINANCE COMMITTEE OF THE UNITED STATES SENATE,
Washington, D. C.

DEAR SIRS: We are importers of porcelain bottle stoppers from Germany and are interested in the proposed increase in duty on these stoppers.

For many years we have been importing porcelain bottle stoppers only, from Germany (no rubber washers or wires, we make these) and we use these for making bottle stoppers complete for use on citrate of magnesia and other medicinal bottles.

Exhibit No. 1 shows sample of the No. 2 porcelain bottle stopper only, in question. We pay $2.50 per thousand for these. Free on board steamship at Bremen, Germany.

Exhibit No. 2 is composed of an invoice for these porcelain bottle stoppers received from the manufacturer, Porzellanfabrik zu Kloster Veilsdorf, Veilsdorf (Werra), Thuringen, Germany, dated May 2, 1929, and a copy of a letter to Porzellanfabrik zu Kloster advising that we have paid for these porcelain bottle stoppers. Also, an original bill of lading showing that these bottle stoppers arrived here on the "Yankee Line" steamship *Seattle Spirit*.

Exhibit No. 3 being an invoice dated May 31, 1929, from Wm. J. Jones & Co., Ledger Building, Philadelphia, Pa., our broker, showing duty and other details of expense in connection with importing these porcelain bottle stoppers from Germany.

We understand, under the proposed new tariff bill that these porcelain bottle stoppers shall be dutiable at the rate of 10 cents per dozen plus 60 per cent ad valorem.

The invoice inclosed, Exhibit No. 2, shows that we are purchasing these porcelain stoppers in Germany for $2.50 per thousand and pay a duty of 60 per cent ad valorem, amounting to $1.50, making a total cost of porcelains and duty $4 per thousand plus steamship freight from Germany here, insurance and brokerage charges.

A further detail cost of these porcelain bottle stoppers at the present time would be 57 cents per gross, equaling 144 pieces, or 0.047 per dozen, or 0.004 each.

If the new rate of 10 cents per dozen goes into effect, it will increase our duty $8.40 per thousand pieces, since there are 84 dozen to each 1,000 pieces, thus making a total cost to import these porcelains of $12.40 per thousand pieces, or a total duty of 396 per cent in place of 60 per cent or an increase duty of 336 per cent.

For your information will state that we have endeavored to have these porcelain stoppers made by different porcelain manufacturers in the United States of the following addresses: Union Electrical Porcelain Works (Inc.) and Globe Porcelain Co., of Trenton, N. J.; Woodbridge Pottery Co., Woodbridge, N. J.; Wheeling Tile Co., Wheeling, W. Va.; R. H. Thomas & Sons Co., East Liverpool, Ohio; also, Saito Bros., Nagoya, Japan, and in each case we as well as our customers found that we could not use the porcelains made by these different companies, on account of the low grade of material used and poor workmanship, even though we paid more money for these than we are now paying for the imported German porcelains at the present time.

If this proposed duty of 10 cents per dozen goes into effect, it will absolutely place an embargo against the importing of any of these porcelain stoppers by us. Therefore, trust that this specific rate of 10 cents per dozen be eliminated.

The writer offers to appear before you and give in detail any futher information that you may require regarding these porcelain bottle stoppers.

Respectfully yours,

GEM STOPPER CO. (INC.),
E. P. LINCH, *President.*

GRAPHITE

[Par. 213]

BRIEF OF THE SOUTHWESTERN CONSOLIDATED GRAPHITE CO., BOSTON, MASS.

COMMITTEE ON FINANCE,
Senate Office Building, Washington, D. C.

GENTLEMEN: We have previously submitted to your committee an argument on this subject, with a copy of the brief which we had presented to the Ways and Means Committee of the House. We were unable to be present personally at your hearing, and have not yet received a copy of the proceedings, but have read brief summaries in the press. We are convinced that it is necessary that further facts be brought to your attention, and we have the authority of your chairman to submit a further brief or protest, in rebuttal.

Our qualifications to testify: We have been miners and producers of graphite for 12 years; we own and operate two plants in Texas and one in Alabama; based on Bureau of Mines figures, we have for the past 3 years produced over three times as much crystalline graphite as all the other domestic producers combined. We have invested over $2,000,000 in cash in these properties; we are not importers and we mine our entire product in the United States.

The testimony already given has been on behalf of producers, naturally favoring a higher tariff, and on behalf of consumers, naturally favoring a free list; but this testimony has been far from representative. You have heard from an Alabama representative, speaking for the graphite industry in general, one new and small Alabama producer, and a railroad geologist. Since the views of these three coincided one of them was requested, by your committee, to represent the producers' side, and the argument presented, in substance, was that the domestic producers, need and request a rate of 5 cents a pound on all grades of graphite. This is far from being the case; we are by far the leading domestic producer, and we do not consider such a rate necessary; next to us, the largest producers are the

Superior Flake Graphite Co. and the Bama Graphite Mines, who were represented at your hearing by Dr. Walter B. Jones, State geologist of Alabama, who was not granted the privilege of being heard. Their request was for a rate of but 2 cents per pound on all grades of graphite. The witnesses may have felt it necessary to ask for a lot and compromise on a little, but we and the other principal producers, representing over 90 per cent of the active industry, want you to know that all we ask is a modest tariff, sufficient to keep the industry alive.

Appearing before you and asking for elimination of the tariff were a representative of the crucible industry and a representative of a firm of importers and grinders; are they qualified to represent the domestic users of graphite? According to the last figures of the Bureau of Mines, the crucible industry uses only about 13 per cent of the total consumption. They claim that the present tariff is ruining their industry; it is true that the crucible industry is declining, but the real reason for the decline is explained as follows by the Bureau of Mines, in Information Circular No. 6118, of April, 1919:

"The relative importance of the various outlets for graphite has undergone great changes within the last few years. Before the World War graphite crucibles accounted for more than 50 per cent of the quantity and probably 75 per cent or more of the value of all graphite consumed in the United States; but by 1923 the proportion used in crucibles had dropped to about 15 per cent and subsequently it has declined even further. This decline is due to the fact that changes in the methods of melting both high-grade steels and brass have reduced the demand for crucibles. With respect to steel the extent of this reduction is indicated by the figures for production of crucible steel, which averaged 107,000 tons yearly during the 4-year period immediately preceding the outbreak of the World War and only 25,000 tons annually during the period 1923 to 1926. Since similar changes have taken place in the brass industry the consumption of high-grade graphite for crucible manufacture is scarcely one-third as great now as it was in 1913. At present almost all firms that melt steel or brass in large quantities are using electric furnaces or gas-fired hearth furnaces. It is possible now to get a small electric furnace for as little as $35,000, and if one of these furnaces can be kept busy it is usually more economical than to continue the use of crucibles. Crucible melting is now confined to small or intermittent operations. Since it appears that all firms that can use electric furnaces economically are now using them, further inroads upon the demand for crucibles from this source can not continue at the former rate. Nevertheless, a further decline in the demand for crucible graphite is expected because there is a tendency to centralize manufacture in large plants and because crucibles that are being made to-day last longer and hence need not be replaced as frequently as those formerly employed. The trend toward the use of larger crucibles likewise tends to decrease the ratio of graphite required to metal melted."

The crucible makers also claim that Ceylon graphite must be used in crucibles, regardless of the measure of the tariff. Again we refer you to the recent publication of the Bureau of Mines as follows: "The statement has frequently been made that no satisfactory substitute for crystalline graphite, in the manufacture of crucibles, has been found. It has even been asserted more specifically that Ceylon plumbago is essential to the effective operation of munition factories, even during a war emergency, when price is not the major consideration. The experience of Germany in the Great War bears on this. "This article (Bureau of Mines Information Circular No. 6123, May, 1929) goes on to state that Germany found that this was not so, and states, incidentally, that when the imported graphite was not available one method of rendering the smaller domestic flake more refractory and thus better suited to crucible use, was to press it into larger aggregates, like briquettes."

The Bureau of Mines further states that "American flake has been used with good success (in making crucibles), but there is a wide divergence of opinion as to whether as good crucibles can be made from 100 per cent flake graphites as from the usual mixtures. Flake graphite was substituted to a large extent for Ceylon grades during the war."

A Canadian authority states: "If Ceylon graphite could not be obtained, the production of metal would not be diminished in any way, as we could get along very well with flake and amorphous graphite, carbon, and coke."

Gentlemen, we do not claim that our domestic graphite can be substituted 100 per cent overnight for imported graphite in crucible use, but it certainly can be used, and we are selling the entire output of large flake from our Alabama mines, to two of the largest crucible manufacturers in this country.

Please note the following facts: The crucible makers plead hard times and the need of relief, and blame the tariff; yet the Joseph Dixon Co., who testified

before you, admit that for the past 10 or 15 years they have been able to pay 8 per cent stock dividends; we are the largest graphite producers, but neither we nor any other domestic producer has ever been able to pay any dividend.

The crucible makers would have you believe that the tariff on graphite has been a serious blow to them, and largely responsible for their decline. We call your attention to the following figures from the Federal Census:

"Value of products of crucible manufacturers, 1919, $4,293,688; cost of materials $2,233,072, or 42.2 per cent.

"Value of products, 1925, $2,091,518; cost of materials $754,817, or 36.1 per cent."

Therefore it is evident that the cost of materials, in which graphite is a principal item, is a less serious factor since the tariff than it was before.

We also invite your attention to the following quotation from Bureau of Mines Information Circular No. 6118, of April, 1929: "In a general way, the best Ceylon lump graphite may be taken as a barometer of the graphite market. Before the war, this grade sold generally at 8 to 10 cents per pound, delivered in New York City. After rising to 32 cents during the war, it dropped below 6 cents in 1921, where—despite the new tariff—it remained until 1924, when it rose to 7 cents." Therefore, despite the wail of the crucible makers over the present tariff, they are now getting their imported graphite cheaper than they could get it before the tariff went into effect.

The Bureau of Mines statistics also show that since the tariff act in 1922, the imports of crystalline flake have increased in value from about $38,000 in 1923 to about $241,000 in 1928, while the imports of lump, chip, and dust in 1928 were valued at $452,000, the highest figure since 1922. In the 10 years before the war and the tariff, the domestic production was 27 per cent of the domestic consumption, while in the last 5 years, it was but 23 per cent of the consumption. Certainly there is no indication here that the tariff has hurt the importers.

The crucible makers, and others, tell you that the present tariff should be removed, as it is of no benefit to domestic producers. This is partly true and partly incorrect; the present tariff has not been able to revive the domestic graphite industry, because the tariffs imposed have been insufficient. But they have been helpful, and we, as the largest domestic producers, know of many instances, where the competition has been on price alone, and where a removal of the tariff would certainly lose us a great deal of business. We likewise know of many instances, where the margin is very narrow, and where a small increase in the tariff would enable us to compete.

It must be remembered that the foreign deposits enjoy several advantages: (1) They are much richer, and carry much more graphite per ton of rock, thus vastly reducing the expense of concentration; (2) they are mined by native labor, women and children, at wages which are a fraction of those which our standard of living requires; and (3) they enjoy much lower transportation costs. We offer the following list of comparative freight rates, per gross ton.

From	To New York City
Ceylon	$6.10
Madagascar	17.90
Mexico (rail)	16.00
Texas (rail)	18.00
Alabama (rail)	17.90

And, from the Bureau of Mines again, we quote: "Vein graphite can not now be produced in Montana and delivered in eastern consuming centers at the prices of comparable Ceylon grades. It costs more to haul the Montana product by rail than to ship the imported product half way around the world by water. Difference in wages further handicap the American producers, who must meet the western mining camp scale of wages.

Most particularly, gentlemen, we call your attention to a most flagrantly unfair existing condition; the crucible makers, and all other manufacturers who use graphite, have, under both the existing and proposed tariff laws, a protection of 45 per cent ad valorem of their products. That this is effective is very clearly shown by the following statistics from the Department of Commerce:

Value of domestic crubicle production, 1925	$2,091,518.00
Value of imported crucibles, 1925	548.00

That is, the imports amounted to about two one-hundredths of 1 per cent of the domestic production. In the same year, 1925, the imports of graphite were valued at about nine times the domestic production. The crucible makers have an absolute embargo protecting them, yet they are asking you to remove what

little protection the graphite producers have, so that they can get their raw material on the free list.

You have had further testimony, from a firm of importers, who have told you that the tariff which we ask would not benefit us, as they would be forced to continue to use the foreign products anyway. Gentlemen, this is very far from being true; in 1928 we sold several million pounds of our graphite to the following industries: Dry battery, crucible, foundry facing, stove polish, and carbon manufacturers, and miscellaneous users.

In every one of these industries we have encountered severe competition from imported graphite, and in every one of them we could sell much more if it were not for foreign competition. The battery manufacturers use considerable graphite from Mexico and Ceylon, the crucible makers a lot from Ceylon and Madagascar, the facing people a great deal from Mexico, Ceylon and Madagascar, the polish manufacturers from Mexico and Korea, etc. In every case where we have gained a foothold and made sales, it has been due to the superiority of our product, helped out by the fact that in the Middle West we have a slight advantage in freight costs which enables us to compete on a price basis. We are selling very large amounts to facing manufacturers in Chicago and Cincinnati, but although the manufacturers in the East make the same products and compete in the same markets, we are unable to sell them our graphite, although they tell us frankly that they like it and want us to advise them whenever we can compete with the price of imported goods. In every other industry the story is almost precisely the same; our graphite is approved for quality, and at times when the foreign supply is held up, or rises in price, our graphite is used with complete satisfaction. At all other times it is a matter of price competition alone. In the East we must compete with Korea, Ceylon, and Madagascar, who enjoy lower freight rates and cheaper labor; in the Middle West and Lake Region we must compete with Canada, which enjoys the advantage, under a peculiar ruling, of bringing in crystalline graphite under the low duty applicable to amorphous graphite. We quote from Bureau of Mines Circular No. 6118, of April, 1919.

It is a rule of customs procedure that commercial classification holds as against technical or scientific nomenclature. Most Canadian deposits, for example, have been described by geologists and engineers as composed of crystalline flake, but the dust therefrom has been entered into the United States as amorphous graphite under a ruling of the Customs Court. The abstract of the evidence reads in part as follows: "The importer produced six witnesses who all qualified as experts and who all testified that the merchandise in question was amorphous graphite and that amorphous graphite had a well-known and uniform commercial designation at and prior to September 21, 1922. They all testified that the merchandise was not crystalline, although traces of crystalline were found therein."

In the Middle West and in the South we must compete with Mexico and Korea, which also enjoy cheap labor and low freight rates. Mexican graphite pays a freight rate of $12 per ton from interior Mexico through the Southwest into Detroit, while we have to pay $11.65 per ton from Texas to Detroit. The explanation is that the Mexican product, mined with native labor and requiring little or no concentration cost, is valued at a very low price, which reduces the freight rate.

Mexican graphite is largely amorphous, and the importers of it testified before the House that the present very low tariff on amorphous, 10 per cent, be removed, as there is no amorphous graphite in the United States to compare with it. They also stated that they were not hurting any concern in this country by importing it, implying that they were not competing and that the tariff is of no benefit. It is true that there is not much good amorphous graphite being produced in the United States, but they did not tell you that amorphus is in almost every industry, lubricants, brushes, batteries, foundry facings, etc., a competitor with crystalline graphite, and that in the absence of amorphous graphite nearly every need for it can be filled equally as well by our crystalline graphite. Because of their cheap labor, low duty, and low freight rates, they are getting much business that domestic producers would otherwise have. Definite examples of this are in the battery and foundry facing industries.

And now to be specific; the consumers are asking for complete elimination of all tariffs on all grades of graphite, although they ask that you continue their own 45 per cent tariff, in effect an embargo. Other witnesses, speaking for the graphite producers, have asked for a rate of 5 cents per pound on all grades. There are at present three classifications, for tariff purposes: (1) Crystalline flake, present rate 1½ cents (1¼ cents proposed by House); (2) crystalline lump, chip or dust, present rate 20 per cent ad valorem (25 per cent proposed by

House); (3) amorphous, present rate 10 per cent ad valorem, no change proposed by House.

On the crystalline flake, we ask that you continue the present rate of 1½ cents per pound, and our only reason for not asking an increase is that the bulk of our production is in the other grades, so that with proper protection in those grades we can just about break even on our flake operations and at the same time not strike a blow at the crucible industry; this industry, although admittedly more prosperous than our own, is in a decline, and we do not wish to destroy the principal market for our large flake. We admit, on behalf of the other domestic producers, that a tariff of 1½ cents on the flake grade will not be sufficient protection to permit of even reasonable operation, but a rate of 5 cents per pound is unnecessarily high. Any reduction from the present rate, even the proposed reduction to 1¼ cents, will be a very serious blow to every one of us. It must be remembered that no domestic producer can survive unless he can sell his highest grade, the flake, at a reasonable price.

On all other grades, the present rates, are not sufficient to allow any producer to operate at even a small profit, or the average producer to break even. The best possible evidence of this is that we, who produce over 80 per cent of the country's total, who have been in the industry for over 12 years, who have modern and efficient plants with the most efficient extraction and lowest costs in the country, have never been able to pay a dividend and have to date been unable to recover our investment.

We do not begrudge our customers their 45 per cent embargo on their products, nor do subscribe to the demands of some of the producers. We ask only that you give us sufficient protection to offset the low cost of native labor in other countries, and to partially offset the natural advantages, given them by nature in the richness of their graphite deposits, which contain 30 to 50 per cent graphite as against our 2 to 5 per cent. We ask that on all grades other than the crystalline flake, you impose a rate of 2 cents per pound, and that you remedy the weakness of existing regulations which now permit the importation of crystalline fines under the name and low rate of amorphous.

Ours is a key industry, vital to the nation in time of emergency; our tariff protection has been meager, and it is admitted that our industry can not survive without more protection. All of the industries which use our graphite have enjoyed a 45 per cent embargo, and have admittedly made profits; only a very small percentage of them have even taken pains to appear before you, yet the net result so far has been that the House bill gives them further protection by reducing the tariff on flake to 1¼ cents per pound, makes no change in the rate on amorphous and grants only a 5 per cent increase in the other grade.

As the leading American producer, we respectfully ask that you give us at least a reasonable share of the protection which is given the users of our product.

Respectfully submitted,

SOUTHWESTERN CONSOLIDATED GRAPHITE CO
R. H. BURRAGE, *Assistant Treasurer.*

COLORED GLASS

[Pars. 219 and 224]

BRIEF OF LEO POPPER & SONS, THE MORRIS GLASS CO. (INC.), S. A. BENDHEIM CO. (INC.), OF NEW YORK CITY, AND SCHRENK & CO., HOBOKEN, N. J.

To the COMMITTEE ON FINANCE, UNITED STATES SENATE,
Washington, D. C.

Colored glass, commonly known as pot metal, flashed, and antique glass, constitutes a subdivision of plate, cylinder, crown, and sheet glass covered by paragraph 224, "subject to a duty of 5 per cent ad valorem in addition to the rates otherwise chargeable thereon." The rates otherwise chargeable on this particular glass are the rates provided for on window glass in paragraph 219.

CLASSIFICATION AND USES

Antique glass.—It is manufactured for the special purpose of reproducing the antique effect of stained glass windows made centuries ago. This glass is marketed in hundreds of different colors or shades, which are subdivided generally in six classes—white, light colors, dark colors, rubies, flashed, and gold rubies.

The distinguishing feature of the glass is the fact that it is shaded in the sheet and is seeded irregularly. Antique glass is manufactured domestically in absolutely insignificant quantities and a much limited number of colors.

Colored sheet glass.—It is characterized by its description in that it is colored and sold in stock sheets. This glass is manufactured by two different methods: One is called pot metal, meaning the colors are mixed with the raw material in their fluid state in the pot, and the other is called "flashed," meaning that the desired shade of color is flashed into sheet glass. Flashed glass, used chiefly for etching purposes, is not made at all in the United States. Colored glass constitutes the chief raw material used by the American stained-glass window manufacturers, either in their natural state or for the purpose of staining, etching, painting, ornamenting, or otherwise decorating same in the process of producing stained-glass windows.

IMPORTS

Annual imports of colored glass, commonly known as pot metal, flashed, and antique glass, represent only a small percentage of the total United States imports of all kinds of cylinder, crown, and sheet glass. No separate figures as to the imports under paragraph 224 are available for the reason that all the imports under this paragraph are given in the customs statistics as totals and are subdivided merely pursuant to the provisions of paragraph 219 for the purposes of assessing the specific rates of duty provided therein and in addition thereto the 5 per cent ad valorem provided for in paragraph 224.

AMERICAN STAINED GLASS WINDOW MANUFACTURERS DEPENDING UPON IMPORTED COLORED GLASS

Until a few years ago all antique colored and flashed glass used in this country was imported from abroad, mainly from England, France, Belgium, and Germany. This fact was alluded to in the testimony of Mr. George H. Payne, the spokesman for the Stained Glass Association of America. (H. T. R. 1929, p. 1606.) He refers to the fact that there is developing in America, favored by tariff protection, "an industry that is manufacturing various kinds of glass used in a stained or painted window." Similar evidence was given before your honorable committee by the same gentleman, as well as in the briefs submitted on behalf of the said association. While it is readily admitted by us that there is one factory which has in recent years attempted to manufacture in the United States colored glass of the potmetal variety, known by the trade name of antique glass in white, light, and dark colors, yet the quantities actually produced are insignificant and wholly insufficient to satisfy the domestic demand. Besides, it is of such an inferior quality when compared with the foreign product that it is actually sold at a price from 45 to 50 per cent below the imported article. For instance, certain shades of light colors of antique glass domestically made may be purchased in the open market at 35 cents a square foot, whereas the like shades of foreign manufacture of much superior quality are sold from 50 cents to $2.25 a square foot.

Therefore, while white, light, and dark colored glass is produced here on a small scale, these American-made products are in no way affected by imports, for the simple reason that the foreign glass is of much finer quality and of an entirely different character and is to much higher priced that it is not sold in competition with the domestic products. As regards the other three divisions of colored glass, known in the trade as rubies, flashed, and gold rubies, they are not made at all in the United States. The production of flashed glass in particular is a very difficult process and has taken the foreign manufacturers literally hundreds of years to perfect and maintain. The foreign factories are enterprises which have been in the same families in several instances for more than 200 years. The manufacture of these glasses is so difficult that it can not be readily transplanted from one country to another. Facilities alone are not sufficient. What is essentially necessary is experience extended over many years and a tradition developed in the making of these art glasses.

While the spokesmen for the domestic stained-glass window manufacturers have declared themselves ready and willing, in their testimouy before the House committee as well as your honorable committee, to pay increased duties on these imported raw materials, because it would tend to protect another American industry, yet it is respectfully submitted, and it is borne out by the testimony, that any increase in the rates of duty on raw material could only be consented to if a compensatory duty would be granted on imported stained-glass windows,

under paragraph 230. However, an increased rate of duty of 10 per cent ad valorem, granted to the domestic manufacturers on stained-glass windows under said paragraph 230, can certainly not be called compensatory in view of increases in the rates of duty on colored glass under paragraph 219 running from 100 to 700 per cent.

It is respectfully submitted that when the domestic stained-glass window manufacturers expressed their willingness of paying such higher rates of duty under paragraph 219, they were not clear themselves of the consequences, as is now readily admitted by them, of the actual working out of such new rates of duty. They were unaware of the fact that, due to the high foreign costs of imported colored glass, the application of the minimum rate of duty of 50 per cent ad valorem would result in the enormous increase of duties up to 700 per cent. It is further submitted that it could not be the intention of Congress to increase the rates of duty up to 700 per cent on an essential raw material for a domestic industry which admittedly is not in prosperous condition, and that the effect of paragraph 219 upon colored glass is not the intentional but only the incidental result of its general application.

By presidential proclamation of May 14, 1929, the rates of duty under paragraph 219 were already increased on an average of 50 per cent for all brackets. The report of the United States Tariff Commission to the President of the United States, rendered on March 19, 1929, deals exclusively with the differences in costs of production of window glass in the United States and in Belgium, the principal competing country. The findings of fact and recommendations of the Tariff Commission apply solely to ordinary window glass. It must be assumed that such findings of fact and recommendations made by the Tariff Commission were approved by the House committee, as the rates as proclaimed by the President are embodied in paragraph 219 of the House bill. In addition thereto it is in paragraph 219 "*Provided*, That none of the foregoing shall be subject to a less rate of duty than 50 per centum ad valorem:" However justified such rate or rates of duty may be on window glass, it or they can certainly not find any justification on colored glass referred to herein, for the reasons that, firstly, imports of this glass are not competitive with any domestic manufactures; and secondly, the effect of such unwarranted high rate can only be much higher cost prices to the domestic manufacturers for needed raw products not made in the United States, seriously curtailing their business and ultimately driving out this industry from this country into the hands of European stained-glass window manufacturers.

Antique glass made in England, Germany, France, and Belgium differ widely from one another in general character and quality and therefore also in prices at which they are sold.

English antique glass comes closest to a reproduction of the famous medieval colored glass. It is entirely different in character and type from colored glass made in any other country. However, in spite of its high prices it is used more extensively than any other antique glass manufactured at the present time.

Next in quality is German antique glass, selling about 30 per cent below the English glass. French and Belgian antique glasses, although cheaper than the German manufacture, are being imported only in small quantities. The fact that the highest-priced antique glass is enjoying the greatest sale proves conclusively as regards this commodity that it is entirely a question of quality. A good stained window can not be produced from poor quality colored glass. The window manufacturer requires colored glass of substantial quality in a great variety of shades for which he is entirely depending upon imports.

English antique glass is imported in comparatively small sheets; its specific duty is assessed under the second bracket of paragraph 219, whereas English colored sheet glass is generally dutiable under the fifth bracket and German colored glass under the third bracket of said paragraph. If we take for illustration purposes glass coming under the latter bracket running in size from 384 to 720 square inches, duties would be applied as follows:

Under the tariff act of 1922, 1⅝ cents a pound. Under the rate proclaimed by the President and as embodied in the House bill, 2⅞ cents a pound, so that the latter means already an increase in the specific duty of 50 per cent. Generally 1 square foot will weigh 2 pounds, so that the minimum specific rate would be 4⅞ cents a square foot plus 5 per cent ad valorem under paragraph 224. Applying these rates to the lowest-priced imported antique glass in white colors, selling abroad at about 18 cents per square foot, the total duty under the compound rates of the act of 1922 would be 4.15 per cent and under the proposed rates already in force pursuant to presidential proclamation 5.78 cents. However, at a foreign cost price of 18 cents the said specific rate would not be appli-

cable, but instead the minimum ad valorem duty of 50 per cent, as provided for in paragraph 219, which, together with 5 per cent ad valorem duty under paragraph 224, would amount to 9.90 cents per square foot. Thus we should have on the lowest-priced imported antique glass an increase of 70 per cent over the compound rates under presidential proclamation and an increase of 140 per cent over the compound rates of the act of 1922. Applying the same duties to different colored glasses, pot metal, flashed and antique, running in foreign cost from 16 cents to $1.50 per square foot, it is found that the increase in duties would run up to 566 and 700 per cent, respectively, as may be seen from the following comparative tables for English antique and colored sheet glass, as well as German antique glass.

English antique glass

[Per square foot=average weight of 2 pounds]

Colors	Whites and tinted	Colors	Rubies on white	Rubies on colors	Gold rubies
Average foreign cost	$1.29	$1.36	$1.62	$1.75	$1.50
Specific duty under par. 219 size (150-384 square inches):					
(a) 1⅜ cents per pound	2.75	2.75	2.75	2.75	2.75
(b) 2¼ cents per pound rate in House bill and as fixed by presidential proclamation May 14, 1929	4.13	4.13	4.13	4.13	4.13
Duty of 5 per cent ad valorem under par. 224	1.45	1.80	3.10	3.75	7.50
Total duty under act of 1922 amounts of column 3a plus column 4	4.20	4.55	5.85	6.50	10.25
Total duty under presidential proclamation amounts, column 3b plus column 4	5.58	5.93	7.23	7.88	11.63
Total duty under House bill [1]	15.95	19.80	34.10	41.25	82.50
	Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Percentage of increase over compound rates of act of 1922	280	335	483	535	700
Percentage of increase over compound rates under presidential proclamation	186	234	372	424	609

[1] Par. 219, 50 per cent ad valorem plus, par. 224, 5 per cent ad valorem; total, 55 per cent ad valorem.

English colored sheet glass

[Single, 16 ounces, average 110 pounds per 100 square feet; double thickness, 21 ounces, average 160 pounds per 100 square feet]

Colors	Flashed ruby		Flashed opal		Flashed yellow and blue		Pot yellow and blue		Pot green		Pot signal green	
	Single	Double	Single	Double	Single	Double	Single	Double	Single	Double	Single	Double
Average foreign cost	$0.13	$0.18	$0.18	$0.22	$0.20	$0.25	$0.23	$0.29	$0.28	$0.35	$0.34	$0.50
Specific duty under par. 219 (sizes, 1,200-2,400 square inch:												
(a) 2¼ cents per pound	2.48	3.60	2.48	3.60	2.48	3.60	2.48	2.60	2.48	3.60	2.48	3.60
(b) 3⅜ cents per pound rate in House bill and as fixed by presidential proclamation May 14, 1929	3.72	5.40	3.72	5.40	3.72	5.40	3.72	5.40	3.72	5.40	3.72	5.40
Duty of 5 per cent ad valorem under par. 224	.65	.90	.90	1.10	1.00	1.25	1.15	1.45	1.40	1.75	1.70	2.50
Total duty under act of 1922 (amounts of column 3a plus column 4)	3.13	4.50	3.38	4.70	3.48	4.85	3.63	5.05	3.88	5.35	4.18	6.10
Total duty under presidential proclamation (amounts column 3b plus column 4)	4.37	6.30	4.62	6.50	4.72	6.65	4.87	6.85	5.12	7.15	5.42	7.90
Total duty under House bill (par. 219, 50 per cent ad valorem, plus par. 224, 5 per cent ad valorem; total, 55 per cent ad valorem)	7.15	9.90	9.90	12.10	11.00	13.75	12.65	15.95	15.40	19.25	18.70	27.50
	Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Percentage of increase over compound rate of act of 1922	129	100	193	157	216	189	249	216	300	260	348	350
Percentage of increase over compound rates under presidential proclamation	64	57	114	86	135	107	160	130	200	170	245	249

German Antique Glass

[Per square foot-average weight of 2 pounds]

Colors	White	Light colors	Dark colors	Rubies	Flashed	Gold rubies
Average foreign cost	$0.18	$0.22	$0.30	$0.36	$0.42	$0.90
Specific duty under par. 219 size (384-720 square inches):						
(a) 1¼ cents per pound	3.25	3.25	—3.25	3.25	3.25	3.25
(b) 2⁷⁄₁₆ cents per pound rate in House bill and as fixed by presidential proclamation May 14, 1929	4.88	4.88	—4.88	4.88	4.88	4.88
Duty of 5 per cent ad valorem under par. 224	.90	1.10	—1.50	1.80	2.10	4.50
Total duty under act of 1922 amounts of column 3a plus column 4	4.15	4.35	—4.75	5.05	5.35	7.75
Total duty under presidential proclamation amounts, column 3b plus column 4	5.78	5.98	—6.38	6.68	6.98	9.38
Total duty under House bill: par. 219, 50 per cent ad valorem plus par. 224, 5 per cent ad valorem; total, 55 per cent	9.90	12.10	16.50	19.80	23.10	49.50
	Per cent	*Per cent*	*Per cent*	*Per cent*	*Per cent*	*Per cent*
Percentage of increase over compound rates of act of 1922 ..... per cent	140	180	250	292	333	540
Percentage of increase over compound rates under presidential proclamation ..... per cent	70	103	160	200	230	430

As it was the evident purpose of the House to apply the minimum rate of duty of 50 per cent ad valorem as provided in paragraph 219, to window glass, and as the application of such minimum rate of duty to colored glass will bring about results as revealed in said comparative tables, which can not be the intention of Congress, as it is contrary to the best interests of a domestic industry affected thereby, and further as it is not a question of an equalization of the differences in the domestic and foreign costs of production, we respectfully submit that paragraph 219 be amended to the effect that the minimum rate of duty of 50 per cent ad valorem shall not apply to colored glass, commonly known as pot metal, flashed and antique glass.

We are confident that such change will have the full approval of the domestic window glass manufacturers as they do not make colored glass, commonly known as pot metal, flashed and antique glass, and therefore can not be interested in imports which do not affect their own manufactures.

Therefore we respectfully ask your honorable committee that paragraph 219 be amended by inserting on page 43, line 24, paragraph 219, after the word foregoing, "except colored glass, commonly known as pot metal, flashed and antique glass."

In conclusion we respectfully submit that the continued importations of foreign-made colored glass will not endanger the prosperity of any American industry, that due consideration of the testimony furnished by the importers will conclusively prove that the proposed minimum rate of duty of 50 per cent ad valorem under paragraph 219 is unwarranted and can not be justified in its application to imports of colored glass, commonly known as pot metal, flashed and antique glass, which forms an essential raw material for an important domestic industry and that our request for relief as embodied in a rephrased paragraph 219, as hereinbefore submitted, should be granted.

Respectfully submitted:

LEROY O. YOUNG,
LEO POPPER & SONS,
New York City.
E. STANLEY PECK, *President,*
THE MORRIS GLASS CO. (INC.),
New York City.
ROBERT SCHRENK, *President,*
SCHRENK & CO., *Hoboken, N. J.*
S. A. BENDHEIM, *President,*
S. A. BENDHEIM CO. (INC.),
New York City.

SLATE

[Par. 237]

BRIEF OF THE CONSOLIDATED SLATE CORPORATION OF VERMONT, SLATE WORKERS' UNION, LOCAL NO. 17587, W. H. PELKEY, CLARK-FLANAGAN (INC.), AND HINCHEY CONSOLIDATED SLATE CO.

CHANGES IN DUTIES RECOMMENDED

Slates, slate shingles, and all other slate roof covering, 1¼ cents per pound; slate blackboards and all slate in form and quality suitable for use as blackboards, 4 cents a pound; all other slate material not including articles wholly or partly manufactured, 3 cents per pound; all other articles in chief value of slate, wholly or partly manufactured, whether elsewhere provided for or not, 3 cents per pound and 40 per cent ad valorem.

The reasons advanced for amending the House bill above mentioned pertaining to slate by asking for the specific duties above mentioned instead of the 15 per cent ad valorem contained in the bill as now before the Senate for consideration are as follows:

(*a*) Domestic labor should be protected against foreign labor where the work is practically identical.

The following table will represent the wages paid to quarrymen and stonecutters in both France and Italy as compared with the wages paid to quarrymen, rubbish men and slatemakers of the United States. The authority for the wages paid to quarrymen and stonecutters in France is shown by a letter from the United States Department of Labor, dated May 21, 1929, from Ethelbert Stewart, Commissioner of Labor Statistics, and marked "Exhibit A." The information as to wages paid to quarrymen and laborers in Italy is obtained from a table compiled from Bollettino del Laboro e della Previdenza Sociale (Rome) January, 1928, pages 45–55.

This table of the Italian wages gives both the minimum and maximum daily wages for the quarries in Italy and in each instance we have given the maximum daily wage for Italian labor. For domestic labor we have used the average wage figure and not the maximum, thereby giving the foreign labor the very must favorable figures.

Nature of employment	Average, France	Maximum daily wage, Italy	Average daily wage, Vermont unfading
Rubbishmen laborers	.....	$0.934	[1] $4.95
Quarrymen	$1.11	1.32	6.75
Cutters or slate makers	1.25	1.17	6.75

[1] 9-hour day.

The daily wage of domestic labor is all figured on a 9-hour basis. The rockmen, quarriers and slate makers each receive 75 cents per hour, and rubbish men, or laborers, receive 50 to 60 cents per hour, making an average of 55 cents per hour.

Due to the fact that all the quarries in the Vermont section are operated under the "open pit" method, there is a large amount of lost time due to climatic conditions. There are many days during a Vermont winter when the temperature will continue throughout the day at more than 25° below zero, making it utterly impossible for the men to handle the rock in the quarries and remain out of doors to perform their regular duties. Likewise it often occurs that on account of blizzards and snow storms in this particular section laborers are very often unable to even reach the quarries.

Since practically all of the work in the operation of the quarries must be carried on out of doors there is a loss of time on rainy days. The average number of possible working days for a Vermont quarryman or slate making during the year in our locality is 263. The following two tables will show the number of working days for the years 1926, 1927, and 1928, in two of our largest quarries, which have always endeavored to give their men employment whenever possible; for the Consolidated Slate Corporation of Vermont during the year 1926 there were 252 full working days; during 1927, 230 working days; and 1928, 228 working days,

making an average of 236 days. For the Mahar Bros. Slate Co. (Inc.), No. 1 quarry for the years of 1926, 1927, and 1928 the average number of working days for the 3-year period was 263 as shown below:

	1926		1927		1928	
	Hours	Days	Hours	Days	Hours	Days
January	213	23.5	205	22.5	209	23.5
February	174	19	200	22	159	17.5
March	217	24	209	23	210	23
April	218	24	214	23.5	177	19.5
May	205	22.5	184	20	205	22.5
June	218	24	200	22	185	20.5
July	214	23.5	205	22.5	204	22.5
August	195	21.5	222	24.5	206	22.5
September	209	23	177	19.5	182	20
October	196	21.5	184	20.5	217	24
November	209	23	177	19.5	165	18
December	222	24.5	196	21.5	196	21.5
Total	2,490	174	2,372	261	2,315	255

This last quarry was undoubtedly a high average taking the district as a whole. Assuming that all the quarries in Vermont unfading district should work on an average of 263 days in each year, and provided each individual workman did not lose time on account of sickness, or otherwise, the maximum wage of slatemakers, quarriers, or rockmen as they are called, would be $1,775.25; for the rubbishmen, or laborers, the average yearly wage would be $1,301.85.

The rockmen and slatemakers must by the very nature of their calling serve an apprenticeship to gain the training necessary to fit them for their work which is classed as skilled labor, and under present living conditions the wages paid to those workers can not possibly be considered as more than a living wage. Also the risks which are assumed by the quarrymen should place them in the same class with labor of a similar nature throughout the United States.

Nearly all of our labor is comprised of sturdy Welsh and Irish stock, who have lived in the community for several generations and constitute our best citizens. In many cases the son has followed in the footsteps of the father and of the grandfather. Most of them are owners of their own homes solely by virtue of their thrifty habits and frugal manner of living and not by reason of the wages which they have received. The unemployment which has resulted from the direct cause of the closing of numerous quarries and mills in our locality is working a most severe hardship on the entire population of the three towns included in this district. There are no other industries in our community which can give employment to such of the men as are now idle. The majority, being settled in our community, owning their homes, and in many cases being in advanced years, the prospect of moving to other sections of the country to seek employment is almost virtually impossible. They are trained as quarrymen, slatemakers, and millmen and to engage in other occupations and remove their families to strange surroundings would work untold hardship.

Foreign slate comes in as a finished product with no domestic labor entering into its make-up.

(*b*) An industry producing a quality of slate not produced in any other section of the United States and therefore having no other competition whatsoever, except that of foreign slate now being imported, should at least receive such protection as would permit the local industry to exist.

The foreign value of roofing slate is shown by the letter of Frederick L. Koch, chief, ceramics division of the United States Tariff Commission, under date of May 28, 1929, and is marked "Exhibit B."

To furnish the committee with the cost of production of quarries located in this section would be an absolute impossibility, due to the varying conditions of the rock and the many other elements which enter into the production of both roofing and mill-stock slate. It is most conservative to say that the net profit, operating under normal conditions, will not exceed 5 per cent. With the specific duty of 1¼ cents per pound asked for as a duty on roofing slate, it will not quite give to the producers in our section adequate or proper protection.

The freight charges and ocean charges are substantially the same to the three principal points, namely, New York, Boston, and Philadelphia. The price of No. 1⅛ unfading green and purple slate is $20 per square which weighs approximately 700 pounds. A duty of $8.75 added to the $9 foreign value of the French slate would still leave the foreign producer at an advantage over the producers in the unfading section.

It must be understood that all of the producers in the unfading section are manufacturers and quarriers rather than wholesalers or jobbers, and they are allowed nothing under the recommendation made for selling expenditure to which they are justly entitled.

While it may appear relatively small to the committee, the imports directly effect the Vermont unfading district. If the importations continue to increase in the same proportion as they have increased during the first quarter of 1929, it will mean a closing down of several other of the leading quarries in our section.

Mr. Coyle, the representative from Pennsylvania, in a speech in the House of Representatives on May 22 last, on page 1763 of the Congressional Record made the following remarks:

"Just as they (the slate operators) are beginning to make considerable advance cooperatively within the industry, and regain for themselves their natural markets, they find at their doors a new and hitherto unknown danger. Norway, Italy, and France, through their salesmen, finding that the product of their slate quarries gets lower tariff duties than any other quarried product from their countries, have begun to solicit our American markets and have sold in those markets an amount of blackboard, roofing, and structural slate sufficient to be entirely alarming, and at prices not more than one-third of the American cost of production and transportation. These importations, thus far, have not been large in their aggregate value, but unless all signs fail the industry without further tariff protection is facing very serious times in the years that are just ahead. An increase by this House to 30 per cent ad valorem instead of 15 per cent as carried in the committee's report, will go at least half way toward enabling this industry to meet the importers' quotations; the industry itself would go the other half way, and perhaps also the American buyer would aid in the interest of the American worker."

His remarks should be supplemented by saying that the Vermont operators under a 30 per cent ad valorem tax will not be able to go the other "half way" which he suggests. A 30 per cent ad valorem duty would still permit the importations of slate into this country at a figure which would be far less than that at which the Vermont producers could sell. With reference to finished slate, or mill stock, commonly designated as electrical and structural, the variance between the foreign price and the price received in Vermont is still more pronounced, as will be noted in our Exhibit B. The foreign electrical and structural slate is delivered in New York City, duty paid at $0.1968 per square foot. The average selling price in 1927 for domestic electrical and structural slate, as reported by the Bureau of Mines, Department of Commerce, is 80 cents per square foot for electrical, and 39 cents per square foot for structural and sanitary slate. The above figures from the Bureau of Mines do not give the average value of the structural slate produced in the Vermont section, as is shown by the following two invoices. This Italian slate at $0.1968 per foot is delivered in New York at a total cost which is less than one-third of the price of Vermont structural slate and less than one-fourth of the value of our electrical slate. The invoices referred to are as follows:

FAIR HAVEN, VT., *June 12, 1929.*

H. WALES LINES Co.,
Meridan, Conn.:

Bought of Mahar Bros. Slate Co. (Inc.), 400 square feet 12 by 12 by 1 inch green floor slate, at 62 cents	$248.00

W. H. Pelkey, Fair Haven, Vt., sold to Empire Switchboard Co.:

2 panels, 6 by 42 by 1¼ inches, at $3.15	6.30
2 panels, 6 by 48 by1¼ inches, at $3.60	7.20
3 panels, 20 by 42 inches, at $11.50	34.50
1 panel, 20 by 60 by 1¼ inches, at $21.10	21.10
1 panel, 24 by 42 by 1¼ inches, at $15.75	15.75
1 panel, 24 by 54 by 1¼ inches, at $22.80	22.80
2 panels, 24 by 66 by 1¼ inches, at $27.90	55.80
3 panels, 24 by 72 by 1¼ inches, at $31.60	94.80
1 panel, 36 by 60 by 1¼ inches, at $40.95	40.95
¼ bevel, 196.4, at $0.10	19.63
	318.83
Discount, 50-10-10	189.69
	129.14

IMPORTANCE OF THE INDUSTRY

(a) Under "Slate in 1927," published by the Bureau of Mines, Mineral Resources of the United States, 1927, Part II, page 84, it states:

"The New York-Vermont slate district is so continuous that it is sometimes difficult to determine from the reports of the producers to which State the product should be credited. These two States produce all of the colored slates used for roofing. Red slate is the chief product of the New York quarries, but they also produce, with those of Vermont, the various green, purple, variegated, mottled, and "freak" slates in demand for roofs."

The Bureau of Mines should have gone still further and divided the Vermont district into two distinct and well-defined sections as shown by the Exhibit C.

This map was produced during the war when the unfading quality of slate was specified in certain Government contracts and the names of the firms at the bottom have been somewhat changed. The unfading section, however, has not changed in any respect.

Extending to the south of the section known as the "unfading green and purple" section of Vermont, in Rutland County, is the section known as the "sea green" section. Red slate is not produced in Vermont. On page 104 of the report of the State geologist, George H. Perkins, on the Mineral Industries and Geology of Vermont for the Years 1927 and 1928, sixteenth series, we find this comment:

"Just over the State line in New York, quarries of red slate are worked; but although the western border of Vermont is within a short stone's throw of the deposits of red state, not a bit is quarried in this State."

The western part of Rutland County, which is the largest county in the State of Vermont, is almost entirely dependent upon the slate business from an industrial standpoint. During the year 1928, as shown by the general analysis of all the slate concerns in the unfading section which is annexed to the brief herein, there were approximately 857 men employed in the various concerns doing business that year. The roofing quarries were run on about a two-thirds capacity. The production of mill stock was not quite one-half its capacity.

Since January 1, 1929, different units of the individual concerns have gradually, one by one, been obliged to close on account of the lack of demand for their product. Were we given the specific duties requested, which the industry demands, there is no doubt that the normal capacity would be reached in a comparatively short time. This would give employment under normal conditions to over 1,200 workmen in the unfading district. Not one-half of that number are now employed.

A comparison of the slate business in the unfading section of Vermont with that of other industries and other mining properties shows it to be relatively small, but to the communities which are dependent upon the slate industry its future life is of vital importance.

Were adequate protection granted the slate industry by way of a sufficient duty, the prospects for future development are very large, but capital for the last two years has been loath to make any investment in the slate business owing to the small return on the investment necessary. If a fair profit on the investment in the business could be assured both local and foreign capital would develop the industry to a much larger proportion than that which prevails at the present time.

The veins of slate in the unfading section are not of great depth. The maximum depth which has been reached in this section will not exceed 150 feet. There is no means of ascertaining or determining whether a certain vein will prove to be a profitable one or not either by core drilling or by any test which can be made except by actual, gradual working and developing of the quarry. This in itself results in an extremely large invested capital as compared with the total amount of money received in the event the rock proves merchantable. At the present time there are 36 quarries in the unfading section. The value of the buildings and machinery have been verified by W. H. Pelkey and Robert P. Mahar. Their valuation has been based on a fair, reasonable replacement cost. The quarries themselves have not been given any valuation whatsoever in determining a fair profit, and we believe that this is most unusual. Undoubtedly it would run into several millions of dollars. Many of our quarries have been opened by various parties a number of different times. They have been operated intermittently. Many fortunes have been lost in endeavoring to open and place some of the quarries on a paying basis. To arrive at the amount of money actually

invested in the quarry properties distinct from the other assets would be altogether too speculative and too uncertain for any scientific or reasonable basis of arriving at a definite or even a fairly definite conclusion.

I, Robert P. Mahar, being of lawful age, do depose, testify, and say:

That I was born in the town of Poultney, county of Rutland and State of Vermont, and now reside in Fair Haven, in said county and State.

That I am assistant general manager of Mahar Bros. Slate Co. (Inc.), which is comprised of one slate finishing mill and three quarries. The finishing mill is located in the town of Castleton, in said county, and the quarries are located in the town of Poultney, in said county.

That I am familiar with and have had a lifelong experience in the slate business in the unfading section of Vermont.

That, together with W. H. Pelkey, I have made an estimate of the replacement or reproductive cost of the quarry machinery, buildings, and quarry equipment in said unfading section.

That we have based our opinion either from information furnished from the principals of the individual concerns mentioned in the schedule annexed or from personal knowledge of the facts therein set forth.

That I believe such information as is furnished and set forth in the schedule or general analysis hereunto annexed to be a true statement.

Dated at Fair Haven, Vt., this 17th day of June, 1929.

ROBERT P. MAHAR.

Subscribed and sworn to before me this 17th day of June, 1929.

[SEAL.] THERESA I. KALLAHAN,
Notary Public.

I, W. H. Pelkey, of Fair Haven, Vt., being of lawful age, do depose, testify, and say:

That I was born in the town of Fair Haven, Vt., and have always resided in that town.

That I am 69 years of age.

That my entire life has been spent in either the operation of slate quarries or mills or in the manufacture of slate machinery and equipment and in conducting a foundry in said Fair Haven.

That in company with R. P. Mahar we either made a personal examination or have direct and personal knowledge pertaining to the general analysis of the slate business in the unfading slate section of Vermont and annexed hereto, and that the same is true to the best of my knowledge and belief.

Dated at Fair Haven, Vt., this 18th day of June, 1929.

W. H. PELKEY.

Subscribed and sworn to before me this 18th day of June, 1929.

[SEAL.] THERESA I. KALLAHAN,
Notary Public.

SOURCE OF IMPORTS

While it appears from the summary of tariff information in 1929, Schedule 2 paragraph 237, compiled by the United States Tariff Commission, pages 584, 585, and 586, that the importations from 1926 have apparently fallen off, on the contrary, we have every reason to believe they have increased. Why is the quantity in pounds omitted for the years 1926, 1927, and 1928? Why is the valuation from the unit of quantity omitted for the same years? Simply because they did not have a full report of the importations. Under the Treasurer's Decision volume 48, page 770, case No. 50550, under an opinion rendered by McClelland, general appraiser, the following decision was rendered:

"The testimony showed that the slate is substantially in the condition as it came from the quarry with the exception that the edges have been rough sawed in order to do away with danger while in transit. It is used for electric-switch bases after having been cut to the necessary sizes. It was found that it falls within the provisions of paragraph 1619 and was held free of duty as claimed."

It is very reasonable to assume that a substantial amount of roofing slate is being imported into this country under that decision, since we understand it is no crime under the laws of the United States to make a wrong classification, but it is a crime to render a false valuation.

The roofing producers during the years 1928 and 1929, have continually met with the arguments of the sales forces in New York, Boston, and Philadelphia, that unfading green and purple could be readily obtained in the open market at a very

much lower figure than that at which the Vermont operators could produce it for. Substantiating our contention that foreign slate can be readily supplied is a telegram directed to Frank Limback, of Pittsburgh, Pa., one of the larger importers of unfading colored slate, together with his reply under date of April 23, 1929.

POULTNEY, VT., *April 22, 1929.*

FRANK LIMBACH,
Pittsburgh, Pa.:

Kindly quote us price and delivery standard thickness French slate fifty per cent purple fifty per cent green f. o. b. dock New York City ninety seven squares twelve inch eighty three squares fourteen inch seventy six squares sixteen inch seventy one squares eighteen inch sixty three squares twenty inch and fifty three squares twenty two inch. All random widths. Kindly send to us here at Poultney, Vt., samples of each color any sizes will do.

CONSOLIDATED SLATE CORP. OF VERMONT.

PITTSBURGH, PA., *April 23, 1929.*

CONSOLIDATED SLATE CORPORATION OF VERMONT,
Poultney, Vt.

GENTLEMEN: Your wire of April 22 has just come to my attention and on account of my absence yesterday could not be answered. I am therefore taking the liberty of writing you by mail to-day.

I am aware of the fact that your company are slate operators and to my knowledge not engaged in the distribution of any line of slate other than that which you yourself product. While I do not want to question your motives, I do feel that I should have more information with respect to whether you intend to or could job our slate in the metropolitan New York market. If you feel that this can be done I can arrange to have our Philadelphia representative meet you in New York and go over the proposition with you.

As a matter of fact, we would be interested primarily in a distribution proposition which probably could be made attractive for anyone desiring to work in the New York market, and which could be done in conjunction with certain lines of Vermont slate.

As for our slate chiefly an unfading green running in two shades, one a deep green and one a gray green, and a clear purple, and our colors and texture of our slate are practically identical with these same grades which you have in Vermont.

If we can be of any service to you in working out a mutual proposition we shall be only too glad to get together with you.

Very truly yours,

OLD WORLD MATERIALS CO.,
EMIL FIMBACH.

Besides supplying a substantial part of the Philadelphia and Pittsburgh region, with unfading colors, this dealer is in position to sell and is desirous of distributing foreign slate in the metropolitan New York market. With such evidence at hand it is difficult to believe that only $44,778 worth of foreign slate of all kinds was imported into the United States during the year 1928.

It now appears that the imports for the first quarter of 1929 total over $28,000 against $7,575 reported for the corresponding period of 1928.

If the present 15 per cent ad valorem duty should remain in the traiff bill the foreign producers would marshal their forces to such an extent that the Vermont interests would be virtually obliged to close all of their plants. Congressman Brigham of Vermont, filed a brief before the subcommittee of the House, Ways and Means, and in his brief was incorporated a paragraph from a letter from Rising & Nelson Slate Co., of West Pawlet, Vt., one of the largest jobbers of slate in the United States, and maintaining offices in New York, Boston, Philadelphia, Detroit, and Chicago, in which the following paragraph appears:

"If Congress fails to give us adequate tariff protection it may be to our personal interest to take the agency for the French slate rather than to let it go to some of the large prepared roofing concerns, but if we should do this and push the sale of French slate it would mean the closing down of Vermont quarries."

CONCLUSION

In years past it has sometimes been found necessary to close operations during the winter months or in the late fall for a short period, but never before in the history of the slate industry have quarries closed down during the spring and early summer.

The 39,000 squares of slate which are now remaining on our banks unsold and unmoved at this time of the year simply corroborate our contention that the roofers and architects who specify the use of unfading green and unfading mottled purple are having their wants fully met in the use of foreign slate of a like kind and quality.

The report of F. W. Dodge Corporation, which obtains accurate information pertaining to the building trade, shows that the building contracts for the first four months in 1925 awarded in the 37 Eastern States amounted to only $1,678,931,000, which was one of the best years in the slate business, whereas the contracts awarded for the first four months of 1929 exceed the total contracts awarded for the year 1925 by over $200,000,000 and 1929 has been the poorest year the slate industry has ever known.

The chief markets for the product produced in the unfading slate section always have been New York, Boston, and Philadelphia, and here are the centers which are now directly served by the foreign product.

The specific duties asked for will not increase to the slightest extent the building cost of the great mass of American buildings. It has been stated that slate, as a roofing material, covers less than 2 per cent of the buildings in the United States, and since the normal production in the unfading section is less than 90,000 squares per annum, the percentage of buildings roofed with Vermont unfading slate is less than one-half of 1 per cent. The class of buildings which use Vermont unfading slate are largely buildings of a public nature, such as libraries, public schools, hospitals, college buildings, and churches. The unfading colors have recently been used with other of the more somber colors largely for decorative purposes and to give such an effect on the roof as the individual architect desires. Now, that these colors are being supplied by the use of foreign Slate the only domestic producers directly affected are those in the Vermont unfading section.

Practically all of our quarries have been operated during the past year at a loss. Their reasons for continuing operations are due to the fact that to close down meant the filling of the pits with water and a possible loss of skilled labor. They have kept going with the hope of relief. Of course there is a limit beyond which they can not continue. Some of them have already reached that limit and with others the end is imminent. If the quarries are once closed and the organizations broken up by the loss of skilled labor, the cost of assembling and training new labor at a subsequent time would be so great as to be practically prohibitive.

The laborers and the employers are not the only ones affected in our locality by the closing down of the slate quarries. The entire community is directly or indirectly dependent upon the success of the slate business. Unless the laboring men can receive a living wage and the employer a fair profit the merchants and all others living in our section must necessarily suffer a severe loss. We find ourselves in a critical situation and unless we can receive the protection from the importation of foreign slate which we feel we are entitled to the ultimate outcome in the Vermont district is beyond conception.

Respectfully submitted.

CONSOLIDATED SLATE CORPORATION OF VERMONT,
SLATE WORKERS' UNION, LOCAL NO. 17587,
W. H. PELKEY,
CLARK-FLANAGAN, INC.,
HINCHEY CONSOLIDATED SLATE CO.,
By PHILIP M. M. PHELPS, *Their Attorney.*

General analysis of Vermont unfading slate section

Number of men employed in 1928	Name of concern	Number of quarries	Number of squares of roofing slate produced in 1928	Normal capacity with present equipment per annum	Mill feet finish in 1928	Capacity in mill feet with present equipment per annum	Valuation of buildings and equipment exclusive of quarries	Number of squares of slate on banks as of June 10, 1928	Domestic valuation of slate exported to Canada in 1928	Kind of slate produced	Present condition
			Squares	*Squares*	*Feet*	*Feet*		*Squares*			
70	C. R. Beach	4	3,000	7,500	None.	None.	$50,000.00	5,000	None.	Roofing	Closed.
20	Clark-Flanagan (Inc.)	1	1,932	3,000	58,340	100,000	60,000.00	1,100	$50.00	Mill and roofing	Running.
7	Cornelius Hayes	1			None.	36,000				Flagging	Closed.
45	Consolidated Slate Corporation of Vermont.	1	4,500	10,000	None.	None.	64,932.47	3,000		Roofing	Running.
60	Durick-Keenan & Co	1	None.	None.	108,000	240,000	100,000.00	None.	600.00	Mill stock	One mill closed.
9	Evans & Hughes (N. E. S. Co.).	1	800	2,400	None.	None.	10,000.00	700	None.	Roofing	Running.
55	Eureka Slate Co	1	8,295	12,000	None.	None.	75,000.00	8,311	None.	do	Closed.
30	Enterprise Slate Co	1	5,200	6,000	None.	None.	30,000.00	2,100	None.	do	Operating.
100	Fair Haven M. & M. Co	5	None.	None.	174,372	360,000	200,000.00	None.	297.87	Mill stock	One quarry closed.
15	Harvey Bush Slate Co	1	2,400	4,800	None.	None.	25,000.00	1,000	None.	Roofing	Running.
90	Hinchey Consolidated	4	3,600	7,200	None.	100,000	149,000.00	1,000	None.	Stock and roofing	One quarry closed.
70	Hydeville Slate Works	3	None.	None.	115,000	240,000	100,000.00	None.	6,000.00	Stock	One quarry and mill closed.
45	John Jones Slate Co	1	None.	None.	93,414	100,000	100,000.00	None.	None.	Structural and electrical	Running.
16	Leonard Earl	1	1,000	2,400	None.	None.	20,000.00	200	None.	Roofing	Do.
45	Mahar Bros. Slate Co. (Inc.).	3	4,791	12,000	37,249	72,000	92,248.81	5,890	38.23	Stock and roofing	Two quarries closed.
45	Owens Bros. Slate Co	1	6,500	7,200	None.	None.	40,000.00	5,000		Roofing	Running (estimated).
80	Penrhyn Slate Co	2	5,500	8,000	150,000	250,000	93,772.08	4,500	5,000.00	Mill and roofing	Roofing quarry closed.
None.	Pedro Bros.	1	None.	(?)	None.	None.	15,000.00	None.	None.	Roofing	Prospect.
25	W. H. Pelkey	2	500	1,000	None.	100,000	70,000.00	400	None.	Mill and roofing	One quarry closed.
30	Rising & Nelson	1	(1)	4,800	None.	None.	25,000.00	1,200	None.	Roofing	Running.
857		36	48,018	88,300	736,375	1,598,000	1,319,953.36	39,401	11,966.10		

[1] Reopened old quarry September, 1928.

EXHIBIT A

UNITED STATES DEPARTMENT OF LABOR,
May 21, 1929.

PHILIP M. M. PHELPS,
Fair Haven, Vt.

MY DEAR MR. PHELPS: In reply to your letter of May 16 in which you request the wages of workers in slate quarries in France, I would say that we have no information relating to wages of workers in different classes of quarries, but the latest official French wage study made in October, 1928, gives the general average for quarrymen and stonecutters for the country as a whole.

According to this study, the average hourly wages of quarrymen in the fall of 1928 were 3.40 francs (13.3 cents) and the average daily wages 28.35 francs ($1.11), and the average hourly wages of stonecutters were 3.84 francs (15.1 cents) and the average daily wages 31.88 francs ($1.25).

Very truly yours,

ETHELBERT STEWART,
Commissioner of Labor Statistics.

EXHIBIT B

UNITED STATES TARIFF COMMISSION,
Washington, May 28, 1929.

PHELPS & PRATT,
Fair Haven, Vt.

DEAR SIRS: In reply to your letter of May 16 we give you the following information with respect to the foreign values of slate.

Roofing slate:	Per square
From France	$9, 9.75, 10
From Norway	$9.29, 9.60
Electrical or structural slate; from Italy:	Per square foot
Value, f. o. b. Genoa	$0.1350
Ocean freight	.0236
Other charges	.0179
Total, c. i. f. New York City	.1765
Duty, 15 per cent of $0.135	.0203
Total value, duty paid, New York City	.1968
Slate slabs (structural or electrical), from Italy:	
Value, c. i. f. New York City (duty not included)	$0.20, $0.23, $0.28

The above price data were obtained from invoices submitted by the customs officials at the port of Philadelphia.

Very truly yours,

FREDERICK L. KOCH,
Chief, Ceramics Division.

WATCH CRYSTALS

[Par. 238]

BRIEF OF THE CRYSTAL CUTTERS' ASSOCIATION OF PROVIDENCE, R. I.

The Crystal Cutters Association of Rhode Island, respectfully submits to the United States Committee on Finance the following brief in support of their contention that paragraph 238 of the House bill should be amended to read in substance as follows:

"Paragraph 238:

"Finished watch crystals or watch glasses, 60 per cent ad valorem. Unfinished watch crystals or watch glasses, intended for further grinding, cutting, beveling or polishing, shall be admitted duty free."

Of late years there has been a tendency toward the sale of watches set with glass watch crystals of various forms. They are square, rectangular, hexagonal and oval in shape instead of the conventional circular crystals.

In the past three of four years a new industry has been developed in the United States for the cutting, edging, beveling, polishing, sizing and fitting of these fancy shaped crystals. This infant industry at present employs upward of 1,000 people and has an invested capital of over a million dollars.

The American manufacturers are extensively dependent upon the raw glass blank, which was dutiable under the 1922 tariff at 50 per cent, being held to be:

"Pieces of cylinder glass known as "blanks for bracelet watches" to be made into watch crystals by cutting, fitting, grinding and polishing, while not sufficiently advanced to be watch crystals under paragraph 238 were too far advanced to be cylinder glass under paragraph 219, since they were fit for one use only. They are held dutiable under paragraph 230 as manufctures of glass. (13 Ct. Cust. Appls. 350, 362.)" Summary of Tariff Information, p. 560.

The value of the imported glass blanks is about 15 per cent of the value of the finished product, 85 per cent representing American labor and investment.

Considerable encouragement would be given this new industry in the United States if the present duty on unfinished raw blanks, intended for further grinding, cutting, beveling and polishing, were to be eliminated and this raw material admitted duty free or at a nominal duty of 5 per cent ad valorem.

The product manufactured in the United States from the raw imported glass blank enjoys a good reputation and we are satisfied with the present rate of 60 per cent on finished watch crystals, but we respectfully request that the present bill be changed by adding a provision in substance as follows:

*Paragraph 238.—Finished watch crystals or watch glasses, 60 per cent ad valorem. Unfinished watch crystals or watch glasses, intended for further grinding, cutting, beveling or polishing, shall be admitted duty free.

Respectfully submitted.

M. GUILDEN,
CRYSTAL CUTTERS' ASSOCIATION.

Subscribed and sworn to before me this 19th day of July, 1929.

[SEAL.] NAOMI KELLER,
Notary Public, Kings County, N. Y.

Commission expires March 30, 1931.

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